

**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. 48/2000

In the matter of

Transmission Tariff for 400 kV Bongaigaon-Malda transmission line between Eastern and North-Eastern Regions.

And in the matter of

Power Grid Corporation of India Ltd.

...**Petitioner**

Vs

1. Assam State Electricity Board, Guwahati
2. Meghalaya State Electricity Board , Shillong
3. Government of Arunachal Pradesh, Itanagar
4. Power & Electricity Deptt., Govt of Mizoram, Aizwal
5. Electricity Department, Govt of Manipur, Imphal
6. Deptt. of Power, Govt. of Nagaland, Kohima
7. Deptt of Power, Govt. of Tripura, Agartala
8. Bihar State Electricity Board, Patna
9. West Bengal State Electricity Board, Kolkata
10. Grid Corporation of Orissa Ltd, Bhubaneswar
11. Damodar Valley Corporation, Kolkata
12. Power Deptt., Govt. of Sikkim, Gangtok
13. Jharkand State Electricity Board, Ranchi

.... **Respondents**

The following were present:

1. Shri Umesh Chandra ED(Comml.), PGCIL
2. Shri V.K. Prasher, ED(LD&C), PGCIL
3. Shri Y.K. Dixit, PGCIL
4. Shri V. Srinivas, PGCIL
5. Dr.L. Hari, PGCIL
6. Shri A.K. Sharma, PGCIL
7. Shri U.K. Tyagi, DGM, PGCIL
8. Shri Ramesh Bahri, PGCIL
9. Shri D. D. Dayaseelan, PGCIL
10. Shri P.C. Pankaj, PGCIL
11. Shri V.K. Gupta, PGCIL
12. Shri C. Kannan, PGCIL
13. Shri V.C. Jaganannathan, PGCIL

14. Shri R.G. Yadav, PGCIL
15. Shri V.V. Sharma, PGCIL
16. Shri Samir Kumar, PGCIL
17. Shri T.S.P. Rao, PGCIL
18. Shri C.D. Sai, MeSEB

ORDER
(DATE OF HEARING: 15.6.2004)

The petitioner, Power Grid Corporation of India Ltd had made the application for approval of tariff in respect of 400 kV Bongaigaon-Malda transmission line between Eastern and North-Eastern Regions from 1.4.2000, the date of commercial operation of the transmission line till 31.3.2001.

2. The transmission charges for the transmission line were approved by the Commission under its order dated 4.7.2002 after considering, among other things, the information placed on record by the petitioner. The Commission had allowed the following transmission charges.

(Rs. in lakh)	
	2000-2001
Interest on Loan	2558.87
Depreciation	1659.66
Operation & Maintenance Expenses	446.15
Return on Equity	1590.30
Interest on Working Capital	161.46
Total	6416.44

3. In addition to the transmission charges, the petitioner was entitled to other charges like foreign exchange rate variation, income tax, incentive, surcharge and other cess and taxes in accordance with the notification issued by Ministry of Power. 50% of the transmission charges approved by the Commission for the year 2000-2001 were payable by the constituents of Eastern region and the tariff applicable to Eastern

region was to be shared by the regional beneficiaries in accordance with para 7 of notification dated 16.12.1997.

4. The petitioner, in support of its claim for interest on loan as a part of the transmission charges, had indicated that there was no repayment of Grid Bond I loan taken for the transmission system, before 31.3.2002. In other words, no repayments up to 31.3.2001 were shown. However, in Petition No. 71/2002 made by the petitioner for approval of tariff in respect of the same transmission system 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 71/2002. Based on these details, the tariff for the period 1.4.2001 to 31.3.2004 was approved by the Commission by its order dated 13.4.2004 by considering part repayment of Grid Bond 1 loan prior to 31.3.2001. This necessitated revision of transmission charges earlier approved by the Commission in Petition No. 48/2000 by order dated 4.7.2002.

