

**BEFORE
THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

**FILE NO:.....
PETITION NO.:**

IN THE MATTER OF: Approval under regulation-86 for transmission tariff for 400 KV Nathpa-Jhakri Transmission system in Northern Region for the period 01.04.2004 to 31.03.2009 and additional capitalization for the period 01.04.2001 to 31.3.2004.

Power Grid Corporation of India Ltd.
(Govt. of India undertaking)
Registered office: B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110 016
Corporate office at "Saudamini" ,Plot No.2,
Sector-29, Gurgaon (Haryana.)- 122 001.

--- **PETITIONER**

Himachal Pradesh State Electricity Board
Vidyut Bhawan
Kumar House Complex Building II
SHIMLA-171 004 (HP)
Represented by its Chairman
and Others

----- **RESPONDENTS**

To
The Hon'ble Chairman and
his Companion Members of The Hon'ble CERC
The Humble application filed by the Petitioner

MOST RESPECTFULLY SHOWETH

1. That the Petitioner herein, Power Grid Corporation of India Ltd. is a Government Company within the meaning of Companies Act,1956 and wholly owned by Govt. of India. The Petitioner is also discharging the statutory functions under various applicable provisions, including in particular section 28 and 38 of the Electricity Act, 2003. In exercise of powers under sub-section (1) of section 38(1) the Electricity Act 2003, the Government of India has declared the Petitioner herein as the Central Transmission Utility.
2. That, Hon'ble Commission has notified CERC (Terms and Conditions of Tariff) Regulations, 2004, in accordance with which tariff based on capital cost of the transmission projects shall be determined. These Regulations have come in to force on 1.4.2004 and shall remain in force for a period of 5 years, unless reviewed earlier or extended by the Hon'ble Commission.

3. That the transmission system associated with Nathpa-Jhakri Hydroelectric Project in Northern Region was constructed and progressively put under commercial operation from 1996 to 2003. Schematic diagram of the project is enclosed as **Encl-1, Page 1.1.**
4. That the tariff for tariff block 2001-2004 in respect of Nathpa - Jhakri Transmission System was approved by Hon'ble Commission vide its orders dated 30.8.2004 and 08.11.2004 in petition No.:73/2002. A copy of orders dated 30.8.2004 and 08.11.2004 of the CERC is attached hereto as **Encl.-2, page 1.2 to 6.2.** The petitioner vide Misc application dated 22.9.2004 submitted as follows:

Quote:

“ Further, final order in petition No.:73/2002 was issued by the Hon'ble Commission. However, the final order in petition No.: 28/2003 in respect of Nathpa Jhakri - Naragarh line & Nathpa Jhakri – Abdulapur line, which is also part of Nathpa Jhakri Transmission System is yet to be issued. After issuance of the order in petition No.: 28/2003, consolidated petition for assets covered in petition No.: 73/2002 and 28/2003, i.e. entire Nathpa Jhakri Transmission System shall be filed.”

Un-Quote

Hon'ble commission has approved the tariff for the remaining asset of the above transmission system vide Order dated 16.8.2005 in petition no. 28/2003 (issued vide letter dated 26.08.2005 and received by the petitioner on 01.09.2005). A copy of order dated 16.8.2005 of the CERC is attached hereto as **Encl.-3, page 66 to 9.D**

5. The consolidated petition for the entire assets covered under Nathpa Jhakri Transmission System is prepared.
6. While approving the tariff for 2001-2004 period, Hon'ble Commission have not considered the capital expenditure after doco/31.3.2001 for fixation of tariff for block 2001-2004 by referring to provisions of Regulation 1.10 of CERC (Terms and Conditions of Tariff), Regulations, 2001.
7. That it is submitted that the asset was declared under Commercial operation after executing all the works required for making the asset available for commercial use. The completion of such remaining works/ expenditure, closing of contracts and determination of final completion cost of the project shall take some time.
8. In case of the transmission projects, the capital expenditure after DOCO may be on account of balance payments against executed works, final payments/ retention payments to be released after performance checks, payments towards completion of the works which have already commenced prior to commercial declaration, completion of works related to administrative building, township facilities, roads, electrification of street lighting, building, compensation payments, price variation payments & quantity variation payments, procurements of mandatory spares, works awarded and executed subsequent to DOCO but within approved scope of the project etc. The details of capital expenditure made after the date of Commercial operation in respect of the assets covered under petition are given below.

