

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

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

Petition No. 75/2006

In the matter of

Approval of charges for Unified Load Despatch & Communication Scheme in Western Region for the period from 1.2.2006.

And in the matter of

Power Grid Corporation of India Limited

..Petitioner

Vs

1. Madhya Pradesh State Electricity Board, Jabalpur
2. Electricity Deptt., Administration of Daman & Diu, Daman
3. Gujarat Urja Vikas Nigam Limited, Vadodra
4. Electricity Deptt., Government of Goa, Panaji
5. Electricity Deptt., Administration of Dadra Nagar Haveli, Silvassa
6. Maharashtra State Electricity Distribution Co. Ltd. Mumbai
7. Chhattisgarh State Electricity Board, Raipur
8. Madhya Pradesh Audyogik Kendra, Indore

..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 D.Khandelwal, MPPTCL

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 Western Region for the period from 1.2.2006. The petitioner also seeks

reimbursement from the beneficiaries of the expenditure incurred towards publishing of notices in the newspapers and the petition filing fee.

2. At the outset it is necessary to observe that the Scheme has been designed to strengthen the load despatch infrastructure in Western Region. The Scheme covers investment in WRLDC and SLDCs in the beneficiary States. The scope of the present petition, therefore, covers determination of fees and charges for Western Regional Load Despatch Center under sub-section (4) of Section 28 of the Electricity Act, 2003. We, therefore, proceed on that basis.

3. The investment approval and expenditure sanction for the scheme was accorded by the Central Government in Ministry of Power by its letter dated 5.2.2001 at an estimated cost of Rs.26218.00 lakh, including IDC of Rs. 4699.00 lakh, consisting of (i) Power Grid's portion of Rs.25482.00 lakh, including IDC of Rs.4558.00 lakh and (ii) SEB's portion of Rs.736.00 lakh, including IDC of Rs. 141.00 lakh based on 2nd quarter 2000 price level. The scheme was to be commissioned by February 2005 2004, but have been declared under commercial operation on 1.2.2006. 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 with the beneficiaries before taking up implementation of project. Despite consistent persuasion at level of the petitioner, CEA and Ministry of Power, the signing of MOUs could not be completed before August 2002 causing delay of 19 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	13603.33
Expenditure from 1.4.2005 to 31.1.2006	2139.35
Balance estimated expenditure	2413.87
Total	18156.55

5. The petitioner has worked out the fees and charges based on principles of levelisation for the period up to 31.1.2021. The fees and charges will be approved for the period up to 31.3.2009 since for the present general tariff period end 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	762.65	762.65	762.65	762.65	480.53	480.53	480.53	480.53
Annual Capital Recovery Charge - Equity	385.10	385.10	385.10	385.10	242.64	242.64	242.64	242.64
O&M Expenses	724.32	767.78	813.85	862.68	0.00	0.00	0.00	0.00
Interest on Working Capital	48.90	50.64	52.48	54.43	12.57	12.57	12.57	12.57
Annual tariff	1920.97	1966.17	2014.08	2064.86	735.74	735.74	735.74	735.74

7. The reply to the petition has been filed by M.P. Power Trading Company Ltd., though not a party in the present proceedings. 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. 15742.68 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 30.9.2005 from books of accounts yet to be audited. Further, it is noted that against the approved cost of Rs. 7520 lakh for WRLDC, the estimated completion cost is stated to be Rs. 10695 lakh which is higher by Rs. 3175 lakh. Two reasons for this increase have been given by the petitioner. First is stated as the procurement of staff quarters for WRLDC staff not envisaged in the Feasibility Report and second as the change in communication system from microwave to fibre optic on the beneficiaries request.

9. It is further noted that the petitioner has not submitted yet 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.

10. Taking into consideration the capital expenditure of Rs.15742.68 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 90% 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 WLRDC 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.

11. The petitioner has sought approval for the reimbursement of expenditure of Rs. 1,69,070/- 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.

12. 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 31.1.2007.

13. The petitioner is directed to file break up/clarifications at the time of filing of final tariff petition on the following:

(a) Break up of excess anticipated expenditure of Rs. 3175 lakh for above two reasons;

(b) Whether Project Coordination Committee had approved the expenditure on staff quarters;

(c) Details of cost of building and other civil works towards renovation of existing WRLDC building and staff quarters, etc;

(d) Whether Project Coordination Committee had approved expenditure for change in communication system;

(e) Reasons for reduction in scope of communication system for MPSEB/ CSEB and reduction in taxes, duties etc.;

(f) Reasons for higher cost of mandatory spares of various constituents; and

(g) Documents relating to segregated cost and other details of equipment and facilities common to ULDC project and communication business function for apportionment of cost between ULDC and petitioner's telecom set up.

Sd-/
(A.H.JUNG)
MEMBER

sd-/
(BHANU BHUSHAN)
MEMBER

New Delhi Dated the 27th November 2006