

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

- 1. Shri Ashok Basu, Chairman**
- 2. Shri G.S. Rajamani, Member**
- 3. Shri K.N. Sinha, Member**

**Petition No. 47/2001**

**In the matter of**

Approval of incentive based on availability of transmission system of Western region for the year 1999-2000.

**Petition No.1/2002**

**And in the matter of**

Approval of incentive based on availability of transmission system of Western Region for the year 2000-2001

**And in the matter of**

Power Grid Corporation of India Ltd.

**... Petitioner**

**Vs**

1. Madhya Pradesh State Electricity Board, Jabalpur
2. Maharashtra State Electricity Board, Mumbai
3. Gujarat Electricity Board, Baroda
4. Electricity Department, Govt.of Goa, Panaji
5. Electricity Department,  
Administration of Daman and Diu. Daman
6. Electricity Department,  
Administration of Dadra Nagar Haveli,  
Silvassa
7. Chhatisgarh State Electricity Board, Raipur

**... Respondents**

**The following were present:**

1. Shri S. S. Sharma, AGM, PGCIL
2. Shri U.K. Tyagi, PGCIL
3. Shri C. Kannan, PGCIL
4. Shri D.K. Shrivastava, EE (Comml.), MPSEB

**ORDER**

(Date of Hearing: 22.5.2003)

These petitions seek approval for incentive payable to the petitioner, Power Grid Corporation of India Ltd for the years 1999-2000 and 2000-01 in respect of transmission system in the Western Region.

2. It has been provided in Ministry of Power's notification dated 16.12.1997 that in addition to transmission charges for availability of the transmission system beyond 95%, the petitioner shall be entitled to incentive at a rate which shall not exceed 1.0% of return on equity for each percentage point of increase in availability based on the certification by Member Secretary, Regional Electricity Board, (Western Regional Electricity Board in the present case).

3. The petitions for approval of incentive were initially filed in accordance with the said notification dated 16.12.1997 based on availability certificate dated 17.4.2001 in petition No 47/2001 and certificate dated 17.9.2001 in petition No 1/2002, issued Member-Secretary, WREB in respect of transmission assets in the Western Region. It was, however, seen that the Korba-Budhipadar Inter-Regional Transmission Line, availability of which was considered in the certificates issued by the Member-Secretary, WREB was shared by Respondent No. 1 (MPSEB) & Respondent No 7 (CSEB), the successors of Madhya Pradesh Electricity Board and Respondent No 3 (GEB) only and not by other constituents of the Western Region. Therefore, vide our order dated 28.1.2003 in petition No 1/2002, we had directed the petitioner to file fresh certificates separately certifying the availability of the transmission assets excluding the Korba-Budhipadar Inter-Regional Transmission Line and the Korba-Budhipadar Inter-Regional Transmission Line. The petitioner has filed affidavits on 25.2.2003 in both these petitions placing on

record fresh availability certificates, all dated 19.2.2003 issued by the Member-Secretary, WREB and has also furnished the revised claims for incentive as under:

<b>Year</b>	<b>Transmission Assets</b>	<b>(Rs. in lakh)</b>	
		<b>Equity</b>	<b>Incentive</b>
1999-200	Transmission system in Western Region other than Korba-Budhipadar Inter-Regional Transmission Line.	46770.79	2039.21
	Korba-Budhipadar Inter-Regional Transmission Line.	294.74	10.35
2000-01	Transmission system in Western Region other than Korba-Budhipadar Inter-Regional Transmission Line.	48621.81	2163.67
	Korba-Budhipadar Inter-Regional Transmission Line.	441.29	17.39

4. Replies to these petitions had been filed by Respondent No1 (MPSEB) and Respondent No 2 (MSEB). It has been contended that incentive should be paid on availability of the transmission system beyond 98% as has been decided by the Commission in its order dated 8.12.2000 in petition No 86/2000. We have considered the contention raised. The norms and parameters decided by the Commission in its order dated 8.12.2000 are applicable with effect from 1.4.2001. In these petitions, approval of incentive sought pertains to period prior to 1.4.2001 and is governed by the principles contained in Ministry of Power notification dated 16.12.1997. The said notification dated 16.12.1997 entitles the

petitioner to claim incentive at availability beyond 95%. Thus, we do not find any force in the contention raised on behalf of MPSEB and MSEB.