9. That the details of admitted capital expenditure considered for tariff for block 2001-2004 as per above referred CERC order dated 30.8.2004, CERC order dated 16.08.2005 and additional capital expenditure incurred during 2001-2004, 2004-05 and balance anticipated expenditure as per audited account up to 31.3.2005 are as under:

Rs. in lakhs							
Sl no.	Name of asset	Admitted cost	Additional capitalization up to 31.3.2004	Additional capitalization from 1.4.2004 to 31.3.2005	Additional capitalization from 1.4.2005 TO 30.9.2005	Balance expenditure	FERV 2001-2004
1.	315 MVA ICT-II at Malerkotla S/S	918.23	0	0	0	0	0
2.	400 KV Hisar-Jaipur line with associated bays	11175.00	0	0	0	0	0
3.	400 KV Bawana-Bhiwani -I & Bawana-Bhiwani-II lines with associated bays	7352.44	0	0	0	0	0
4.	400 KV Abdullapur-Bawana & Nalagarh-Hisar lines with associated bays	49215.77	377.92	0	0	0	-322.71
5.	ICT-I at Nalagarh with associated bays	1478.18	0	0	0	0	-36.24
6.	ICT-II at Nalagarh with associated bays	1316.32	0	0	0	0	-40.97
7.	ICT-II at Jalandhar with associated bays	1217.86	403.40	0	0	0	0
8.	Bus Reactor at Nalagarh with associated bays	616.42	0	0	0	0	-23.41
9.	ICT-I at Jaipur (Bassi)	2272.43	85.08	0	0	0	0
10.	Two nos. LILO bays asstd with ICT-I Jaipur	184.74	17.32	0	0	0	0
11.	ICT-II at Jaipur (Bassi) with	794.90	24.43	0	0	0	0

	associated bays						
12.	LILO of Chamera-Moga line and ICT-I at Jalandhar with associated bays	6637.43	0	0	0	0	-120.22
13.	220 Kv Jalandhar-Dasuya line	1527.42	8.13	0	0	0	-14.83
14.	Nathpa-Jhakri-Abdullapur	34749.60	24.63	0	0	0	-23.58
15.	Nathpa-Jhakri-Nalagarh	33728.30	87.39	50.33	18.13	134.19	-107.00
	Total	153185.05	1028.3	50.33	18.13	134.19	-688.96

The copy of Auditor's Certificates for the above mentioned assets are enclosed hereto as Encl.-4 (Page 9.1. to 12.9.).

10. That the admissibility of additional capital expenditure (Add. Cap.) incurred after DOCO is to be dealt in accordance with the provisions of Regulation 53 (1), the petitioner submits the following:

10.1 For ready reference, Extract of clause 53 of the regulations, 2004 is reproduced as under:

“Additional Capitalization”: (1) The following capital expenditure within the original scope of work actually incurred after date of commercial operation and up to the cut off date may be admitted by the commission, subject to the prudence check:

- (i) Deferred Liabilities
- (ii) Works deferred for execution
- (iii)

Note 1

Any expenditure on account of committed liabilities within the original scope of work and expenditure deferred on techno-economic grounds but falling within the original scope of work shall be serviced in the normative debt-equity ratio specified in the Regulation 54.”

10.2 Further it is submitted that the petitioner has been directed to furnish break up of additional capital expenditure in the manner as specified at Para-3 of order dated 11.08.2005 in petition no 67/2003.

It is submitted that the additional capital expenditure is in respect of works which are within the scope of approved capital cost. The details of additional capital expenditure has been indicated at form-9 of each assets.

10.3 It is therefore submitted that the additional capital expenditure made during 2001-2004 may please be admitted / approved. The petitioner prays that the tariff for the above asset may please be allowed after adding additional Capital expenditure made during 2001-2004 to the gross block as on DOCO, so as to arrive the gross block as

on 1.4.2004. Further the additional expenditure incurred during 2004-05 may also be considered for tariff calculation of tariff for FY 2004-2005 onwards.