5. Accordingly, a notice dated 16.4.2004 was issued to the petitioner directing it to show cause why the tariff already approved by the Commission by order dated 4.7.2002 should not be reviewed. The petitioner was also directed to show cause for filing the incorrect affidavit before the Commission in the proceedings in the present petition so far as that related to repayment of Grid Bond I loan. The petitioner has shown cause on both these counts. On perusal of the reply to the notice for show

cause, we are satisfied that there was no willful concealment on the part of the petitioner of the information in regard to repayment of Grid Bond 1 loan or intention to draw any undue benefit. The mistake was bonafide. Therefore, the proceedings against the petitioner or any of its officers for filing false affidavit before the Commission are hereby dropped. At the hearing, however, the representative of the petitioner accepted that the tariff approved by the Commission by order dated 4.7.2002 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 in respect of which the tariff for the period ending 31.3.2001 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 notice to the petitioner. We have noted down the submission made by the petitioner. In view of the submission, the transmission charges in all other similar cases would be revised without a fresh show cause notice to the petitioner.

6. As seen from para 2 above, the transmission charges allowed by order of 4.7.2002, 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 accordingly 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 are confining our consideration to interest on loan and interest on working capital components of the transmission charges.

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. 71/2002 for approval of tariff for the period commencing 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%. As indicated by the petitioner, 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 considering that the entire amount under Series I and II carried 16.75% rate of interest.

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

8. The interest payable is worked out as under:

Calculation of Interest on Loan

Details of Loan	2000-01
Actual DOCO	01.04.2000
Period from DOCO (Year)	1.00
	(Rs. in lakh)
Loan 1A - Grid-I (Issue-I/II)	
Opening Balance	0.00
Addition	0.00
Repayment	0.00
Closing Balance	0.00
Rate of Interest	16.75%
Interest	0.00
Loan 1B - Grid-I (Issue-III)	
Opening Balance	275.42
Addition	0.00
Repayment	0.00
Closing Balance	275.42
Rate of Interest	9.00%
Interest	24.79
Loan 2- Grid Bond-III(1st)	
Opening Balance	683.34
Addition	0.00
Repayment	0.00
Closing Balance	683.34
Rate of Interest	10.27%
Interest	70.18
Loan 3- IOB Loan	
Opening Balance	4126.83
Addition	0.00
Repayment	0.00
Closing Balance	4126.83
Rate of Interest	12.00%
Interest	495.22
Loan 4- Grid Bond-VII	
Opening Balance	582.98
Addition	0.00
Repayment	0.00
Closing Balance	582.98
Rate of Interest	13.64%
Interest	79.52
Loan 5- Corp. Bank Loan	
Opening Balance	291.07
Addition	0.00
Repayment	0.00
Closing Balance	291.07
Rate of Interest	12.00%
Interest	34.93

Loan 6-PNB Loan		
Opening Balance		582.98
Addition		0.00
Repayment		0.00
Closing Balance		582.98
Rate of Interest		12.01%
Interest		70.02
Loan 7-SBI Loan-II		
Opening Balance		4371.90
Addition		0.00
Repayment		0.00
Closing Balance		4371.90
Rate of Interest		11.57%
Interest		505.83
Loan 8-BOI Loan (Foreign Currency)		
Opening Balance		1672.82
Addition		0.00
Repayment		0.00
Closing Balance		1672.82
Rate of Interest		8.13%
Interest		136.00
Loan 9-GOI Loan		
Opening Balance		6956.41
Addition		0.00
Repayment		0.00
Closing Balance		6956.41
Rate of Interest		
Interest		1092.66
Total		
Opening Balance		19543.75
Addition		0.00
Repayment		0.00
Closing Balance		19543.75
Interest		2509.15

Interest on Working Capital

9. The revised calculations in support of interest on working capital by applying interest rate of 11.5% are appended hereinbelow.

(Rs in lakh)			
Calculation of Working Capital			
Operation & Maintenance Expenses	1	Months of O&M expenses	37.18
Maintenance Spares	1%	Of capital cost	297.43
Receivables	2	Months' average billing	1060.96
Total			1395.57
Interest			160.49

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

(Rs. in lakh)	
	2000-2001
Interest on Loan	2509.15
Depreciation	1659.66
Operation & Maintenance Expenses	446.15
Return on Equity	1590.30
Interest on Working Capital	160.96
Total	6365.75

11. The revised transmission charges shall be shared by the beneficiaries in the Eastern Region in accordance with the principles contained in paragraphs 25 and 26 of the Commission's order dated 4.7.2002 *ibid*.

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 30th July 2004