

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

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

**IN THE MATTER OF:**

Approval under regulation-86 of CERC (Conduct of Business) Regulations'1999, for determination of final Transmission Tariff upto DOCO and additional capitalization from DOCO to 31.3.2008 for (i) Two nos 400 kV bays at Kanpur Sub-station associated with 400 kV Kanpur-Auriya TL (ii) LILO of 400 kV D/C Bareilly-Mandola TL at Bareilly and Bus Reactor at Bareilly (iii) LILO of 400 kV S/C Lucknow-Moradabad TL at Bareilly and (iv) LILO of 400 kV Lucknow(UPPCL)-Sultanpur ( UPPCL) at Lucknow(POWERGRID) under Northern Region System Strengthening Scheme –I in Northern Region for tariff block 2004-09 period.

Power Grid Corporation of India Ltd.

V ---PETITIONER

**Registered office:** B-9, Qutab Institutional Area,  
Katwaria Sarai, New Delhi 110 016 and  
**Corporate office:** "Saudamini" ,Plot no.2,  
Sector-29, Gurgaon -122 001. ( Haryana)

Uttar Pradesh Power Corporation Ltd  
14, Shakti Bhawan, Ashok Marg, Lucknow – 226 007  
Represented by its Chairman  
& others

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-- RESPONDENT

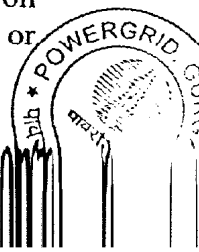
To

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

**MOST RESPECTFULLY SHOWETH**

- 1.0 The Petitioner herein, Power Grid Corporation of India Ltd. is a Government Company within the meaning of Companies Act,1956. 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.
- 2.0 That, Hon'ble Commission have 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.

- 3.0 That the petitioner has been entrusted with the implementation of Northern Region



accorded investment approval for establishment of " Northern Region System Strengthening Scheme-I " vide letter of Ref no C/CP/N68-00 dated 25.02.2004, for estimated completion cost of Rs 271.80 Crs, ( including IDC of Rs 14.21 Crs), a copy whereof is enclosed as **Encl.-1, page..15...to.20....**

3.1 The scope of work covered under the project is as follows:

**Transmission Line :**

- (i) Kanpur-Auraiya 400 KV D/C – 67 Km.
- (ii) LILO of Kanpur-Agra 400 KV S/C at Auraiya – 12 Km
- (iii) LILO of Lucknow-Moradabad 400 KV S/C at Bareilly ( POWERGRID ) – 18 Km
- (iv) LILO of Bareilly-Mandaula 400 KV D/C at Bareilly ( POWERGRID ) – 18 Km
- (v) LILO of Sultanpur-Lucknow 400 KV S/C at Lucknow ( POWERGRID ) – 39 Km
- (vi) Bareilly ( POWERGRID ) – Moradabad 400 KV S/C – 90 Km

**Substation**

- i) Bareilly 400 KV ( New Switching Station by POWERGRID )
- ii) Lucknow 400/220 KV ( POWERGRID) Sub-Station ( Extension)
- iii) Auraiya 400 KV Generation Switchyard of NTPC ( Extension)
- iv) Kanpur 400/220 KV ( POWERGRID) Sub-Station ( Extension)
- v) Moradabad 400/220 KV ( UPPCL) Sub-Station ( Extension)
- vi) Mandaula 400/220 KV ( POWERGRID) Sub-Station ( Extension)

3.2 That the present petition covers determination of final tariff upto DOCO and additional capitalization incurred from DOCO to 31.03.2008 of following assets under Northern Region System Strengthening Scheme – I

Sl No	Name of the asset	Schedule completion	DOCO
01	Two nos 400 kV bays at Kanpur Sub-station associated with 400 kV Kanpur-Auraiya TL	July'2007	01.06.2007
02	LILO of 400 kV D/C Bareilly-Mandaula TL at Bareilly and Bus Reactor at Bareilly	July'2007	01.08.2007
03	LILO of 400 kV S/C Lucknow-Moradabad TL at Bareilly and	July'2007	01.09.2007
04	LILO of 400 kV Lucknow(UPPCL) Sultanpur (UPPCL) at Lucknow (POWERGRID)	July'2007	01.01.2008

Copy of letters of commercial operation of these assets (Sl no 01 to 04 above) is enclosed herewith as **Encl-2 (page 21 to 28)**. The Schematic diagram of the NRSS-I is attached hereto as **Encl.- 3, ( page 29..)**.

