

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri K.N. Sinha, Member**
2. **Shri Bhanu Bhushan, Member**
3. **Shri A.H. Jung, Member**

Petition No.6/2004

In the matter of

Fixation of Wheeling Charges in respect of Transmission System of Grid Corporation of Orissa Ltd. for wheeling of power from NTPC power stations in Eastern Region (ER) through their system to Madhya Pradesh State Electricity Board (MPSEB), Jabalpur with effect from 1.4.2001.

And in the matter of

Madhya Pradesh State Electricity Board ... **Petitioner**

Vs

1. Grid Corporation of Orissa Ltd., Bhubaneswar
2. Eastern Region Electricity Board, Kolkata ... **Respondents**

The following were present:

1. Shri Rohit Singh, Advocate, MPSEB
2. Shri Sakesh Kumar, Advocate
3. Ms Yogmaya Agnihotri, Advocate
4. Shri D. Khandelwal, Addl SE, MPSEB
5. Shri Deepak Shrivastava, EE, MPSEB
6. Shri Raj Kumar Mehta, Advocate, GRIDCO
7. Ms. Suman Kukrety, Advocate, GRIDCO
8. Shri Umakanta Sahoo, DM, GRIDCO
9. Shri G.R. Khutia, GM, GRIDCO
10. Shri Joydeb Bandyopadhyay, EREB
11. Shri B. Sarkhel, EREB

**ORDER
(DATE OF HEARING: 19.7.2005)**

The application is made for fixation of wheeling charges for the transmission system belonging to Grid Corporation of Orissa Ltd. (GRIDCO) for wheeling of power from the generating stations belonging to National Thermal Power Corporation Ltd.

located in Eastern Region to the petitioner, Madhya Pradesh State Electricity Board, for the period 1.4.2001 to 31.3.2004 in accordance with the Commission's notification dated 26.3.2001.

2. As specified in the notification dated 26.3.2001, the importing utility and wheeling utility may mutually agree on the wheeling charges and the transmission losses associated with the transmission of electricity, and in the event of their inability to do so, the contract path method is to be used for calculation of wheeling charges. Member Secretary of the Regional Electricity Board of the Region wherein the wheeling utility is located is required to calculate the wheeling charges by applying the principles decided by the Commission in its notification dated 26.3.2001. In view of the disagreement between the petitioner and the first respondent, the Commission by its order dated 21.7.2004, directed Member Secretary, EREB, the second respondent, to calculate the wheeling charges in accordance with the principles contained in the notification dated 26.3.2001. The petitioner and the first respondent GRIDCO were granted liberty to file their objections, if any, on the report of Member Secretary, EREB.

3. Member-Secretary, EREB submitted his report by letter dated 4/5.10.2004. The petitioner as well as the first respondent, GRIDCO have filed their objections on the report.

4. In his calculations of wheeling charges, Member-Secretary, EREB had considered the cost of construction of 220 kV D/C Korba-Budhipar transmission line (Orissa portion) at the rate of Rs.30.43 lakh/km for the transmission line, whereas according to MPSEB, the cost of construction of this line (MP portion) was considered

by Member-Secretary, WREB at the rate of Rs.12 lakh/km. GRIDCO has filed an affidavit before the Commission according to which cost of construction is Rs.17 lakh/km. The revised calculations have considered the date of commercial operation of Korba-Budhipar transmission line during 1995-96. It is the contention of MPSEB that the transmission line was completed prior to 1991-92. We direct that Member-Secretary, EREB/ERPC shall ascertain the date of commercial operation of Korba-Budhipar transmission line and recalculate the wheeling charges by contract path method by considering the actual date of commercial operation, line length and capital cost, if possible, based on unit costs prevailing at the relevant time. Member Secretary, EREB/ERPC may use appropriate rate of interest on working capital as well as on loan. The parties have divergent views on computation of transmission losses also, and accordingly, the transmission losses shall also be re-calculated. While recalculating the wheeling charges/transmission losses, Member Secretary, EREB/ERPC shall be guided by the following factors:

- (a) GRIDCO's claim in respect of verifiable opportunity cost of special arrangement made by it to facilitate wheeling. In case verifiable opportunity cost exceeds wheeling charges based on contract path method, Member Secretary shall calculate ceiling value of wheeling charges as applicable to a new transmission line capable of carrying out contracted power.
- (b) Determine incremental losses (positive or negative) in GRIDCO's system due to wheeling transaction. For this purpose, Member Secretary, EREB/ERPC in consultation with ERLDC may carry out necessary study to determine difference in transmission losses in GRIDCO system:

- (i) with wheeling transaction to MPSEB as actually arranged, and
- (ii) without wheeling transaction to MPSEB.

4. The petitioner and the first respondent shall render all necessary assistance to Member Secretary, EREB/ERPC in the exercise of recalculation of wheeling charges and transmission losses and if necessary, WREB shall also be involved with the process by Member-Secretary EREB/ERPC. Since the Commission's regulations on open access in inter-state transmission notified on 6.2.2004 were implemented with effect from 6.5.2004, the calculations based on provisions in the tariff notification dated 26.3.2001 shall be carried out upto 31.3.2004. The petitioner and the first respondent shall furnish all the details required by the Member Secretary, EREB/ERPC for the purpose. Member-Secretary, EREB/ERPC shall submit his report to the Commission, the copies of which shall also be forwarded to the parties, latest by 30.9.2005.

5. List this petition for further directions on 8.11.2005

Sd/-
(A.H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
CHAIRMAN

New Delhi dated the 28th July 2005