

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairman**
- 2. Shri K.N. Sinha, Member**
- 3. Shri Bhanu Bhushan, Member**

Petition No. 39/2000

In the matter of

Transmission tariff for 400 KV D/C Abdullapur-Bawana Transmission Line with associated bays, 315 MVA ICT-II at Abdullapur sub-station, 220 KV Jorian (HVPNL) bay at Abdullapur sub-station and 400 KV D/C Nalagarh-Hissar Transmission Line along with associated bays in Northern Region

And in the matter of

Power Grid Corporation of India Limited

...Petitioner

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd, Jaipur
2. Himachal Pradesh State Electricity Board, Shimla
3. Punjab State Electricity Board, Patiala
4. Haryana Vidyut Prasaran Nigam Ltd., Panchkula
5. Power Development Department, Govt. of J&K, Jammu
6. Uttar Pradesh Power Corporation Ltd., Lucknow
7. Delhi Vidyut Board, New Delhi
8. Chief Engineer, Chandigarh Administration, Chandigarh
9. Uttranchal Power Corporation Ltd., Dehradun

... Respondents

ORDER

The petitioner, Power Grid Corporation of India Ltd had made the application for approval of transmission charges for 400 kV D/C Abdullapur-Bawana transmission line with associated bays, 315 MVA ICT-II at Abdullapur sub-station, 220 KV Jorian (HVPNL) bay at Abdullapur sub-station and 400 kV D/C Nalagarh-Hissar transmission line along with associated bays, from the date of commercial operation of the respective asset and till 31.3.2001. These transmission assets involved one loan called Grid Bond I loan.

2. The petitioner in support of its claim for interest on loan, had indicated that there was no repayment of Grid Bond I loan taken for the transmission assets before 31.3.2002. In other words, no repayments up to 31.3.2001 were shown. However, in Petition No. 73/2002 made by the petitioner for approval of tariff in respect of the same transmission for the period from 1.4.2001 to 31.3.2004, part payment of Grid Bond 1 loan was shown prior to 31.3.2001. Subsequently, affidavits were also filed on behalf of the petitioner showing the loan allocation details. These details also supported the fact of repayment of Grid Bond 1 loan prior to 31.3.2001. Thus, the details furnished in the affidavits filed on behalf of the petitioner are in agreement with the details of loan furnished in the main petition. Based on these details, the tariff order for the period 1.4.2001 to 31.3.2004 is being issued by the Commission separately by considering part repayment of Grid Bond 1 loan prior to 31.3.2001. This necessitated revision of tariff earlier approved by the Commission in Petition No. 39/2000 by order dated 30.10.2002.

3. The position noted above was also noticed in petition No 48/2000. A notice dated 16.4.2004 in that petition was issued to the petitioner directing it to show cause why the tariff already approved by the Commission by in that petition should not be reviewed. At the hearing the representative of the petitioner accepted that the tariff approved by the Commission by the Commission in that petition needed revision. The representative of the petitioner had further submitted that the transmission charges for some other transmission lines, also involving Grid Bond I loan, and the tariff for the period ending 31.3.2001 in respect of which has already been approved by the Commission, called for revision. It was stated by the representative of the petitioner that the Commission could revise the tariff in all such cases *suo motu* and without any

further notice to the petitioner. Therefore, the transmission charges in respect of 400 KV D/C Abdullapur-Bawana transmission line with associated bays, 315 MVA ICT-II at Abdullapur sub-station, 220 KV Jorian (HVPNL) bay at Abdullapur sub-station and 400 KV D/C Nalagarh-Hissar transmission line are being revised without a fresh show cause notice to the petitioner.

4. The transmission charges for 400 KV D/C Abdullapur-Bawana transmission line with associated bays, 315 MVA ICT-II at Abdullapur sub-station, 220 KV Jorian (HVPNL) bay at Abdullapur sub-station and 400 KV D/C Nalagarh-Hissar transmission line were approved by the Commission under its order dated 30.10.2002 after considering, among other things, the information placed on record by the petitioner in regard to Grid Bond I loan. The Commission had allowed the following transmission charges :

(Rs. in lakh)

S. No.	Details of the assets	Period	Interest on Loan	Depreciation	O&M expenses	Return on Equity	Interest on working capital	Total
1.	400 KV D/C Abdullapur Bawana transmission line with associated bays, 315 MVA ICT II at Abdullapur sub-station and 220 KV Jorian (HVPNL) bay I&II at Abdullapur sub-station	1.1.2000 to 31.3.2000	570.35	282.26	73.38	124.85	28.18	1079.02
		1.4.2000 to 31.3.2001	2281.36	1147.78	302.78	551.38	110.33	4393.63
2.	400 KV Nalagarh-Hissar transmission line Ckt I&II with associated bays	1.1.2000 to 31.3.2000	905.23	389.65	106.27	111.05	40.62	1552.82
		1.4.2000 to 31.3.2001	3620.56	1567.07	433.77	468.91	157.16	6247.47

5. In addition to the transmission charges, the petitioner was to be entitled to other charges like foreign exchange rate variation, income tax, incentive, surcharge and

other cess and taxes in accordance with the notification dated 16.12.1997 issued by Ministry of Power.

