

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. Dr Pramod Deo, Chairperson
1. Shri Bhanu Bhushan, Member
2. Shri S.Jayaraman, Member

Petition No.74/2008

In the matter of

Determination of provisional transmission tariff of 315 MVA, 400/220 kV ICT-II with associated bays at Patna sub-station under Kahalgaon Stage-II (Phase-I) Transmission System in Eastern Region for the period from 1.1.2008 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 U.K. Tyagi, PGCIL
2. Shri A.K.Nagpal, PGCIL
3. Shri B.C.Pant, PGCIL
4. Shri M.M.Mondal, PGCIL
5. Shri R.B.Sharma, Advocate, BSEB

**ORDER
(DATE OF HEARING: 18.9.2008)**

The application has been made for approval of provisional transmission charges for 315 MVA, 400/220 kV ICT-II with associated bays at Patna sub-station (the transmission assets) under Kahalgaon Stage-II (Phase-I) Transmission System (the transmission system) in Eastern Region for the period from 1.1.2008 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 Ministry of Power vide its letter dated 12.10.2004 at an estimated cost of Rs. 1771.93 crore, which includes IDC of Rs. 86.18 crore. As per the investment approval, the transmission system was scheduled for commissioning by July 2007.

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

Date of commercial operation	Apportioned approved cost (Rs. in lakh)	Capital cost as on the date of commercial operation (Rs. in lakh)
1.1.2008	1649.00	1489.13

4. The other details of capital cost furnished by the petitioner are as follows:

	(Rs. in lakh)
Expenditure up to 31.3.2007	606.61
Expenditure from 1.4.2007 to 31.12.2007	882.52
Balance estimated expenditure	673.00
Total	2162.13

5. 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 31.12.2007, the expenditure indicated is based on books of accounts, yet to be audited.

6. The petitioner has claimed the following provisional transmission charges based on the capital cost of Rs. 1489.13 lakh as on the date of commercial operation:

Period	(Rs. in lakh) Transmission charges
2007-08 (Pro rata)	68.70
2008-09	280.50

7. The petition has been heard after notice to the respondents. Bihar State Electricity Board (BSEB) in its reply has raised the issue of cost over-run and time

over-run. The issues are not relevant for consideration at this stage since the petitioner's claim for provisional tariff is based on the capital cost as on the date of commercial operation, which is considerably less than the apportioned approved cost. 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 in this petition. We may, nevertheless, clarify that 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.

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

	(Rs. in lakh)	
	2007-08 (Pro rata)	2008-09
Depreciation	13.40 @ 3.60%	53.61 @ 3.60%
Interest on Loan	21.81	1017.12
Return on Equity	15.65	670.19
Advance against Depreciation	0.00	0.00
Interest on Working Capital	2.02	65.89
O & M Expenses	15.82	63.40
Total	68.70	280.61

9. 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.

10. The petitioner shall file a petition for approval of final tariff in accordance with the 2004 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.

Sd/
(S.JAYARAMAN)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

sd/-
(DR.PRAMOD DEO)
CHAIRPERSON

New Delhi dated the 18th September 2008