

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairman**
2. **Shri D.P. Sinha, Member**
3. **Shri G.S. Rajamani, Member**
4. **Shri K.N. Sinha, Member**

Petition No. 24/2001

In the matter of

Approval under Regulation-86 for transmission tariff for Hathidah River Crossing Section of 220 kV Biharshariff-Begusarai transmission line in Eastern Region.

And in the matter of

Power Grid Corporation of India Ltd.

.... **Petitioner**

Vs

1. Bihar State Electricity Board
2. West Bengal State Electricity Board
3. Grid Corporation of Orissa Ltd
4. Damodar Valley Corporation
5. Power Dept., Gangtok

..... **Respondents**

The following were present:

1. Shri R.K. Vohra, Genl. Manager, PGCIL
2. Shri S.S. Sharma, Addl. Genl. Manager, PGCIL
3. Shri Pranjapa, BSEB

**ORDER
(DATE OF HEARING 22.5.2002)**

This petition relates to approval of transmission charges for Hathidah River Crossing section of 220 kV Biharshariff-Begusarai line in the Eastern Region.

2. It has been stated that despite surplus power in Eastern Region, Northern part of Bihar was facing severe power shortage in the absence of a proper link for supply of power. Accordingly, Respondent No. 1, Bihar State Electricity Board (BSEB) started construction of Biharshariff-Begusarai D/C line as a link for supply of power to Northern Bihar. However, due to design problems, the portion of

Ganga River Crossing at Hathidah could not be completed by BSEB. In view of the difficulties being faced by Northern part of Bihar because of shortage of power, it became imperative that this particular portion of Biharshariff-Begusarai line was completed at the earliest. Under instructions from the Central Government, the petitioner, in order to improve the operational performance of the grid, identified certain projects, including this project to be undertaken by it. The issue was discussed at EREB forum in its 87th meeting held on 29.11.1997 and it was agreed to between the constituents of Eastern Region that the petitioner would undertake the project. Subsequently, the constituents of Eastern Region also signed a Transmission Service Agreement with the petitioner for execution of Hathidah River Crossing Section of Biharshariff-Begusarai D/C line.

3. The investment approval for this project was accorded by the Board of Directors of the petitioner company in its meeting held on 9.3.1998 at an estimated cost of Rs.11.69 crores, including an IDC of Rs.0.17 crores, based on IV quarter 1997 price levels. The scheme was to be commissioned within a period of one year from the date of investment approval i.e. by 8.3.1999.

4. It has been stated that the project was declared under commercial operation with effect from 1.3.2001 at a cost of Rs.10.67 crores. Based on the terms and conditions of transmission tariff notified by Ministry of Power on 16.12.1997, the petitioner had prayed for approval of tariff of Rs.17.73 lakhs for the period from 1.3.2001 to 31.3.2001 and Rs.213.04 lakhs for the year 2001-02. However, a separate petition for approval of tariff for the period from 1.4.2001 to

31.3.2004 has been filed by the petitioner. Therefore, in this petition determination of tariff will be limited to the period from 1.3.2001 to 31.3.2001.

5. A reply to the petition has been filed on behalf of BSEB on 21.5.2002. None of the other respondents has filed its reply. In its reply, BSEB has raised certain issues regarding tariff for the period from 1.4.2001 onwards which are not relevant for the purpose of present petition as the transmission charges for the period up to 31.3.2001 are presently being considered. It has not raised any objection to transmission tariff claimed by the petitioner for the period from 1.3.2001 to 31.3.2001.

