

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 93/2008

In the matter of

Determination of provisional transmission tariff for (a) 50 MVAR Reactor at Narendra (b) Narendra-Devangiri 400 kV D/C transmission line and 50 MVAR Bus Reactor at Mysore and (c) 2nd 315 MVA Auto Transformer at Hiriyur sub-station along with associated bays and equipments under transmission system associated with Kaiga- 3 & 4 (2x235 MW) project from DOCO to 31.3.2009 in Southern Region

And in the matter of

Power Grid Corporation of India Ltd, Gurgaon **Petitioner**
Vs

1. Karnataka Power Transmission Corporation Ltd, Bangalore
2. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
3. Kerala State Electricity Board, Thiruvananthapuram
4. Tamil Nadu Electricity Board, Chennai
5. Electricity Department of Pondicherry, Pondicherry **Respondents**

The following were present:

1. Shri V.V.Sharma PGCIL
2. Shri A.K.Nagpal, PGCIL
3. Shri Mohd. Mohsin, PGCIL
4. Shri M.M.Mondal, PGCIL
5. Shri S.Sowmyanarayanan, TNEB

**ORDER
(DATE OF HEARING: 30.9.2008)**

The application has been made for approval of provisional transmission charges for (a) 50 MVAR Reactor at Narendra (Asset-I) (b) Narendra-Devangiri 400 kV D/C transmission line and 50 MVAR Bus Reactor at Mysore (Asset-II) and (c) 2nd 315 MVA Auto Transformer at Hiriyur sub-station (Asset-III) (collectively referred to as "the transmission assets") along with associated bays and equipment under transmission system associated with Kaiga- 3 & 4 (2x235 MW) project (the transmission system) from date of commercial operation to 31.3.2009 in Southern

Region, 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 29.3.2005 at an estimated cost of Rs. 58825 lakh, including IDC of Rs.3072 lakh.

3. The scheduled date of commissioning of the respective transmission asset, actual date of commissioning, 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	Scheduled date of commercial operation	Date of commercial operation	Apportioned approved cost (Rs. in lakh)	Capital cost as on date of commercial operation (Rs. in lakh)
1.	Asset-I	1.10.2007	1.1.2008	1128	1766.48
2.	Asset-II	1.10.2007	1.2.2008	14338	15765.47
3.	Asset-III	1.1.2008	1.4.2008	1755	2242.67

4. The expenditure up to 31.3.2007 has been verified from the audited statement of accounts for the year 2006-07 for Asset-I and Asset-II. 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. For Asset-III, The expenditure up to 31.3.2008 has been verified from the audited statement of accounts of the petitioner.

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)	73.13	405.48	-
2008-09	290.08	2419.24	461.54

6. The petition has been heard after notice to the respondents. Tamil Nadu Electricity Board (TNEB) in its reply has raised the issues of cost over-run, time over-run, debt-equity and mandatory spares, 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, particularly so, when the tariff is being allowed based on the apportioned approved cost, which is less than the cost on the date of commercial operation. 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. The capital expenditure of the transmission assets on the date of commercial operation exceeds their apportioned approved cost. Therefore, for the purpose of provisional tariff we have considered the apportioned approved cost.

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	2008-09
Depreciation	10.15 @ 3.60	40.61 @ 3.60	64.82 @ 2.71	388.94 @ 2.71	62.76 @ 3.58
Interest on loan	18.30	70.83	156.69	918.70	111.24
Return on equity	11.84	47.38	100.36	602.17	73.73
Advance Against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on working capital	1.44	5.77	10.94	65.66	11.47
O & M expenses	7.91	32.90	39.66	247.76	131.60
Total	49.64	197.48	372.47	2223.33	390.80

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 cost over and time over-run with documentary evidence.

Sd/-

sd/-

sd/-

sd/-

(S. JAYARAMAN) (R.KRISHNAMOORTHY) (BHANU BHUSHAN) (DR.PRAMOD DEO)
MEMBER MEMBER MEMBER CHAIRPERSON

New Delhi dated the 30th September 2008