

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairperson**
- 2. Shri Bhanu Bhushan, Member**
- 3. Shri A.H. Jung, Member**

Petition No. 79/2006

In the matter of

Determination of transmission tariff for 40% Fixed Series Compensation on existing 400 kV S/C Rengali-Indravati transmission line associated with augmentation of capacity of Gazuwaka HVDC back to back project in Eastern Region for the period from 1.10.2005 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

1. Bihar State Electricity Board, Patna
2. West Bengal State Electricity Board, Calcutta
3. Orissa Power Transmission Corporation Ltd, Bhubaneswar
4. Damodar Valley Corporation, Calcutta
5. Power Department, Govt. of Sikkim, Gangtok
6. Jharkhand State Electricity Board, Ranchi

.....Respondents

The following were present:

1. Shri P.C.Pankaj, PGCIL
2. Shri U.K. Tyagi, PGCIL
3. Shri B.C.Pant, PGCIL
4. Shri M.M.Mondal, PGCIL
5. Shri Prashant Sharma, PGCIL
6. Shri C.Kannan, PGCIL
7. Shri A.K.Nagpal, PGCIL

ORDER

(DATE OF HEARING: 14.12.2006)

The application has been made for approval of transmission charges for 40% Fixed Series Compensation (the transmissions assets) on existing 400 kV S/C Rengali-Indravati transmission line associated with augmentation of capacity of Gazuwaka HVDC back to back project in Eastern region.

2. The administrative approval and expenditure sanction for the scheme for augmentation of capacity of Gazuwaka HVDC 500 MW back to back was accorded by

Ministry of Power vide letter dated 22.1.2002 at an estimated cost of Rs.76925 lakh, which included IDC of Rs. 9612 lakh. The apportioned cost of the transmission assets is stated to be Rs. 2730 lakh. Subsequently, the revised cost estimate of the scheme was approved by Ministry of Power vide letter dated 6.1.2004 at Rs. 73927 lakh. The petitioner has, however, not indicated the apportioned cost for the transmission assets against the revised approved cost estimated. As per Ministry of Power letter dated 22.1.2002, the transmission assets were to be completed by January 2005. However, the schedule was revised to June 2005 in the revised approval issued on 6.1.2004. The transmission assets have been declared under commercial operation w.e.f. 1.10.2005. The petitioner has explained that the delay in completion was due to the adverse weather conditions, namely, high temperature of about 50 degree during summer and heavy unpredictable rainfall during rainy seasons. The petitioner has submitted that the reasons for delay were beyond its control.

3. The details of capital expenditure submitted by the petitioner are as follows:

(Rs. in lakh)	
Expenditure up to 31.3.2005	1286.90
Expenditure from 1.4.2005 to 30.9.2005	65.92
Balance estimated expenditure	569.40
Total	1922.22

4. The petitioner has claimed the following transmission charges based on the capital cost of Rs.1352.82 lakh as on the date of commercial operation:

(Rs.in lakh)	
Period	Annual Transmission Charges
2005-06 (Pro rata)	105.24
2006-07	208.62
2007-08	207.79
2008-09	231.11

5. The petitioner has published notices in the newspapers on the tariff proposal made in the petition in accordance with the procedure specified by the Commission. However, no suggestions or comments have been received from the general public.

6. The expenditure up to 31.3.2005 has been verified from audited statement of accounts. For the period from 1.4.2005 to 30.9.2005 the expenditure indicated is based on books of accounts of the project, which are yet to be audited. It has been confirmed by the representatives of the petitioner that the accounts have been audited by C& AG and there is no change in the amount already indicated. It is noted that the petitioner has not yet submitted the details of loan allocation duly reconciled with the audited accounts for the year 2005-06. In the absence of the reconciled loan allocation statement, it is not possible to determine the final tariff. In the circumstances we are inclined to consider the petition for grant of provisional tariff only.

7. The petition has been heard after notice to the respondents. None has appeared on their behalf.

8. Bihar State Electricity Board and West Bengal State Electricity Board in their reply have raised certain issues regarding claims, wages revision and O & M expenses, etc. Since the present petition is being considered for provisional tariff only, the issues raised are not being gone into at this stage. The respondents are at liberty to bring up these issues, if so advised when the petition for final tariff is filed in due course and these issues will be examined then.

9. Taking into consideration the capital expenditure of Rs. 1352.82 lakh as on the date of commercial operation, as claimed by the petitioner, as the base, we allow annual transmission charges of Rs.199.96 lakh for the transmission assets, on

provisional basis from the date of commercial operation subject to adjustment after determination of final tariff. The provisional transmission charges allowed are 95% of the transmission charges claimed by the petitioner on capital cost of Rs. 1352.82 lakh.

10. The petitioner has sought approval for the reimbursement of expenditure of Rs. 1,39,466/- incurred on publication of notices in the newspapers. The petitioner shall claim reimbursement of the said expenditure directly from the respondents in one installment in the ratio applicable for sharing of transmission charges. The petitioner has also sought reimbursement of filing fee paid. A final view on reimbursement of filing fee is yet to be taken by the Commission for which views of the stakeholders have been called for. The view taken on consideration of the comments received shall apply in the present case as regards reimbursement of filing fee.

11. With the above, the present petition stands disposed of. The petitioner shall file the fresh petition for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 31.3.2007.

12. The petitioner is also directed to file the following information/clarification at the time of filing of petition for approval of final tariff:

(a) A certificate, duly signed by the Auditors, certifying the loan details (including Bond XVII which has been taken into account during 2005-06) duly reconciled with audited accounts of 2005-06;

(b) Apportioned cost of the transmission assets corresponding to revised cost estimate of Rs. 73927 lakh;

- (c) Detailed reasons for delay in completion of project initially from January 2005 to June 2005 and subsequently to October 2005
- (d) Break up of construction/supply/service packages of the project;
- (e) Details of reduction in customs duty in project cost;
- (f) Details of Rs. 5.69 crore in respect of additional capitalization for balance works/ payments; and
- (g) Benefits accruing the respondents on account of installation of 40% fixed series compensation at Rengali end of 400 kV S/C Rengali-Indravati transmission line.

**sd-/
(A.H.JUNG)
MEMBER**

**sd-/
(BHANU BHUSHAN)
MEMBER**

**sd-/
(ASHOK BASU)
CHAIRPERSON**

New Delhi dated the 15th December 2006