

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram**

1. Shri Bhanu Bhushan, Member
2. Shri A.H.Jung, Member

**Petition No. 74/2006  
With I.A.No. 60/2006**

**In the matter of**

Approval of charges for Unified Load Despatch & Communication Scheme in Eastern Region for the period from 1.9.2005.

**And in the matter of**

Power Grid Corporation of India Limited

**..Petitioner**

**Vs**

1. Bihar State Electricity Board, Patna
2. West Bengal State Electricity Board, Calcutta
3. Grid Corporation of Orissa Ltd, Bhubaneswar
4. Damodar Valley Corporation, Calcutta
5. Power Deptt., 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 C. Kannan, PGCIL
4. Shri B.C.Pant, PGCIL
5. Shri Prashant Sharma, PGCIL
6. Shri Rakesh Prasad, PGCIL
7. Shri. A.K. Nagpal, PGCIL
8. Shri R.B.Sharma, Advocate, BSEB

**ORDER**

**(Date of Hearing: 16.11.2006)**

The petition has been filed for approval of charges for Unified Load Despatch & Communication Scheme (hereinafter referred to as "the Scheme") in Eastern Region for the period from 1.9.2005.

2. The petitioner has also filed interlocutory application for ad interim ex parte order permitting the petitioner to charge the provisional tariff on monthly basis as claimed in the main petition.

3. The investment approval and expenditure sanction for the Scheme was accorded by the Central Government in Ministry of Power by its letter dated 4.9.1998 at an estimated cost of Rs.29001 lakh, including IDC of Rs. 6305 lakh. Subsequently, the Central Government vide its letter dated 2.4.2003, accorded its fresh approval to the Revised Cost Estimate of Rs. 39651 lakh, including IDC of Rs. 5469 lakh consisting of (i) Power Grid's portion of Rs.38741 lakh, including IDC of Rs.5254 lakh and (ii) SEB's portion of Rs.910 lakh, including IDC of Rs. 215 lakh based on 2<sup>nd</sup> quarter 2002 price level. The Scheme was to be commissioned by June 2005, but has been declared under commercial operation on 1.9.2005 and thus there is an over all delay of two month. The petitioner has explained that the delay in completion was due to the condition stipulated in the TEC issued by the CEA that consent of beneficiaries for participating in the Scheme as well as sharing of cost was obtained by way of signing of MOUs before taking up implementation of project. Despite onsistent persuasion at levels of the petitioner, CEA and Ministry of Power, the signing of MOUs could not be completed before August 2000 causing delay of 27 months in finalization of contracts for various equipments packages.

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

(Rs. in lakh)	
Expenditure up to 31.3.2005	27251.94
Expenditure from 1.4.2005 to 31.8.2005	1097.43
Balance estimated expenditure	7753.92
Total	<b>36103.29</b>

5. The petitioner has worked out the fees and charges based on principles of levelisation for the period up to 31.8.2020. The fees and charges will be approved for the period up to 31.3.2009 since for the present general tariff period ends on 31.3.2009.

6. The fees and charges claimed by the petitioner for the period are summarized hereunder:

	Central Portion				State Portion (Total)			
	2005-06	2006-07	2007-08	2008-09	2005-06	2006-07	2007-08	2008-09
Annual Capital Recovery Charge - Loan	1040.93	1040.93	1040.93	1040.93	1520.84	1520.84	1520.84	1520.84
Annual Capital Recovery Charge - Equity	184.47	184.47	184.47	184.47	269.51	269.51	269.51	269.51
O&M Expenses	863.95	915.78	970.73	1028.97	0.00	0.00	0.00	0.00
Interest on Working Capital	55.83	57.91	60.10	62.43	31.12	31.12	31.12	31.12
Annual tariff	2145.18	2199.09	2256.23	2316.80	1821.47	1821.47	1821.47	1821.47

7. The reply to the petition has been filed by Bihar State Electricity Board and West Bengal State Electricity Board. No comments or suggestions have been received from the general public in response to the notices published by the petitioner under section 64 of the Electricity Act, 2003.

8. The petitioner has claimed tariff based on the capital expenditure of Rs. 28349.37 lakh. The expenditure up to 31.3.2005 has been verified from audited statement of accounts and for the period from 1.4.2005 to 31.8.2005 from books of accounts yet to be audited. It is further 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 final audited accounts on the date of commercial operation and the reconciled loan allocation statement, it is not possible to determine final tariff. In the circumstances, we are inclined to consider the petition for grant of provisional tariff only.

9. Taking into consideration the capital expenditure of Rs.28349.37 lakh as on the date of commercial operation, as claimed by the petitioner, as the base for determining the provisional tariff, we allow provisional transmission charges of 95% of the transmission charges claimed by the petitioner , as given in the table below para 6 above. The petitioner is presently charging fees and charges for ELRDC under sub-section (4) of Section 28 of the Electricity Act, 2003. Such RLDC fees and charges shall not be chargeable from the date of commercial operation of the Scheme.

10. With the above, the I.A.No. 60/2006 stands disposed of. Meanwhile the petitioner is directed to file break up/clarifications on the following latest by 31.12.2006:

- (a) Reconciliation of the details of scope of work and Revised Cost Estimate;
- (b) Copy of TEC issued by the CEA;
- (c) Details of audited capital expenditure as on the date of commercial operation;
- (d) Details of loan allocation for the year 2005-06;
- (e) Whether the proposed methodology for recovery of charges was discussed with beneficiaries, and of the outcome of the discussion along with documents relating to basis for recovery; and
- (f) Justification for higher cost of mandatory spares.

11. All these details shall be filed by the petitioner duly supported by affidavit with an advance copy to the respondents who may file their replies, if any, within two weeks thereafter. The petitioner is also directed to furnish its comments/views on the points raised on behalf of the respondents.

12. List this petition for further hearing on 8.2.2007.

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

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

**New Delhi Dated the 27<sup>th</sup> November 2006**