

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Dr. Pramod Deo, Chairperson**
1. **Shri Bhanu Bhushan, Member**
2. **Shri R.Krishnamoorthy, Member**
3. **Shri S.Jayaraman, Member**

Petition No. 112/2008

In the matter of

Determination of provisional transmission tariff for 400 kV D/C Seoni-Khandwa transmission line along with associated bays at Seoni and Khandwa sub-stations, 80 MVAR Bus Reactor, 400/220 kV ICT II and 765/400 kV ICT-II at Seoni sub-station and LILO of 400 kV D/C Sardarsarovar-Nagda transmission line along with associated bays and 315 MVA 400/220 kV ICT -I & 765 kV Sipat Seoni Ckt-II along with 3 x 80 MVAR line reactor and associated bays at Seoni sub-station under Sipat-I transmission system in Western Region for the period from 1.4.2008 & 1.5.2008 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

1. Madhya Pradesh Power Transmission Company Ltd., Jabalpur
2. Maharashtra State Electricity Distribution Co. Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Vadodara
4. Electricity Deptt., Govt., of Goa, Panji
5. Electricity Department, Administration of Daman and Diu, Daman
6. Electricity Department, Administration of Dadra Nagar Haveli, Silvassa
7. Chhattisgarh State Electricity Board, Raipur
8. Madhya Pradesh Audyogik Kandra, Indore

.....Respondents

The following were present:

1. Shri U.K.Tyagi, PGCIL
2. Shri V.V.Sharma, PGCIL
3. Shri Prashant Sharma, PGCIL
4. Shri M.M.Mondal, PGCIL

**ORDER
(DATE OF HEARING: 11.12.2008)**

The application has been made for approval of provisional transmission charges for 400 kV D/C Seoni-Khandwa transmission line along with associated bays at Seoni and Khandwa sub-stations, 80 MVAR Bus Reactor, 400/220 kV ICT II and 765/400 kV ICT-II at Seoni sub-station and LILO of 400 kV D/C Sardarsarovar-Nagda transmission line along with associated bays and 315 MVA 400/220 kV ICT

-I (Asset-I) and 765 kV Sipat Seoni Ckt-II along with 3 x 80 MVAR line reactor and associated bays at Seoni sub-station (Asset-II) under Sipat-I transmission system (the transmission system) in Western Region from the date of commercial operation of the respective asset to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the 2004 regulations).

2. The investment approval for the transmission system was accorded by Ministry of Power vide its letter dated 10.12.2003 at an estimated cost of Rs.167298 lakh, (including IDC of Rs. 12323 lakh) which included Rs. 145479 lakh for the petitioner's portion, and Rs. 21819 lakh for IPTC's portion. Subsequently, approval for the Revised Cost Estimate was accorded by Ministry of Power vide its letter dated 5.3.2008 at an estimated cost of Rs. 233114 lakh which included IDC of Rs. 16072 lakh.

3. The date of commissioning of the respective transmission asset, its apportioned approved cost and the actual cost as on the date of commercial operation, as given by the petitioner are extracted hereunder:

| S.No. | Name of Asset | Date of commercial operation | Apportioned approved cost (Rs. in lakh) | Capital cost as on date of commercial operation (Rs. in lakh) |
|-------|---------------|------------------------------|---|---|
| 1. | Asset-I | 1.4.2008 | 82925.26 | 75864.37 |
| 2. | Asst-II | 1.5.2008 | 48822.14 | 43604.12 |
| | Total | | 131747.40 | 119468.49 |

4. The expenditure up to 31.3.2008 has been verified from the audited statement of accounts for the year 2007-08. For the period from 1.4.2008 to the date of commercial operation, the expenditure indicated is based on books of accounts yet to be audited.

5. The petition has been heard after notice to the respondents. M. P. Power Trading Company Limited, although it has not been impleaded as the respondent in the petition, in its reply has raised certain issues which are relevant for consideration

while determining final tariff. Since the present petition is 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 and the issues will be examined then.

6. The petitioner has claimed the following provisional transmission charges based on the capital cost as on the date of commercial operation of the respective transmission asset:

(Rs. in lakh)

| Period | Asset-I | Asset-II |
|--------------------|----------|----------|
| 2008-09 (Pro rata) | 11050.19 | 5271.09 |

7. The petitioner's claim is based on equity exceeding 30% of the capital cost stated to be actually deployed on the date of commercial operation .

8. In respect of both the transmission assets, the capital expenditure on the date of commercial operation is less than the apportioned approved cost. Therefore, for the purpose of provisional tariff, we have considered the capital expenditure as on date of commercial operation as per para 3 above. However, while calculating tariff, return has been allowed on equity of 30% only as the RCE component was approved with debt-equity ratio of 70:30.

9. Based on the above, the provisional transmission charges are determined as follows:

(Rs. in lakh)

| | Asset-I | Asset-II |
|------------------------------|--------------------|--------------------|
| | 2008-09 (Pro rata) | 2008-09 (Pro rata) |
| Depreciation | 2118.56 @ 2.79 | 1050.38 @2.63 |
| Interest on loan | 4466.77 | 2227.80 |
| Return on equity | 3186.30 | 1678.76 |
| Advance Against Depreciation | 0.00 | 0.00 |
| Interest on working capital | 326.12 | 156.93 |
| O & M expenses | 832.34 | 116.14 |
| Total | 10980.11 | 5230.01 |

10. We allow transmission charges tabulated above for the transmission asset, on provisional basis from the date of commercial operation subject to adjustment after determination of final tariff.

11. The petitioner shall file a fresh petition for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 30.4.2009.

12. While making the application for approval of final tariff, the petitioner shall file a certificate, duly signed by the Auditors, certifying the loan details, duly reconciled with audited accounts of 2007-08 and reason for time over-run.

13. Accordingly, the petition stands disposed of.

Sd/- (S.JAYARAMAN) MEMBER **sd/- (R.KRISHNAMOORTHY) MEMBER** **sd/- (BHANU BHUSHAN) MEMBER** **sd/- (DR.PRAMOD DEO) CHAIRPERSON**
New Delhi dated the 11th December 2008