

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

1. Dr Pramod Deo, Chairperson
1. Shri Bhanu Bhushan, Member
2. Shri R.Krishnamoorthy, Member

**Petition No.61/2008**

**In the matter of**

Approval of provisional transmission tariff for Feeder -I of 400 kV, D/C Teesta (Stage-V)-Siliguri Transmission System, associated with Teesta (Stage-V) HEP, in Eastern Region for the period from 1.2.2008 to 31.3.2009.

**And in the matter of**

Power Grid Corporation of India Ltd., Gurgaon

**.... Petitioner**

Vs

1. Bihar State Electricity Board, Patna
2. West Bengal State Electricity Board, Kolkata
3. Grid Corporation of Orissa Ltd., Bhubaneswar
4. Damodar Valley Corporation, Kolkata
5. Power Department., Government of Sikkim, Gantok
6. Jharkhand State Electricity Board, Ranchi

**.....Respondents**

**The following were present:**

1. Shri V.V.Sharma PGCIL
2. Shri U.K. Tyagi, PGCIL
3. Shri B.C.Pant, PGCIL
4. Shri M.M.Mondal, PGCIL
5. Shri S.K.Niranjan, PGCIL
6. Shri Mohd. Mohsin, PGCIL

**ORDER**

**(DATE OF HEARING: 10.6.2008)**

The application has been made for approval of provisional transmission charges for Feeder -I (the transmission asset) of 400 kV, D/C Teesta (Stage-V)-Siliguri Transmission System ( the transmission system), associated with Teesta (Stage-V) HEP, in Eastern Region for the period from 1.2.2008 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 Board of Directors of the petitioner company vide its letter dated 25.2.2004 at an estimated cost of Rs.20875 lakh, which includes IDC of Rs. 1483 lakh. The apportioned approved cost of the transmission asset is stated to be Rs. 15957 lakh and the date of its commercial operation is 1.2.2008. The representative of the petitioner has clarified that the transmission asset described in the petition as Feeder I, is in fact Ckt-I of the transmission line forming part of the transmission system. He has further informed that Ckt-II of the transmission line has since been commissioned on 1.6.2008 and petition for approval of tariff for Ckt-II is being filed separately.

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

(Rs. in lakh)	
Expenditure up to 31.3.2007(Audited)	12399.35
Expenditure from 1.4.2007 to 31.1.2008	6048.36
Balance estimated expenditure	5495.00
<b>Total</b>	<b>23942.71</b>

4. The expenditure up to 31.3.2007 has been verified from the audited statement of accounts for the year 2006-07. For the period from 1.4.2007 to 31.1.2008, the expenditure indicated is based on books of accounts, yet to be audited.

5. The petition has been heard after notice to the respondents. None has appeared for the respondents. Bihar State Electricity Board (BSEB) in its reply has raised the issue of cost over-run. The issue is relevant for consideration while determining final tariff for the transmission system, as a whole. Since the present petition is for provisional tariff for a portion of the transmission system only, the issue raised is not being addressed at this stage. In any case, in the present case we are not considering the capital cost claimed by the petitioner, as noted in para 7 (infra). BSEB has also taken objection to the petitioner's claim for revision of O & M expenses, consequent to revision of pay and allowances of its employees w.e.f.

1.1.2007. Even this claim of the petitioner is not being considered for the present for want of necessary details. The claim may be examined in the light of relevant provisions of the 2004 regulations, when the petitioner makes an application for approval of final tariff. 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 of Rs. 18447.71 lakh, as on the date of commercial operation:

(Rs. in lakh)

Period	Transmission charges
2007-08 (Pro rata)	428.68
2008-09	2566.06

7. The capital expenditure on the date of commercial operation exceeds the apportioned approved cost of the transmission asset. Therefore, for the purpose of provisional tariff, we have considered the apportioned approved cost of Rs. 15957 lakh. The petitioner's claim for the transmission charges, except O & M charges, have been proportionately reduced. However, O & M charges have been allowed as claimed as they are independent of the capital cost.

8. The details of capital cost, equity and loan claimed by the petitioner and considered for the purpose of provisional transmission tariff are as follows:

(Rs. in lakh)

Capital cost	Claimed	18447.71
	Allowed	15957.00
Equity	Claimed	5534.71
	Allowed	4787.10
Loan	Claimed	12913.00
	Allowed	11169.90

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

(Rs. in lakh)

	<b>2007-08 (Pro rata)</b>	<b>2008-09</b>
Depreciation	68.64 @ 2.58%	411.81 @ 2.58%
Interest on Loan	170.77	1017.12
Return on Equity	111.70	670.19
Advance against Depreciation	0.00	0.00
Interest on Working Capital	10.96	65.89
O & M Expenses	10.15	63.40
<b>Total</b>	<b>372.21</b>	<b>2228.41</b>

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

11. The petitioner shall file a petition for approval of final tariff in accordance with the 2004 regulations on the subject, latest by 31.10.2008.

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 also the reason for high cost.

**Sd/-**  
**((R.KRISHNAMOORTHY)**  
**MEMBER**  
New Delhi dated the 11<sup>th</sup> June 2008

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

**Sd/-**  
**(DR.PRAMOD DEO)**  
**CHAIRPERSON**