

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram**

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

**Petition No.7/99**

**In the matter of**

Approval of Tariff for 220 KV D/C Faridabad-Samaypur Transmission Line  
with Associated bays in Northern Region.

**Petition No.8/2000**

**And in the matter of**

Approval of Tariff for 220 KV D/C Faridabad-Palla Transmission Line with  
Associated bays in Northern Region.

**And in the matter of**

Power Grid Corporation of India Ltd. .... Petitioner

VS

Haryana Vidyut Prasaran Nigam Ltd. .... Respondent

The following were present:

1. Shri S.S. Sharma, AGM, PGCIL
2. Shri U.K. Tyagi, PGCIL
3. Shri C. Kannan, PGCIL
4. Shri K.K.S. Babu, PGCIL
5. Shri Sanjay Mehra, PGCIL
6. Shri S. Gopal, PGCIL
7. Shri A.K. Nagpal, PGCIL
8. Shri S.S. Vindal, PGCIL
9. Shri D. Sen, PGCIL
10. Shri Shri R.K. Arora, XEN, HVPNL.

**ORDER**  
**(DATE OF HEARING 19-2-2002)**

In these petitions, the petitioner PGCIL has sought approval of the Commission for the transmission charges in respect of following assets which form part of transmission system with Faridabad Gas Power Project.

- a) 220 kV D/C Faridabad-Samaypur Transmission line with associated bays
- b) 220 kV D/C Faridabad-Palla Transmission Line with associated bays

2. The petitioner company is entrusted with the function to undertake transmission of energy. In discharge of this function, the petitioner has set up transmission system in the entire country.

3. It is stated that the petitioner and the respondent had agreed that the petitioner would execute the transmission system associated with Faridabad Gas Power Project with the following components:

- a) 220 kV D/C switchyard at Faridabad Gas Power Project
- b) 220 kV D/C Faridabad Gas Power Project-Samaypur line
- c) Two 220 kV D/C base at Samaypur
- d) 220 kV D/C Faridabad Gas Power Project-Palla line

4. The Board of Directors of the petitioner company accorded the investment approval for Rs.47.97 crores, including IDC of Rs.3.35 crores for the above components of the transmission system under its delegated powers. The

transmission system was to be completed matching with the commissioning of the generation project. The petitioner built and commenced operation of the assets as given herein below:

- |   |           |
|---|-----------|
| a) 220 kV D/C Faridabad-Samaypur line with associated bays                | 1. 6.1999 |
| b) 220 kV D/C Faridabad Gas Power Project-Palla line with associated bays | 1.2.2000  |

5. Petition No. 7/99 was filed on 9.9.1999 and Petition No. 8/2000 was filed on 4.2.2000. Subsequently, the petitioner filed amended petitions in both these cases to place on record certain additional facts in regard to actual expenditure. The Commission had allowed the amendments sought by the petitioner.

6. It is stated that 220 kV D/C Faridabad-Samaypur line with associated bays was completed at a total cost of Rs.2438.33 lakhs. Faridabad-Palla line with associated bays was completed at a total cost of Rs.2261.66 lakhs. Thus the entire transmission system has been completed at a total cost of Rs.47.00 crores against the sanctioned cost of Rs.47.97 crores. In the amended petitions the petitioner has sought approval to the transmission charges, based on Ministry of Power's notification dated 16.12.1997 as under:

	(Rs. in lakhs)	
	<b>1999-2000*</b>	<b>2000-2001</b>
220 kV D/C Faridabad-Samaypur transmission line with associated bays	411.99	572.59
220 kV D/C Faridabad-Palla transmission line with associated bays	67.51	412.70

\* From the date of commercial operation to 31.3.2000

7. In addition, the petitioner has sought approval for other charges like foreign exchange rate variation, income tax, incentive, other cess and taxes and surcharge as per the notification issued by Ministry of Power.

8. Reply to the amended petition, has been filed on behalf of the respondent, HVPNL. It has been submitted that the petitioner has taken debt-equity ratio of 36:64, which is not in conformity with the approved financial package. It is also pointed out by the respondent that the actual expenditure incurred for Faridabad-Samaypur line (Rs.32.0 lakhs/Km) is on the higher side as compared to the actual expenditure for Faridabad-Palla line (Rs.22.63 lakhs/Km). The respondent has also prayed that interest on working capital should be charged @ 11.65% instead of 15.84% actually proposed in the petition.