5. MPSEB has further submitted that it had filed an appeals before Madhya Pradesh High Court against the Commission's order dated 16.9.2000 prescribing the methodology for determination of incentive for transmission system as also the normative availability of 95% for recovery of full fixed cost. At the hearing Shri Shri D.K. Shrivastava, EE (Comml.), appearing for MPSEB submitted that these appeals were still pending. He, however, clarified that there was no stay against the order. As there is no injunction from the superior court on either of the issues raised by MPSEB in the appeals, we heard the parties on the merits of the claims made in the present petitions. The respondents have not raised any issues on merits of the claims for incentive.

6. Member Secretary, WREB in its certificates dated 19.2.2003 has certified the availability of transmission system excluding the Korba-Budhipadar Inter-Regional Transmission Line in the region during 1999-2000 at 99.36% and during 2000-01 at 99.45%. So far as the Korba-Budhipadar Inter-Regional Transmission Line is concerned, the availability has been certified at 98.51% and 98.94% during 1999-2000 and 2000-01 respectively. The petitioner has worked out year-wise incentive by considering closing equity in a year. In the interest of justice we consider it appropriate that incentive should be payable based on the average equity during the year as ordered while approving incentive for the previous years. The incentive has been worked out accordingly, considering the availability as certified by the Member Secretary, WREB. Further, incentive has been calculated

@ of 1.0% of return on equity for each percentage point of increase in availability.

Based on the above, the petitioner shall be entitled to incentive as under:

<b>Year</b>	<b>Transmission Assets</b>	<b>Qualifying % Availability</b>	<b>Equity (Rs. in lakh)</b>	<b>Amount of incentive (Rs. in lakh)</b>
<b>1999-2000</b>	Transmission system in Western Region excluding Korba-Budhipadar Inter-Regional Transmission Line.	4.36%	48129.95	2017.49
	Korba-Budhipadar Inter-Regional Transmission Line.	3.51%	441.29	9.04
<b>2000-01</b>	Transmission system in Western Region excluding Korba-Budhipadar Inter-regional Transmission Line.	4.45%	48594.11	2162.44
	Korba-Budhipadar Inter-Regional Transmission Line.	3.94%	441.29	17.39

7. The details of calculations in support of the incentive allowed by us are given in the table annexed to this order.

8. The Commission in its order dated 29.5.2001 in petition No 47/2001 and order dated 6.3.2002 in petition No 1/2002, had allowed provisional incentive of 80% of the claim filed by the petitioner in the present petitions. The provisional

incentive charged by the petitioner shall be subject to adjustment on the basis of final incentive for the years 1999-2000 and 2000-01 approved by us in this order.

9. The incentive of Rs. 2017.49 lakh and Rs. 2162.44 lakh for the years 1999-2000 and 2000-01 respectively for assets excluding Korba-Budhipadar Transmission Line shall be borne by the respondents, the beneficiaries in the Western Region, in proportion of energy drawn. The incentive in respect of Korba Budhipadar Inter-Regional Transmission Line shall be shared by Respondent No. 1 (MPSEB), Respondent No 7 (CSEB) and Respondent No 3 (GEB) as under:

<b>Year</b>	<b>Total incentive</b> (Rs. In lakh)	<b>Share of MPSEB &amp; CSEB</b> (Rs. In lakh)	<b>Share of GEB</b> (Rs. In lakh)
1999-2000	9.04	6.78	2.26
2000-2001	17.39	13.04	4.35

10. This order disposes of petitions No. 47/2001 and 1/2002.

**Sd/-**  
**(K.N. Sinha)**  
**Member**

**Sd/-**  
**(G.S. Rajamani)**  
**Member**

**Sd/-**  
**(Ashok Basu)**  
**Chairman**

New Delhi dated the 4<sup>th</sup> June, 2003