

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram :

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

Petition No. 12/99

In the matter of

**Approval of incentive based on availability of Transmission System
for the years 1997-98 and 1998-99 for Eastern Region**

And in the matter of

M/s Power Grid Corporation of India Ltd.

... Petitioner

Versus

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

... Respondents

The following were present:

1. Shri S.K. Jain, Manager (Law), PGCIL
2. Shri Debashis Sen, Manager (CE), PGCIL
3. Shri R.K. Vohra, PGCIL
4. Shri S.S. Sharma, PGCIL
5. Shri U.K. Tyagi, PGCIL
6. Shri C. Kannan, PGCIL
7. Shri R.K. Arora, XEN-Tariff, HVPNL
8. Shri K. Krishnamurthy Naik,, KPTCL
9. Shri K.K. Panda, GRIDCO
10. Shri K.V. Unninarayanan, CE (IPC & RD), KSEB
11. Shri Padma Kumar, EE (IPC & RD), KSEB
12. Shri M. Prasad, BSEB

ORDER
(Date of Hearing: 9.5.2002)

This petition seeks approval for incentive payable to the petitioner, Power Grid Corporation of India Ltd for the years 1997-98 and 1998-99 in respect of transmission system in the Eastern Region, including Malda Auto-transformer of which Respondent No.2, West Bengal State Electricity Board (WBSEB), is the only beneficiary.

2. It has been provided in Ministry of Power's notification dated 16.12.1997 that in addition to transmission charges for availability of the transmission system beyond 95%, the petitioner shall be entitled to incentive at a rate which shall not exceed 1.0% of return on equity for each percentage point of increase in availability based on the certification by Member Secretary, Eastern Region Electricity Board. The petition for approval of incentive has been filed based on the said notification dated 16.12.1997 and the petitioner has claimed incentive as under from the respondents.

	Rs. in lakhs
1997-98	1625.79
1998-99	1350.37

3. So far as WBSEB is concerned, the petitioner has claimed additional amount of Rs.5.82 lakhs and 6.25 lakhs for 1997-98 and 1998-99 respectively in respect of Malda Auto-transformer.

4. The parties to this petition had raised certain preliminary questions of law regarding the jurisdiction of the Commission to approve incentive from a date on which it was not constituted. It bears notice that the Commission was constituted on 24.7.1998 though the approval to incentive has been sought from 1.4.1997. The preliminary questions of law raised on behalf of the parties were considered by the Commission and through its order of 19.6.2000, the Commission held that approval of incentive for the years 1997-98 and 1998-99 fell within its jurisdiction. Therefore, the Commission had decided to hear the petition on merits. Meanwhile, the respondents were directed to pay 50% of the claim by the petitioner raised in the petition as an interim measure. Subsequently, in its order dated 18.10.2001, the Commission permitted the petitioner to recover 80% of the incentive claimed by it.

5. The other issues raised on behalf of the respondents on the admissibility of the claim were decided by the Commission in its order dated 26.9.2000. The Commission also prescribed the procedure for calculation of transmission system availability by the Regional Electricity Boards (EREB in the present case) while certifying availability of the transmission system. The Commission had, inter-alia, held that the incentive for the years in question, that is, 1997-98 and 1998-99 should be worked out based on Ministry of Power's notification dated 16.12.1997. Therefore, we do not propose to go into the issues raised on behalf of the parties since these issues are already settled so far as the Commission is concerned in the order dated 26.9.2000.

6. Member Secretary, EREB in its certificate dated 12.4.2001 has certified the availability of transmission system in the region during 1997-98 at 99.24% and during 1998-99 at 98.46%. So far as Malda Auto-transformer, of which Respondent No.2 West Bengal State Electricity Board is the only beneficiary, Member Secretary, EREB in his certificate dated 12.4.2001 has certified the availability during 1997-98 and 1998-99 at 99.44% and 99.77% respectively. The incentive has been worked out considering the availability as certified by the Member Secretary, EREB. Based on the above, the petitioner shall be entitled to incentive as under:

EASTERN REGION (INCLUDING WBSEB)

(Rs. in lakhs)

Year	Qualifying % Availability	Equity	Amount
1997-98	4.24%	38342.50	1625.72
1998-99	3.46%	39025.35	1350.28

EASTERN REGION (APPLICABLE TO WBSEB ONLY)

(Rs. in lakhs)

Year	Qualifying % Availability	Equity	Amount
1997-98	4.44%	130.62	5.80
1998-99	4.77%	130.62	6.23

7. The details of calculations in support of the incentive allowed by us are given in the table below:

TABLE

Name of the Transmission System/Line	Date from which incentive is allowed	Proportionate equity taken for calculation of incentive for 1997-98 (Rs. in lakhs)	Proportionate equity taken for calculation of incentive for 1998-99 (Rs. in lakhs)
Applicable to all beneficiaries			
Farakka I & II	1.4.1997	6246.00	6246.00
JTTS	1.4.1997	6986.00	6986.00
Kahalgaon	- do -	1452.00	1452.00
Kahalgaon II	- do -	6536.50	6536.50
Talchar	- do -	5481.50	5481.50
Farakka II	- do -	5818.50	5818.50
Rangit-Rammam 32 kV S/C	1.1.1998	84.00	336.00
Rangit-Melly 66 kV S/C	1.4.1997	466.00	466.00
Chukha	- do	5272.00	5272.00
Rangit-Siliguri Transmission line	1.12.1998	0.00	430.85
Total		38342.50	39025.35
Basic Availability for incentive calculation		95.00%	95.00%
Availability of the Transmission System Elements of PGCIL of Eastern Region as per certificate of Member, EREB dated 12.4.2001		99.24%	98.46%
Availability beyond 95%		4.24%	3.46%
Incentive		1625.72	1350.28


APPLICABLE TO WBSEB ONLY

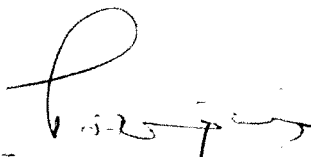
MALDA AUTO TRANSFORMER	1.4.1997	130.62	130.62
Basic Availability for Incentive Calculation		95%	95%
Availability of the Transmission System Elements of PGCIL of Eastern Region as per certificate of Member, EREB dated 12.4.2001		99.44%	99.77%
Availability beyond 95%		4.44%	4.77%
Incentive		5.80	6.23

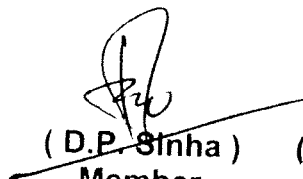
8. The Commission in its order dated 18.10.2001, had allowed provisional incentive of 80% of that claimed by the petitioner in the present petition. The provisional incentive charged by the petitioner shall be subject to adjustment on the basis of final incentive for the years 1997-98 and 1998-99 approved by us in this order.

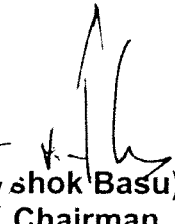
9. The incentive of Rs.1625.72 lakhs and Rs.1350.28 lakhs for the years 1997-98 and 1998-99 respectively shall be borne by the respondents, the beneficiaries in the Eastern Region, in proportion of energy drawn. The incentive in respect of Malda auto-transformer shall be borne by West Bengal State Electricity Board only.

10. This order disposes of petition No. 12/99.


(K.N. Sinha)
Member


(G.S. Rajamani)
Member


(D.P. Sinha)
Member


(Shok Basu)
Chairman

New Delhi dated the 17th July, 2002.