3.3 That status of tariff petitions of different assets covered under NRSS-I are given below:-



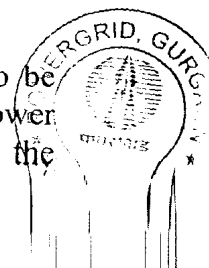
Sl No	Name of the Asset	DOCO	Details of Tariff petition	Details of Tariff order	Remarks
01	400 kV D/C Kanpur-Auraiya TL along with associated bays at Auraiya	01.10.2006	134/2007	Tariff order dt 25.04.06 in Pet No 134/2007	Final tariff approved by Hon'ble Commission
02	2 nos bays at Kanpur S/Stn associated with Kanpur-Auraiya TL &  LILO of 400 kV D/C Bareilly-Mandola TL at Bareilly & Bus Reactor at Bareilly	01.06.2007  01.08.2007	150/2007 (Provisional)	Tariff order dt 26.12.2007 in Pet No 150/2007	Hon'ble Commission has directed to file final petition by 31.10.2008
03	LILO of 400 kV S/C Lucknow-Moradabad TL at Bareilly.	01.09.2007	165/2007 (Provisional)	Tariff order dt 20.02.2008 in Pet No 165/2007	Hon'ble commission directed to file final petition by 31.10.2008
04	LILO of 400 kV S/C Lucknow-Sultanpur TL at Lucknow	01.01.2008	51/2008 (Provisional)	Tariff order dt 26.05..2008 in Pet No 51/2008	Hon'ble commission directed to file final petition by 31.12.2008
05	80 MVAR, 420 kV Bus Reactor at Lucknow Sub-Station	01.05.2008	106/2008 (Provisional)	Hearing scheduled in Nov'2008	
06	Second 400 kV S/C Bareilly-Moradabad TL along with associated bays	01.06.2008			
07	LILO of Kanpur-Agra 400 KV S/C at Auraiya	As per the decision of 16 <sup>th</sup> Standing Committee of NR dated 24.03.2004 this element was not implemented.			

That copy of Hon'ble commission Tariff order dt 26.12.2007 in Pet No 150/2007, Tariff order dt 20.02.2008 in Pet No 165/2007 and Tariff order dt 26.05..2008 in Pet No 51/2008 are enclosed herewith as **Encl-4 (page 30 to 45)**.

4.0 That the present petition covers determination of tariff upto DOCO and additional capitalization from DOCO to 3103.2008 for four no of assets shown at Sl No (2), (3) & (4) above. That even though Hon'ble commission directed to file final petition by 31.12.2008 in respect of LILO of 400 kV S/C Lucknow-Sultanpur TL at Lucknow, the present petition covers determination of final tariff for LILO of 400 kV S/C Lucknow-Sultanpur TL at Lucknow also.

4.1 **Two nos 400 kV bays at Kanpur Sub-station associated with 400 kV Kanpur-Auraiya TL (DOCO – 01.06.2008) :**

4.1.1 That as per investment approval, the assets covered in the present petition are to be completed within a period of 27 months from the date of letter of award for Tower Package. The letter of award for Tower package is 25.04.2005 and accordingly the



completed and put under commercial operation on 01.06.2007, ie; 1 month ahead of schedule.

That the 400 KV D/c Kanpur-Auraiya line had been commissioned after configuring of LILO of existing 400 KV Panki-Kanpur -I line at Auraiya, as 400 KV line bays at Kanpur Sub-Station of POWERGRID were not ready at that time ( 01.10.2006). The reasons for preponment of 400 KV D/C Kanpur-Auraiya TL and reasons for commissioning the said line without bays at Kanpur were explained in detail at page 9 & 10 in petition no 134/2007.

That 2 no 400 KV bays at Kanpur Sub-Station of 400 KV Kanpur-Auraiya line have been made ready subsequently and declared under commercial operation w.e.f 01.06.2007.

4.1.2 It is submitted as against the apportioned approved cost of Rs 950.24 lakhs ( including IDC of Rs 49.65 lakhs ), the estimated completion cost is Rs. 972.47 lakhs. (actual expenditure up to DOCO is Rs 698.00 lakhs including IDC of Rs 20.65 lakhs, expenditure from DOCO to 31.03.2008 is Rs 4.21 lakhs, and balance estimated expenditure of Rs 270.26 lakhs.). The reasons for item wise cost variation between approved cost and actual cost are explained in detail in Form-5B. A copy of auditor's certificate in respect of the assets covered in this petition are enclosed herewith as **Encl-5 ( page 46 to 52 )**

4.2 **LILO of 400 kV D/C Bareilly-Mandola TL at Bareilly and Bus Reactor at Bareilly ( DOCO – 01.08.2008 ) :**

4.2.1 That as against schedule completion of July'2007, the asset has been completed and put under commercial operation on 01.08.2007.