- 10.4 It is submitted that the petitioner has financed the additional capital expenditure through deployment of equity only. The debt equity ratio as on date of commercial operation for the total project is 80.77 : 19.23. The debt equity ratio after considering additional capital expenditure as on 31.3.05 is 80.13 : 19.87.
11. The petitioner further submits that for capital expenditure, to be made after 1.4.2005, if any, it shall approach the Hon'ble Commission separately for approval of the same.

12. TRANSMISSION TARIFF

12.1 For block 2001-04

The year-wise return on equity @16% during 2001-2004 on the equity portion deployed for funding the additional capital expenditure during tariff block 2001-04, worked out from the 1st April of the financial year following the financial year to which additional capital expenditure relates upto 31.3.2004 detailed below:

Rs. in lakhs

Sl no.	Name of asset	2001-02	2002-03	2003-04
1.	400 KV Abdullapur-Bawana & Nalagarh-Hisar lines with associated bays	0.00	19.31	25.84
2.	ICT-II at Jalandhar with associated bays	0.00	60.76	64.54
3.	ICT-I at Jaipur (Bassi)	0.00	13.42	13.61
4.	Two nos. LILO bays asstd with ICT-I Jaipur	0.00	2.77	2.77
5.	ICT-II at Jaipur(Bassi) with associated bays	0.00	3.91	3.91
6.	220 Kv Jalandhar-Dasuya line	0.00	1.30	1.30
	Total	0.0	101.47	111.97

Applicable tariff filing forms of CERC (Terms & Conditions of Tariff) Regulations, 2001 containing the calculations are enclosed hereto as **Encl-5, page 13.0 to 14.7**

12.2 Tariff for the block 2004-09

The tariff for block 2004-2009 has been worked out as per CERC (Terms and Conditions of Tariff) Regulations, 2004, dated. 26.03.2004 and its first amendment dated 03.09.2004. The tariff has been worked out after considering the additional capitalization from DOCO to 31.03.2005. The relevant information and the calculations for working out the tariff along with supporting documentation (Form No.: 1 to 16), are enclosed herewith as **Encl-6, Page 14.8 to 41.5**, and are summarized below :

Rs. in lakhs

Sl no.	Name of asset	2004-05	2005-06	2006-07	2007-08	2008-09
1.	315 MVA ICT-II at Malerkotla S/S	136.28	136.93	137.63	138.38	139.19
2.	400 KV Hisar-Jaipur line with associated bays	1153.89	1331.51	1299.90	1268.15	1237.16
3.	400 KV Bawana-Bhiwani -I & Bawana-Bhiwani-II lines with associated bays	770.60	884.46	861.57	838.65	816.37
4.	400 KV Abdullapur-Bawana & Nalagarh-Hisar lines with associated bays	6383.74	6721.15	6480.59	6239.81	5620.83
5.	ICT-I at Nalagarh with associated bays	178.50	175.00	170.24	165.53	161.15
6.	ICT-II at Nalagarh with associated bays	141.15	138.17	135.24	132.35	129.86
7.	ICT-II at Jalandhar with associated bays	329.11	313.98	298.94	283.99	269.96
8.	Bus Reactor at Nalagarh with associated bays	78.75	78.50	78.29	78.13	78.12
9.	ICT-I at Jaipur (Bassi)	441.16	477.77	516.49	501.97	487.70
10.	Two nos. LILO bays asstd with ICT-I Jaipur	86.59	90.52	95.77	96.66	97.68
11.	ICT-II at Jaipur(Bassi) with associated bays	206.59	211.14	204.82	198.58	192.47
12.	220 Kv Jalandhar-Dasuya line	345.86	398.40	392.30	386.27	380.69

13.	LILO of Chamera Moga T/L with Associated Bays at Jalandhar and ICT at Jalandhar	961.03	929.57	1028.12	1077.50	1046.68
14.	Nathpa-Jhakri-Nallagarh	5619.02	5438.83	5265.76	5094.18	4702.86
15.	Nathpa-Jhakri-Abdullapur	4998.30	4847.24	4683.97	4520.78	4151.30
	Total	21830.57	22173.17	21649.63	21020.93	19512.02

