

**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.68/2000

In the matter of

Approval for final recovery of extra Rupee Liability due to Foreign Exchange Rate Variation-(1) For the year 1999-2000 and (2) For the Additional Capitalisation in respect of Rihand Bi-pole HVDC Project in Northern Region for the years 1995-96 to 1998-99.

And in the matter of

Power Grid Corporation of India Ltd.

....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, Srinagar
6. Uttar Pradesh Power Corporation Ltd., Lucknow
7. Delhi Vidyut Board, New Delhi
8. Chandigarh Administration, Chandigarh
9. Uttaranchal Power Corporation Ltd., Dehradun
10. Bihar State Electricity Board, Patna
11. West Bengal State Electricity Board, Calcutta
12. Grid Corporation of Orissa Ltd., Bhubaneswar
13. Damodar Valley Corporation, Calcutta
14. Power Deptt., Govt. of Sikkim, Gangtok
15. Jharkhand State Electricity Board
16. Madhya Pradesh State Electricity Board, Jabalpur
17. Maharashtra State Electricity Board, Mumbai
18. Gujarat Electricity Board, Vadodara
19. Electricity Department, Govt of Goa, Panaji, Goa
20. Electricity Department, Admn. of Dadra and Nagar Haveli, Silvassa
21. Electricity Department, Admn. Of Daman & Diu, Daman
22. Chhattisgarh State Electricity Board, Raipur
23. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
24. Karnataka Power Transmission Corporation Ltd., Bangalore
25. Kerala State Electricity Board, Trivandrum

26. Tamil Nadu State Electricity Board, Chennai
27. Electricity Department, Govt. of Pondicherry, Pondicherry.....Respondents

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 D.K. Srivastava, EE (Comml), MPSEB
11. Shri S Somyanarayanan, TNEB
12. Shri D Bakshi, MSEB
13. Shri N Chauhan, CSEB
14. Shri Panda, GRIDCO
15. Shri B. Ravindra, OSD, KSEB
16. Shri B.S. Seshadri, KPTCL
17. Shri M.Prasad, BSEB.
18. Shri S.Mondal, DVC.
19. Shri T.K. Gosh, DVC.
20. Shri Mahendra Kumar, EE, UPPCL
21. Shri T.P.S. Bawa, PSEB
22. Shri S.C. Mehta, XEN, RRVPNL
23. Shri A.K. Jain, CE (Comml), RRVPNL
24. Shri R.K. Arora, XEN, HVPNL

**ORDER
(DATE OF HEARING 19.2.2002)**

The petitioner PGCIL has filed this petition for approval for final recovery of extra rupee liability due to Foreign Exchange Rate Variation :

- (a) For the year 1999-2000 from the constituents of Northern Region, Southern Region, Western Region and Eastern Region; and
- (b) For additional capitalisation in respect of Rihand Bi-pole HVDC Project in Northern Region for the years 1995-96 to 1998-99.

2. The terms and conditions and transmission tariff for Northern Region for 1992-97 block was notified by Ministry of Power vide notification dated 18.1.1994. On the question of recovery on account Foreign Exchange Rate Variation, the notification provided as under :

"The effect of foreign exchange variations, to be paid to/by POWERGRID or by/to the beneficiaries would be determined by the Central Government at the end of each financial year as per the procedure laid down in para-2.122, Annexure - III of the Electricity (Supply) (Annual Accounts) Rules, 1985."

3. The said notification dated 18.1.1994 further provided that in case of addition of Capital assets, if any, effected during the block of 5 years from 1st April, 1992 in respect of tariff payable for the period intervening between the date of commencement of commercial operation of such new assets and the date of formal revision of tariff, POWERGRID shall be entitled to charge and the beneficiaries shall be liable to pay, on an on-account basis, fixed charges on the basis of the approved cost of the additional asset put into commercial operation. The charges so levied will be adjusted against the actual tariff due as and when a fresh tariff is determined and notified by the Central Government after the date of commercial operation of such additional assets.

4. The terms and conditions and transmission tariff in respect of transmission systems in Western Region, Southern Region, Eastern Region and Northern Region for 1997-2002 block were notified by Ministry of Power vide notifications dated 20.7.1998, 1.12.1998, 4.12.1998 and 16.11.1998, respectively. Clause 4 which is common to all these notifications provided as under :

"The effect of foreign exchange variations, to be paid to/by POWERGRID or by/to the beneficiaries would be determined by the Central Government at the end of each financial year based on actuals as certified by the statutory auditors of POWERGRID. POWERGRID may raise adhoc bills on account of FERV based on actual expenditure as and when incurred, subject to the final adjustment at the end of the financial year and as certified by the Statutory Auditors of POWERGRID and approved by the Central Government."

5. These notifications for 1997-2002 block further provided as under :

"The impact of additional capital expenditure to be capitalised in each financial year, in the transmission system under consideration, if occasion arises during the above block years, shall be determined by the Central Government after finalisation of accounts of the relevant years."

6. The extra-rupee liability of the respondents on account of FERV was not determined by the Central Government. Meanwhile, the Commission was constituted under section 3 of the Electricity Regulatory Commissions Act, 1998, and as a result of which the Central Government was divested of the power to determine the extra rupee liability on account of FERV.

7. Accordingly, keeping in view the above noted provisions of the notifications issued by the Central Government, the petitioner claimed a sum of Rs.65,13,55,509/- for the year 1999-2000 from the constituents of Western, Northern, Southern and Eastern Regions as per the details given below:

(in Rupees)	
Western Region	18,58,84,639
Northern Region	21,58,11,595
Southern Region	19,79,04,090
Eastern Region	5,17,55,185
Total	65,13,55,509

8. In addition, the petitioner has also sought approval for recovery of Rs.3,15,93,341/- on account of FERV for additional capitalisation for the years 1995-96 to 1998-99 in respect of Rihand Bi-pole HVDC Project.