It is submitted as against the apportioned approved cost of Rs 5456.14 lakhs ( including IDC of Rs 284.71 lakhs ), the estimated completion cost is Rs. 7357.02 lakhs. (actual expenditure up to DOCO is Rs 5800.10 lakhs including IDC of Rs 250.75 lakhs, expenditure from DOCO to 31.03.2008 is Rs 62.75 lakhs, and balance estimated expenditure of Rs 1494.17 lakhs.). The reasons for item wise cost variation between approved cost and actual cost are explained in detail in Form-5B. A copy of auditor's certificate in respect of the assets covered in this petition are enclosed herewith as **Encl-5 ( page 46 to 53 )**

4.3 **LILO of 400 kV S/C Lucknow-Moradabad TL at Bareilly ( DOCO – 01.09.2008 ) :**

4.3.1 That as against schedule completion of July'2007, the asset has been completed and put under commercial operation on 01.09.2007. The delay of one month is mainly due to construction of subjected TL involving 1 no of railway crossing of Delhi-Lucknow railway Line between Bhintaura—Dhaneta Railway stations and 2 nos road crossings, which had taken more time in getting clearances from respective authorities.

It is submitted as against the apportioned approved cost of Rs 2845.96 lakhs ( including IDC of Rs 284.04 lakhs ), the estimated completion cost is Rs. 4242.50 lakhs. (actual expenditure up to DOCO is Rs 3647.18 lakhs including IDC of Rs 157.73 lakhs, expenditure from DOCO to 31.03.2008 is Rs 60.50 lakhs, and balance estimated expenditure of Rs 534.82 lakhs.). The reasons for item wise cost variation between approved cost and actual cost are explained in detail in Form-5B. A copy of auditor's certificate in respect of the assets covered in this petition are enclosed herewith as **Encl-**

4.4 **LILO of 400 kV Lucknow(UPPCL)-Sultanpur ( UPPCL) at Lucknow(POWERGRID) ( DOCO – 01.01.2008) :**

4.4.1 That as against schedule completion of July'2007, the asset has been completed and put under commercial operation on 01.01.2008. Delay was mainly due to the fact that POWERGRID encountered severe ROW problems at locations e.g Location no.4/1, 7/1, 7/2, 23/0, 23/1, 25/0, 26/0 etc. during construction of line. That there was a court case for section between loc. No 23/0 & 23/1(NH Lucknow-Faizabad road crossing). Further, in section 8/0 to 9/0 and 9/0 to 10/0 also, villagers did not allow work for the want of extra compensation. From time to time, matter was taken up with police/district authorities/ministry at various levels and it took lot of time in solving ROW problems. Due to ROW problems, work was held up on loc. 4/1 from Feb'07 to May 07 (about 4 months), on 7/1&7/2 from June.06 to July 07(about 13 months), between 23/0 & 23/1 (Faizabad NH road crossing) from Oct'06 to July 07(about 10 months), on loc. 25/0 & 26/0 from Dec.06 to July.07 (about 7 months). There was an overall delay of 5 months in completion of this asset, which was beyond the control of POWERGRID as explained above. The documents in support of ROW problems is enclosed herewith as **Encl-6 ( page 54 to 130 )**

4.4.2 It is submitted as against the apportioned approved cost of Rs 3693.42 lakhs ( including IDC of Rs 193.51 lakhs ), the estimated completion cost is Rs. 5742.38 lakhs. (actual expenditure up to DOCO is Rs 5431.65 lakhs including IDC of Rs 392.51lakhs, expenditure from DOCO to 31.03.2008 is Rs 14.41 lakhs, and balance estimated expenditure of Rs 296.32 lakhs.). The reasons for item wise cost variation between approved cost and actual cost are explained in detail in Form-5B. A copy of auditor's certificate in respect of the assets covered in this petition are enclosed herewith as **Encl-5 ( page 46 to 53. )**

5.0 The details of apportioned approved cost, cost as on DOCO and balance expenditure of different assets covered in this petition are summarized below:

( Rs in Lakhs)

Sl No	Name of the asset	Apportioned approved cost	Cost as on DOCO	Expenditure from DOCO to 31.03.2008	Balance Estimated Expenditure	Total Estimated Completion cost
01	2nos 400 kV bays at Kanpur Sub-station.	950.24	698.00	4.21	270.26	972.47
02	LILO of 400 kV D/C Bareilly-Mandola TL at Bareilly and Bus Reactor at Bareilly	5456.14	5800.10	62.75	1494.17	7357.02
03	LILO of 400 kV S/C Lucknow-Moradabad TL at Bareilly	2845.96	3647.18	60.50	534.82	4242.50
04	LILO of 400 kV Lucknow-Sultanpur at Lucknow	3693.42	5431.65	14.41	296.32	5742.38
	<b>TOTAL</b>	<b>12945.76</b>	<b>15576.93</b>	<b>141.87</b>	<b>2595.57</b>	<b>18314.37</b>

That details of apportioned approved cost and total estimated completion cost of all assets covered under NRSS-I has been given at Form-5D at page ....,

That the revised Cost Estimate of the project taking into account the cost over run and time over run of different elements is under preparation and approval stage.