6. As we have noticed above, the project was to be completed by 8.3.1999. It was, however, been commissioned on 1.3.2001. Thus, there is a delay of nearly two years in the completion of the project. It has been explained on behalf of the petitioner that four special pillars/foundations were to be raised in Ganga River Crossing in Hathidah Section, three of which were to be laid by BSEB and one by the petitioner. The transmission charges claimed in this petition pertain to only one pillar/foundation raised by the petitioner. It has been explained that the remaining three pillars raised by BSEB were handed over to the petitioner during November 2000 and the project was commissioned with effect from 1.3.2001. Accordingly, it has been submitted that the delay in execution of the project is not attributable to the petitioner. It is further submitted that work could not be undertaken from July 2000 to October 2000 because of flooding of the Ganga river and the grim law and order situation in the project area. We are satisfied with the explanation given by the petitioner that the petitioner is not responsible for

delay in execution of the project. We also notice that the entire cost of the project has been financed through internal resources of the petitioner company. In accordance with norms and factors for determination of tariff notified by Ministry of Power on 16.12.1997, the capital expenditure of the transmission system shall be financed as per the approved financial package set out in the techno-economic clearance of CEA. In the present case, the techno-economic clearance had not been obtained from CEA, as the project was within the financial powers of Board of Directors of the petitioner company as per the notification issued by Ministry of Power under Section 29 of the Electricity (Supply) Act, 1948. The financial approval granted by the Board of Directors does not contain the details of means of financing. Therefore, we allow the debt and equity as per the petition.

7. The petitioner has claimed interest on working capital @ 11.5%. We allow the interest @ 11.50% on working capital based on state Bank of India PLR applicable during 2000-01. The depreciation rate is allowed on the basis of weighted average on actual capital expenditure of the various assets.

8. In the above background, the petitioner is entitled to transmission charges of Rs.17.19 lakhs from 1.3.2001 to 31.3.2001 as per the details contained in the Table given below:

TABLE

(Rs. in lakhs)

Transmission Charges	
Interest on Loan	8.00
Depreciation	4.69
Operation & Maintenance Expenses	1.33
Return on Equity	2.73
Interest on Working Capital	0.44
Total	17.19

9. In addition, the petitioner shall be entitled to other charges like income tax, incentive, surcharge and other cess and taxes in accordance with the notification by Ministry of Power dated 16.12.1997.

10. The transmission tariff approved by us shall be included in the regional transmission tariff of Eastern Region and shall be shared by the regional beneficiaries in accordance with para 7 of notification dated 16.12.1997.

11. In its order dated 18.6.2001 in IA No. 28/2001 in the present petition, the Commission had permitted the petitioner to charge 95% of the tariff claimed in the original petition as an interim measure, subject to adjustment in the light of final determination of tariff. Therefore, the interim tariff earlier allowed by the Commission shall be adjusted against the final tariff as per paras 8 and 9 above.

12. We find that the auditors' certificate furnished along with the petition certifies the transmission tariff calculations but does not disclose whether the capital expenditure, equity, loan, rate of interest, repayment schedule, O&M charges, etc. are as per the audited accounts of the petitioner company. The petitioner is directed to file an affidavit within four weeks of the date of this order that all the tariff calculations and auditors' certificates are based on audited accounts of the petitioner company or in the alternative, the petitioner may file a revised auditors' certificate, in the format given below, failing which the transmission tariff approved by us shall not take effect and will automatically lapse without any further reference to the Commission.

AUDITORS CERTIFICATE

We have verified the books of accounts, records and other documents of Power Grid Corporation of India Ltd and certify that the data used for transmission tariff calculations for _____ [name of the transmission system/line (s)] are in accordance with the audited books of accounts of the company as audited up to _____. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our examination and necessary approvals of the competent authority in respect of capital cost, foreign exchange, time and cost over-run, etc. as prescribed under law, have been obtained.

Auditor's signature with seal and date

13. With the above order, the petition No.24/2001 stands disposed of.

Sd/-	Sd/-	Sd/-	Sd/-
(K.N. SINHA) MEMBER	(G.S. RAJAMANI) MEMBER	(D.P. SINHA) MEMBER	(ASHOK BASU) CHAIRMAN

New Delhi dated the 31st May 2002