9. The claims of the petitioner are based on auditor's certificates which form part of the petition.

10. The proposal of the petitioner includes FERV on CTP augmentation project as well. It has been informed on behalf of the petitioner that the foreign currency loan taken for CTP augmentation was utilised for the elements of CTP augmentation as mentioned below :

Elements of CTP Augmentation	DOCO	Region	Exchange Rate on DOCO (JPY currency)	Allocation of IBRD loan (Rs. in Lacs)	Ratio
Hyderabad Auto Transformer	1.4.95	SR	0.3551	332.89	20%
Khammam Auto Transformer	1.1.97	SR	0.3114	478.47	29%
Gajuwaka Reactor	1.2.97	SR	0.2972	86.22	5%
Cuddapah Reactor	1.4.97	SR	0.2920	296.31	18%
Agra Reactor	1.6.97	NR	0.3096	248.52	15%
Chandrapur Reactor	1.4.97	WR	0.2920	186.72	11%

11. The petitioner has claimed exchange rate of 0.3096 per JPY currency applicable as on 1.6.1997 when the last element of CTP augmentation, namely, Agra Reactor was commissioned. In case of SEB loan-CHF-currency-155622.35 drawl made on 29.6.1995 exchange rate claimed is Rs.27.66 per CHF currency. However, as per SBI currency circular placed on record by the petitioner, the exchange rate on the date of drawl was Rs.27.30 per CHF currency. Therefore, the exchange rate of Rs.27.30 per CHF currency has been considered for the purpose of calculating impact of foreign exchange rate variation for the year 1999-2000.

12. Based on the above, a sum of Rs.65,11,20,961/- is considered to be justified and is accordingly allowed. The above amount of FERV consists of FERV on different loans. The petitioner, in the petition, has given the allocation of the loans to different regions. The amount of FERV of the loan(s) would be allocated in the ratio of allocation of the respective loan(s) to the different regions as given in the petition.

13. The petitioner's claim for FERV on account of additional capitalisation for Rihand Bi-pole HVDC Project for the years 1995-96 to 1998-99 is based on Central Government, Ministry of Power notifications (two in number) dated 14.5.1999 whereby the Central Government had approved additional capitalisation for the project for these years. The petitioner under its letter dated 22.10.2002 has submitted the revised payment schedule in respect of following three loans which is at variance with the repayment schedule submitted in the petition as shown below:

(a) SEB-loan-CHF currency-813530.58 drawl made on 20.3.95 @ Rs.27.57

Date of Payment	Repayment as per petition (Rs.)	Repayment as per letter dated 22.10.2002 (Rs.)
10.4.95	90392	0
10.10.95	90392	101691
10.4.96	90392	101691
10.10.96	90392	101691
10.4.97	90392	101691
10.10.97	90392	101691
14.4.98	90392	101691
12.10.98	90392	101691
12.4.99	90392	101691

(b) SEB-loan-CHF currency- 640294.21 drawl made on 4.4.96 @ Rs.28.82

Date of Payment	Repayment as per petition (Rs.)	Repayment as per letter dated 22.10.2002 (Rs.)
10.4.96	91471	0
10.10.96	91471	106716
10.4.97	91471	106716
10.10.97	91471	106716
14.4.98	91471	106716
12.10.98	91471	106716
12.4.99	91471	106716

(c) SEB-loan-CHF currency- 15906.60 drawl made on 29.3.96 @ Rs.29.07

Date of Payment	Repayment as per petition (Rs.)	Repayment as per letter dated 22.10.2002 (Rs.)
10.4.96	2272	0
10.10.96	2272	2651
10.4.97	2272	2651
10.10.97	2272	2651
14.4.98	2272	2651
12.10.98	2272	2651
12.4.99	2272	2651

14. In view of revised payment schedule furnished by the petitioner, interest amount and fee amount will change correspondingly. The petitioner's claim for FERV for Rihand Bi-pole HVDC project and spares for the years 1995-96 to 1998-99 is based on the exchange rate applicable on the date of drawl of loan, except in case of

ERV created up to 1991-92 for CHF 3709940.09 drawn on 15.11.1994. In this case also the exchange rate of Rs.27.66 for per CHF currency has been considered by the petitioner. For the reasons stated in para 11 above, exchange rate of Rs.27.30 per CHF currency has been considered for calculating effect of FERV on account of additional capitalisation in respect of Rihand Bi-pole HVDC Project.

15. Based on the above, the following amount year-wise is allowed as extra-rupee liability of the constituents of Northern Region for FERV on account of additional capitalisation of Rihand Bi-pole HVDC Project for 1995-96 to 1998-99 :

Year	Claimed in the petition (Rs.)	Worked out on the basis of repayment as per letter dated 22.10.2002
1995-96	11106864	11091984
1996-97	9964168	10016034
1997-98	(-)956900	(-)1151177
1998-99	11479209	11543444
Total	31593341	31500285

16. The petitioner has already recovered on adhoc basis from the regional constituents the extra-rupee liability for FERV based on Ministry of Power notifications adverted to above. The amount recovered shall be subject to adjustment in the light of final amount determined by us in paras 12 and 15 above in this order. The amount shall be recovered from the regional constituents in proportion to the transmission charges billed for the respective year.

17. This order disposes of Petition No. 68/2000.

(K.N. SINHA)
MEMBER

(G.S. RAJAMANI)
MEMBER

(D.P.SINHA)
MEMBER

New Delhi dated the 1st November 2002