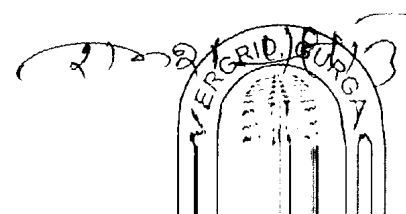
6.0 The tariff for block 2004-2009 has been worked out as per CERC (Terms and Conditions of Tariff) Regulations, 2004, issued vide notification dated. 26.03.2004 . In the present petition the transmission tariff has been calculated taking actual expenditure upto DOCO and additional capitalization from DOCO to 31.03.2008 calculations for working out the tariff along with supporting documentation (Form No.: 1 to 16) are attached hereto as **Encl.- 7, ( page 131 to 229).** Further it is submitted that auditors certificate dated 27.10.2008 certifying the loan details duly reconciled with audited accounts for the year 2007-08 for different assets covered in the petition is attached hereto as **Encl.- 8, ( page 230 to 232).**

6.1 The annual transmission tariff for the tariff period 2004-09 is summarized as below:

( Rs in Lacs )

Sl	Name of the asset	2005-06	2006-07	2007-08( pro-rata)	2008-09
01	Two nos 400 kV bays at Kanpur Sub-station associated with 400 kV Kanpur-Auriya TL ( <b>DOCO - 01.06.2007</b> )			139.19	167.76
02	LILO of 400 kV D/C Bareilly-Mandola TL at Bareilly and Bus Reactor at Bareilly ( <b>DOCO - 01.08.2007</b> )			700.45	1050.58
	LILO of 400 kV S/C Lucknow-Moradabad TL at Bareilly ( <b>DOCO -01.09.2007</b> )			328.80	577.08
	LILO of 400 kV Lucknow(UPPCL)-Sultanpur (UPPCL) at Lucknow (POWERGRID)( <b>DOCO - 01.01.2008</b> )			203.00	819.59

6.2 The Tariff indicated at para 6.1 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.



6.3 Sharing of Transmission Charges

The transmission tariff for block 2004-2009 shall be shared by the constituents of Northern Region as per Notification dated 26.03.2004 issued by the Hon'ble commission. Further, it is submitted that the Supplementary Transmission Agreement signed with beneficiaries' of Northern Region contains NRSS-I and accordingly has become part of main BPTA as per clause 2.0 of main BPTA. A copy of the Supplementary Transmission Agreement with Punjab State Electricity Board is enclosed herewith as Encl - ~~1~~ ( page 231 to 233)

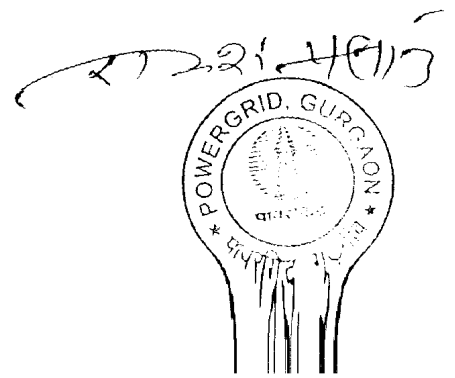
6.4 The tariff at para 6.1 above is inclusive of Return on Equity, Interest on Loan, Depreciation, O&M expenses, Interest on Working Capital and Advance Against Depreciation. O&M expenses have been derived based on the norms for O&M expenses per Ckt. Km. and per Bay as specified under regulation 56(iv). 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 is based on the wage revision implemented w.e.f. 1.1.97 and the normal escalation by way of DA. It is submitted that the wage revision of the employees of the petitioner company is due w.e.f. 1.1.2007. The O&M expenses claimed in the transmission charges at 6.3 above are subject to adjustment on account of the additional employee cost which becomes payable after wage revision, which is due w.e.f. 1.1.2007. Alternatively, the increase in the employee cost due to wage revision w.e.f. may be allowed as per actuals, based on the auditor's certificate for such extra employee cost.

7.0 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-6 above. **The petitioner submits that the Encl.-1 to Encl.-~~10~~ may please be treated as integral part of this petition.**

PRAYER

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

- a) approve Additional capitalization for the assets covered in the petition from DOCO to 31.03.2008.
- b) approve the final transmission tariff for the assets upto DOCO and including additional capital expenditure from DOCO to 31.03.2008 covered under this petition, as per para - 6 above.
- c) approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, publishing of notices in newspapers and other expenditure ( if any) in relation to the filing of petition.



d) and such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

**FILED BY  
POWER GRID CORPORATION OF INDIA LTD.**

*Rakesh Prasad*

**REPRESENTED BY RAKESH PRASAD  
DY. GENERAL MANAGER (COMMERCIAL)**

**GURGAON  
DATED: 30.10.2008**