12.3 The Tariff indicated at Para-12.2 above, is exclusive of Income Tax, Incentive, late payment surcharge, any statutory taxes, levies, duties, cess, filing fees or any other kind of imposition(s) and/ or other surcharges etc. whatsoever imposed / charged by any Government (Central/State) and / or any other local bodies/authorities/regulatory authorities in relation to transmission charges for transmission of electricity, environmental protection, and/or in respect of any of its installation associated with the Transmission System and the same shall be borne and additionally paid by the respondent(s) to the Petitioner and the same shall be charged billed separately by the petitioner on the respondents. The Petitioner will also be entitled to recover the filing fees as per directions of CERC.

13 Sharing of Transmission Charges

The transmission tariff for block 2001-2004 had been approved by Hon'ble Commission to be borne by the respondent. Accordingly, the transmission tariff of the above asset for block 2004-2009 shall be borne by the respondent as per CERC (Terms and Conditions of Tariff) Regulations, 2004.

13.1 The tariff at Para 12.2 above is inclusive of Return on equity, Interest on loan, Depreciation, O&M expenses, interest on working capital and Advance against depreciation. O&M expenses have been derived based on the norms for O&M expenses per Ckt. Km. and per Bay as specified under regulation 56(iv). These unit rates have been arrived by the Hon'ble Commission based on the actual O&M expenses during the year 1998-99, 1999-2000, 2000-2001, 2001-2002 & 2002-2003 the employee cost as included in the actual O&M expenses based on the wage revision implemented w.e.f 1.1.97 and normal escalation by way of DA. It is prayed that the additional employee cost which may accrue after wage revision due w.e.f. 1.1.2007 may be allowed as additional O&M expenses based on the auditor's certificate for such extra employee cost. Alternatively the norms for O&M per Ckt. Km. and per Bay may be revised from 1.1.2007 taking into account the anticipated wage revision w.e.f. 1.1.2007.

14. In the circumstances mentioned above it will be just and proper that the transmission tariff and charges for the assets covered under this petition be allowed to be charged from the Respondents on the basis set out in para-13 above. **The petitioner submits that the Encl.-1 to Encl.-7 may please be treated as an integral part of this petition.**

15. During the hearing of assets covered under petition no. 67/2004 on 21.07.2005, Hon'ble Commission directed for furnishing the following information/details by way of an affidavit.
- i) Whether the health of the asset is in such a state that it can provide satisfactory services (expected services as per the norms) during the tariff block 2004-09.
 - ii) Whether any part of the asset or element thereof has been taken out of services or de-capitalized.
 - iii) Details of swapping of loans, if any.
16. The petitioner is furnishing the para-wise details in respect of above issues as below:
- i) The petitioner confirms that the asset is in sound health and is expected to provide satisfactory services during the tariff block 2004-09.
 - ii) The petitioner submits that one no. bus reactor installed at Hissar sub-station was removed and shifted to Rihana -II transmission system. Since, the beneficiaries for both the project are same therefore the reactor has been shifted at zero cost.
 - iii) The petitioner submits that no swapping of loan has been done in the case of the asset.

PRAYER

It is respectfully prayed that the Hon'ble Commission may be pleased to

- a) Approve the tariff due to additional capitalization for an amount of Rs. 101.47 Lakhs and Rs.111.97 Lakhs for the tariff period 2001-2004 as per para-12 above.
- b) Approve the transmission tariff for the assets covered under this petition, as per para - 12 above;
- c) Approve the reimbursement of expenditure by the beneficiaries towards publishing of notices in Newspapers and other expenditure (if any) in relation to the filing of petition and petition filing fee.
- d) Pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

**PETITIONER
POWER GRID CORPORATION OF INDIA LTD.**


**REPRESENTED BY PRASHANT SHARMA
DY. GENERAL MANAGER (COMMERCIAL)**

**GURGAON
DATED: 28.10.2005**