9. We have considered the submissions made on behalf of the parties. In accordance with the notification dated 16.12.1997 issued by Ministry of Power, 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 respect of the transmission system associated with Faridabad Gas Power Project, techno-economic clearance had not been issued by CEA since the project was within the delegated financial powers of the Board of Directors of the petitioner company. The Board of Directors while according investment sanction did not approve any specific financial package to be followed while executing the transmission system. The petitioner in its affidavit filed on 30.4.2002, has

submitted that despite variations in debt-equity ratio, for individual transmission systems, the petitioner on an overall basis aims to achieve a debt-equity ratio of 70:30 in the long run. Under these circumstances, we are satisfied that the transmission charges should be worked out based on actual financing pattern adopted by the petitioner company. In regard to differences in completion cost of Faridabad-Samaypur D/C line and Faridabad-Palla D/C line, the petitioner in its affidavit has clarified that the variations in the cost are on account of variations in IDC and IEDC. We have considered the explanation furnished by the petitioner carefully and find it to be satisfactory. Therefore, we direct that actual completion cost of different lines forming part of the transmission system associated with Faridabad Gas Power Project should be considered for the purposes of tariff.

10. On consideration of entirety of the situation, we approve the transmission charges as under:

	(Rs. in lakhs)	
	<b>1999-2000*</b>	<b>2000-2001</b>
Faridabad-Samaypur line with associated bays	408.53	567.12
Faridabad-Palla line with associated bays	66.96	408.84

\*From the date of commercial operation to 31.3.2000

11. In addition to the transmission charges, the petitioner shall be entitled to other charges like foreign exchange rate variation, income tax, incentive, surcharge and other cess and taxes in accordance with the notifications issued by Ministry of Power from time to time and in force up to 31.3.2001.

12. While approving tariff, we have been guided by the following considerations.

13. The interest calculations have been made based on the weighted average of the outstanding loan amount. Interest on working capital has been worked out based on annual average PLR of SBI at the rate of 12% and 11.5% for the years 1999-2000 and 2000-01 respectively, instead of rate of interest of 15.84% claimed by the petitioner. The weighted average depreciation rate has been worked out on the basis of actual capital expenditure as per CA's certificates annexed to the petitions. The escalation in O&M expenses and maintenance spares for working capital has been worked out on the basis of WPI and CPI (industrial workers) for the month of April of the respective year.

14. In its order dated 30.11.99 in Petition No. 7/99, the Commission had allowed a provisional tariff of 88% for the year 1999-2000 and 85% for the year 2000-2001 of the transmission charges claimed by the petitioner in the unamended petition. Similarly, in Petition No. 8/2000, the Commission in its order dated 10.4.2000 had allowed an interim tariff of 80% of that claimed in the unamended petition. The provisional/interim tariff allowed by the Commission earlier is subject to adjustment in the light of final transmission charges approved by us in this order.

15. The detailed calculations in support of the tariff are contained in Tables I & II below:

**TABLE - I**  
**Faridabad – Samaypur Transmission line with associated bays**  
(Rs. in lakhs)

<b>Transmission Charges</b>	1999-2000	2000-2001
Interest on Loan	92.64	111.18
Depreciation	113.19	155.57
Operation & Maintenance Expenses	26.58	38.12
Return on Equity	165.56	248.09
Interest on Working Capital	10.56	14.16
<b>Total</b>	<b>408.53</b>	<b>567.12</b>

**TABLE - II**  
**Faridabad-Palla Transmission Line with associated bays**

(Rs. in lakhs)

<b>Transmission Charges</b>	1999-2000	2000-2001
Interest on Loan	14.29	85.74
Depreciation	18.60	113.45
Operation & Maintenance Expenses	4.51	27.76
Return on Equity	27.81	171.66
Interest on Working Capital	1.75	10.23
<b>Total</b>	<b>66.96</b>	<b>408.84</b>

16. The entire tariff approved by us shall be borne by the respondent as the transmission system associated with Faridabad GPP is dedicated to Haryana state.

17. 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 two 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 enclosed format, failing which the transmission charges approved above shall not take effect and this order will automatically lapse without any further reference to the Commission.

### **A U D I T O R S   C E R T I F I C A T E**

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.

Signature with Auditor's seal and date

18. This order disposes of Petitions No. 7/1999 and 8/2000

**Sd/-**  
**(K.N. Sinha)**  
**Member**

**Sd/-**  
**(G.S. Rajamani)**  
**Member**

**Sd/-**  
**(D.P. Sinha)**  
**Member**

New Delhi dated: 31<sup>st</sup> May, 2002