

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairman**
2. **Shri Bhanu Bhushan, Member**
3. **Shri A.H. Jung, Member**

Petition No.32/2005

In the matter of

Approval for provisional transmission tariff for 400/220 kV Khandwa sub-station and LILO of 400 kV D/C Itarsi-Dhule transmission line at Khandwa in Western Region for the period from 1.2.2005 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited

..Petitioner

Vs

1. Madhya Pradesh State Electricity Board, Jabalpur
 2. Maharashtra State Electricity Board, Mumbai
 3. Gujarat Electricity Board, Baroda
 4. Electricity Department, Govt. of Goa, Panaji
 5. Electricity Department, Administration of Daman & Diu, Daman
 6. Electricity Department, Admin. of Dadra Nagar Haveli, Silvassa
 7. Chattisgarh State Electricity Board, Raipur
-Respondents**

The following were present:

1. Shri U.K. Tyagi, PGCIL
2. Shri C. Kannan, PGCIL
3. Shri P.C. Pankaj, PGCIL
4. Shri M.M. Mondal, CM (Fin), PGCIL
5. Shri Prashant Sharma, PGCIL
6. Shri Deepak Shrivastava, EE, MPSEB
7. Shri D. Khandelwal, ACE, MPSEB
8. Shri P.M. Matiey, MSEB

**ORDER
(DATE OF HEARING : 8.9.2005)**

The application is made for approval of provisional transmission charges for 400/220 kV Khandwa sub-station and LILO of 400 kV D/C Itarsi-Dhule transmission line at Khandwa in Western Region

2. The proposal for implementation of 400/220 kV Khandwa sub-station and LILO of 400 kV D/C Itarsi-Dhule transmission line at Khandwa (the transmission system) in Western Region by the petitioner was agreed to by the constituents of Western Region at 118th meeting of Western Regional Electricity Board held on 30.4.2002. The investment approval for the transmission system was accorded by the Board of Directors of the petitioner under Memo dated 29.1.2002 at an estimated cost of Rs.109.77 crore (3rd quarter, 2001 price level), which includes IDC of Rs.10.60 crore. The scope of work included the LILO of Itarsi-Dhule 400/220 kV D/C transmission line at Khandwa and establishment of 2 X 315 MVA 400/220 kV sub-station at Khandwa. In accordance with investment approval, the transmission system was to be commissioned by January 2005.

3. The transmission system has been put under commercial operation on 1.2.2005. The estimated completion cost of the transmission system is stated to be Rs.9013.00 lakh. The actual expenditure up to the date of commercial operation, that is, 1.2.2005 was Rs.8128.51 lakh and the balance estimated expenditure is Rs.884.49 lakh. The annual provisional transmission charges claimed by the petitioner are given hereunder:

(Rs. in lakh)

Period	Annual Transmission Charges
2004-05 (pro rata)	236.51
2005-06	1433.44
2006-07	1434.68
2007-08	1474.57
2008-09	1653.91

4. As per the auditors' certificate dated 25.2.2005 annexed to the petition, the details of the expenditure are extracted as under:

(a)	Expenditure up to 31.3.2004 (Audited Accounts)	: Rs.6137.23 lakh
(b)	Expenditure from 1.4.2004 to 31.12.2004 (Provisional accounts)	: Rs.1638.69 lakh
(c)	Expenditure from 1.1.2005 to date of commercial operation, that is, 1.2.2005	: Rs. 352.59 lakh
(d)	Expenditure up to date of commercial operation (1.2.2005)	: Rs.8128.51 lakh
(e)	Expenditure from 1.2.2005 to 31.3.2005	: Rs. 717.15 lakh
(f)	Balance anticipated expenditure	: Rs. 167.34 lakh
	Estimated Completion Cost	: Rs.9013.00 lakh

5. We have heard Shri Prashant Sharma for the petitioner and Shri D. Khandelwal for MPSEB.

6. The Commission in its order dated 17.5.2004 in petition No.14/2004 has decided to allow provisional tariff on the expenditure on the date of commercial operation provided that such expenditure up to the date of commercial operation does not exceed 90% of approved cost and also 90% of the anticipated completion cost. In other words, where the expenditure on the date of commercial operation exceeds 90% of the approved project cost or the anticipated completion cost, the provisional tariff is to be limited to 90% of the approval cost or anticipated completion cost, whichever is lower. The Commission has decided to follow the same approach in other cases as well. In keeping with the above principle, the provisional tariff is being allowed at Rs.8111.70 lakh being 90% of the estimated completion cost of Rs.9013.00 lakh. Accordingly, the petitioner shall be entitled to provisional annual transmission charges at the rate of 1430.48 lakh, subject to adjustment at the time of approval of final tariff.

The provisional transmission charges for a part of the year shall be reduced proportionally.

7. The petitioner has sought approval for the reimbursement of expenditure incurred on publication of notices in the newspapers. It has, however, not furnished the details of actual expenditure incurred. The petitioner shall claim reimbursement of the actual expenditure directly from the respondents in one installment in the ratio applicable for sharing of transmission charges. The petitioner has also sought reimbursement of filing fee of Rs.5 lakh paid. A final view on reimbursement of filing fee is yet to be taken by the Commission for which additional details have been called for from the petitioner in petition No.69/2004. The view taken therein shall apply in the present case as regards reimbursement of filing fee.

8. With the above, the present petition stands disposed of. The petitioner shall file the fresh petition for approval of final tariff in accordance with the Commission's regulation on the subject latest by 30.11.2005.

**Sd/-
(A.H. JUNG)
MEMBER**

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

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

New Delhi dated the 14th September, 2005