

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Bhanu Bhushan, Member**
2. **Shri R.Krishnamoorthy, Member**

Petition No. 52/2008

In the matter of

Determination of provisional transmission tariff for (i) 80 MVAR Bus Reactor at Ranchi and 2 Nos of 220 kV line bays at Ranchi (ii) ICT-I at Patna sub-station (iii) 400/220 kV ICT-I at Ranchi sub-station along with associated bays and 2 No line bays at Patna sub-station under Kahalgaon Stage-II, Phase-I (2X500 MW) transmission system in Eastern Region for the period 2004-09.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

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

.....Respondent

The following were present:

1. Shri P.C.Pankaj, PGCIL
2. Shri V.V.Sharma PGCIL
3. Shri U.K. Tyagi, PGCIL
4. Shri B.C.Pant, PGCIL
5. Mrs. Hemlata Vyas, PGCIL
6. Shri C.Kannan, PGCIL
7. Shri R.B.Sharma, Advocate, BSEB
8. Shri Rinchen Bhutia, Power Deptt., Govt. of Sikkim

ORDER

(DATE OF HEARING: 22.5.2008)

The application has been made for approval of provisional transmission charges for (i) 80 MVAR Bus Reactor at Ranchi and 2 Nos of 220 kV line bays at Ranchi (Asst-I), (ii) ICT-I at Patna sub-station (Asset-II), and (iii) 400/220 kV ICT-I at Ranchi sub-station along with associated bays and 2 Nos line bays at Patna sub-station (Asset-III) (collectively referred to as "the transmission assets) under Kahalgaon Stage-II, Phase-I (2X500 MW) Transmission System (the transmission

system) in Eastern Region for the period from date of commercial 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 12.10.2004 at an estimated cost of Rs. 177193 lakh, including IDC of Rs. 86.18 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 as 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	1.9.2007	2328.00	1314.52
2.	Asset-II	1.11.2007	724.00	994.59
3.	Asset-III	1.12.2007	2419.00	1941.00

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 the date of commercial operation of the respective transmission asset, the expenditure indicated is based on books of accounts yet to be audited.

5. 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:

Period	(Rs. in lakh)		
	Asset-I	Asset-II	Asset-III
2007-08 (Pro rata)	163.90	59.31	133.50
2008-09	281.80	140.09	401.90

6. The petition has been heard after notice to the respondents. Bihar State Electricity Board in its reply has raised certain issues, like cost over-run and time over-run, etc. These issues are relevant for consideration while determining final tariff. Since the present petition is for provisional tariff only, the issues raised are not being addressed 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.

7. In respect of the Asset-I and Asset-III, 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 the date of commercial operation. In respect of Asset-II though the capital expenditure on the date of commercial operation exceeds its apportioned approved cost for the purpose of provisional tariff we have considered the capital expenditure on the date of commercial operation since the total expenditure of Rs. 4250.11 lakh is within the apportioned approved cost for the three assets taken together.

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

(Rs. in lakh)

	Asset-I		Asset-II		Asset-III	
	2007-08 (Pro rata)	2008-09	2007-08 (Pro rata)	2008-09	2007-08 (Pro rata)	2008-09
Depreciation	27.37 @ 3.57	46.92 @ 3.57	14.92 @3.60	35.81 @3.60	22.90 @3.54	68.70 @3.54
Interest on loan	44.12	72.53	25.26	58.39	37.31	108.12
Return on equity	32.21	55.21	17.41	41.77	27.16	81.49
Advance Against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on working capital	4.85	8.43	1.72	4.11	3.95	11.97
O & M expenses	55.53	98.70	0.00	0.00	42.17	131.60
Total	163.90	281.79	59.30	140.08	133.49	401.88

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

10. The petitioner shall file a fresh petition for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 31.12.2008.

11. 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. The petitioner shall also furnish the justification for time over-run in case of Asset-II.

Sd/-

(R.KRISHNAMOORTHY)
MEMBER

New Delhi dated the 17th June 2008

sd/-

(BHANU BHUSHAN)
MEMBER