6. As seen from para 4 above, the transmission charges allowed by order of 30.10.2002, comprise of five components, namely interest on loan, depreciation, O&M charges, return on equity and the interest on working capital. The discrepancy regarding repayment of Grid Bond I loan, affects interest on loan component of the transmission charges. Further, interest on loan forms part of the working capital on which interest is allowed. The correction of interest on loan component of tariff will involve further correction of interest on working capital component of the transmission charges. The other components of the transmission charges approved earlier will accordingly remain unaffected and unchanged. Therefore, through this order, we will confine our consideration to interest on loan and interest on working capital components of the transmission charges for the above noted two transmission assets.

Interest on Loan

7. The salient features of recalculation of interest on loan are summarised below:

(a) Details of loan repaid before 31.3.2001 have been taken as per the affidavit dated 30.4.2002 filed by the petitioner in the proceedings in petition No. 73/2002 for approval of tariff for the period commencing on 1.4.2001.

(b) As per Annual Report of the petitioner, Grid Bond-I: consisted of three components, namely Series I, Series II and Series III, having different interest rates, they being 16.75%, 17% and 9%. Repayment of the first two components was due on 10th/13th March 1999.

However, the break-up of rate of interest of Series I and Series II is not made available by the petitioner. Therefore, month-wise interest up to February 1999 has been worked out by presuming that the entire amount under Series I and II carried 16.75% rate of interest.

(c) The actual rates of interest have been considered in all other cases for calculation of interest on loan.

8. The interest payable in accordance with the above methodology is worked out as under:

Calculation of Interest on Loan

(Rs. In lakh)

Details of Loan	400 kV D/C Abdullapur Bawana transmission line		400 KV Nalagarh-Hissar transmission line		
	1999-2000	2000-01	Upto DOCO	1999-2000	2000-01
Actual DOCO	01.01.2000			01.01.2000	
Period from DOCO (Year)	0.25	1.00		0.25	1.00
Loan 1A - Grid-I (Issue-I/II)					
Opening Balance	0.00	0.00	46.12	0.00	0.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	46.12	0.00	0.00
Closing Balance	0.00	0.00	0.00	0.00	0.00
Rate of Interest	16.75%	16.75%		16.75%	16.75%
Interest	0.00	0.00		0.00	0.00
Repayment Schedule	10/13 March, 1999			10/13 March, 1999	
Loan 1B - Grid-I (Issue-III)					
Opening Balance	29.84	29.84	48.88	48.88	48.88
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	29.84	29.84	48.88	48.88	48.88
Rate of Interest	9.00%	9.00%		9.00%	9.00%
Interest	0.67	2.69		1.10	4.40
Repayment Schedule	Mar-02			Mar-02	
Loan 2 - BOND-III (1st TR)					
Opening Balance	205.00	205.00	334.00	334.00	334.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00

Closing Balance	205.00	205.00	334.00	334.00	334.00
Rate of Interest	10.27%	10.27%		10.27%	10.27%
Interest	5.26	21.05		8.58	34.30
Repayment Schedule	Oct-01			Oct-01	
Loan 3 - Bonds-IV (2nd TR)					
Opening Balance	645.00	645.00	1050.00	1050.00	1050.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	645.00	645.00	1050.00	1050.00	1050.00
Rate of Interest	17.84%	17.84%		17.84%	17.84%
Interest	28.77	115.07		46.83	187.32
Repayment Schedule	Jul-01			Jul-01	
Loan 4 - BOND-V					
Opening Balance	623.00	623.00	1015.00	1015.00	1015.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	623.00	623.00	1015.00	1015.00	1015.00
Rate of Interest	15.80%	15.80%		15.80%	15.80%
Interest	24.61	98.43		40.09	160.37
Repayment Schedule	Feb-02			Feb-02	
Loan 5-GOI Loan					
Opening Balance	8317.97	8317.97	13546.59	13542.19	13542.19
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	4.40	0.00	4.40
Closing Balance	8317.97	8317.97	13542.19	13542.19	13537.79
Rate of Interest	As per affidavit dt.18.09.2002			As per affidavit dt.18.09.2002	
Interest	332.73	1330.88		541.84	2167.02
Repayment Schedule	As per affidavit dt.18.09.2002			As per affidavit dt.18.09.2002	
Loan 6 -BOI (Foreign Loan)					
Opening Balance	2558.00	2558.00	2942.00	2942.00	2942.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	2558.00	2558.00	2942.00	2942.00	2942.00
Rate of Interest	7.73%	7.73%		7.73%	7.73%
Interest	49.43	197.73		56.85	227.42
Repayment Schedule	No repayment till Mar 2002			No repayment till Mar 2002	
Loan 7 -IOB-II					
Opening Balance	48.00	48.00	79.00	79.00	79.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	48.00	48.00	79.00	79.00	79.00
Rate of Interest	12.75%	12.75%		12.75%	12.75%
Interest	1.53	6.12		2.52	10.07
Repayment Schedule	No repayment till Mar 2002			No repayment till Mar 2002	
Loan 8 - Bonds-VII					
Opening Balance	764.00	764.00	1244.00	1244.00	1244.00

Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	764.00	764.00	1244.00	1244.00	1244.00
Rate of Interest	13.64%	13.64%		13.64%	13.64%
Interest	26.05	104.21		42.42	169.68
Repayment Schedule	No repayment till Mar 2002			No repayment till Mar 2002	
Loan 9 - CORP Bank					
Opening Balance	382.00	382.00	622.00	622.00	622.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	382.00	382.00	622.00	622.00	622.00
Rate of Interest	12.24%	12.24%		12.24%	12.24%
Interest	11.69	46.76		19.03	76.13
Repayment Schedule	No repayment till Mar 2002			No repayment till Mar 2002	
Loan 10 - PNB					
Opening Balance	764.00	764.00	1244.00	1244.00	1244.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	764.00	764.00	1244.00	1244.00	1244.00
Rate of Interest	12.25%	12.25%		12.25%	12.25%
Interest	23.40	93.59		38.10	152.39
Repayment Schedule	No repayment till Mar 2002			No repayment till Mar 2002	
Loan 11 - SBI-II					
Opening Balance	638.00	638.00	1039.00	1039.00	1039.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	638.00	638.00	1039.00	1039.00	1039.00
Rate of Interest	12.31%	12.31%		12.31%	12.31%
Interest	19.63	78.54		31.98	127.90
Repayment Schedule	No repayment till Mar 2002			No repayment till Mar 2002	
Loan 12 - SBI-I					
Opening Balance	962.00	962.00	1567.00	1567.00	1567.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	962.00	962.00	1567.00	1567.00	1567.00
Rate of Interest	12.24%	12.24%		12.24%	12.24%
Interest	29.44	117.75		47.95	191.80
Repayment Schedule	No repayment till Mar 2002			No repayment till Mar 2002	
Loan13 - Bonds-VI					
Opening Balance	481.00	481.00	784.00	784.00	784.00
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	0.00	0.00	0.00
Closing Balance	481.00	481.00	784.00	784.00	784.00
Rate of Interest	13.13%	13.13%		13.13%	13.13%
Interest	15.79	63.16		25.73	102.94
Repayment Schedule	No repayment till Mar 2002			No repayment till Mar 2002	

TOTAL					
Opening Balance	16417.81	16417.81	25561.59	25511.07	25511.07
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	0.00	0.00	50.52	0.00	4.40
Closing Balance	16417.81	16417.81	25511.07	25511.07	25506.67
Interest	569.00	2275.98		903.02	3611.74

Interest on Working Capital

9. The revised calculations in support of interest on working capital at the interest rate of 12% for 1999-2000 and 11.5% for 2000-2001 are appended hereinbelow.

(Rs in lakh)

S.No.	Details of the assets	Period	O&M Expenses	Maintenance Spares	Receivables	Total	Interest
1.	400 KV D/C Abdullapur Bawana transmission line with associated bays, 315 MVA ICT II at Abdullapur sub-station and 220 KV Jorian (HVPNL) bay I&II at Abdullapur sub-station	1.1.2000 to 31.3.2000	24.46	195.67	718.43	938.56	28.16
		1.4.2000 to 31.3.2001	25.23	201.85	731.36	958.44	110.22
2.	400 KV Nalagarh-Hissar transmission line Ckt I&II with associated bays	1.1.2000 to 31.3.2000	35.42	283.38	1033.71	1352.51	40.58
		1.4.2000 to 31.3.2001	36.15	289.18	1039.74	1365.06	156.98

10. Accordingly, the revised transmission charges to which the petitioner is entitled are summarized in the table given below:

(Rs. in lakh)

S. No.	Details of the assets	Period	Interest on Loan	Depreciation	O&M expenses	Return on Equity	Interest on working capital	Total
1.	400 KV D/C Abdullapur Bawana transmission line with associated bays, 315 MVA ICT II at Abdullapur sub-station and 220 KV Jorian (HVPNL) bay I&II at Abdullapur sub-station	1.1.2000 to 31.3.2000	569.00	282.26	73.38	124.85	28.16	1077.65
		1.4.2000 to 31.3.2001	2275.98	1147.78	302.78	551.38	110.22	4388.14
2.	400 KV Nalagarh-Hissar transmission line Ckt I&II with associated bays	1.1.2000 to 31.3.2000	903.02	389.65	106.27	111.05	40.58	1550.57
		1.4.2000 to 31.3.2001	3611.74	1567.07	433.77	468.91	156.98	6238.46

11. The revised transmission charges shall be shared by the beneficiaries in the Northern Region in accordance with the principles contained in paragraph 23 of the Commission's order dated 30.10.2002 *ibid*.

**Sd/-
(BHANU BHUSHAN)
MEMBER**

**Sd/-
(K.N. SINHA)
MEMBER**

**Sd/-
(ASHOK BASU)
CHAIRMAN**

New Delhi dated the 3rd August 2004