

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

IN THE MATTER OF:

Approval under Regulation-86 of CERC (Conduct of Business) Regulations'1999 and CERC (Terms and Conditions of Tariff) Regulations'2009 for determination of Transmission Tariff for Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region for tariff block 2009-14 period.

PETITIONER

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: "Saudamini", Plot no.2, Sector-29, Gurgaon -122 001. (Haryana)

Power Grid Corporation of India Ltd., the petitioner in the matter, is filing petition under Regulation-86 for approval of revised transmission tariff for Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region for tariff block 2009-14 period.

In terms of Regulation 3(2) of the Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004, copy of complete tariff application is hereby served to the respondents (beneficiaries of **Western Region**), for information and necessary action in the matter.

The tariff application is hereby served through the nodal officers of the respondents for CERC matters, on the addresses as mentioned below:

ADDRESSES OF NODAL OFFICERS

1. **NTPC LIMITED**
NTPC BHAWAN
SCOPE COMPLEX,
7 INSTITUTIONAL AREA
LODHI ROAD—
NEW DELHI - 110003



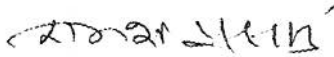
2. **Managing Director**
Madhya Pradesh Power Trading Co. Ltd.
Shakti Bhawan, Rampur
Jabalpur - 482 008
3. **Secretary (Finance)**
Electricity Department
Power House Building, 2nd floor,
Administration of Daman & Diu
Daman - 396 210
4. **Chairman**
Gujarat Urja Vikas Nigam Ltd.,
Sardar Patel Vidyut Bhawan,
Race Course,
Vadodara-390 007
5. **Chief Engineer (Electrical)**
Electricity Department
Govt. of Goa, Vidyut Bhawan,
Near Mandvi Hotel,
Panaji, Goa - 403 001
6. **Secretary (Power)**
Electricity Department
Administration of Dadra Nagar Haveli
U.T., Silvassa - 396 230
7. **Chief Engineer (Power Purchase Cell)**
Maharashtra State Electricity Distribution Co. Ltd.
5th Floor, Prakashgad,
Plot No.9, Anant Kanekar Marg,
Bandra(East), Mumbai - 400 051
8. **Chairman**
Chhatisgarh State Electricity Board
P.O.Sunder Nagar, Dangania, Raipur
Chhatisgarh-492013



9. **The Managing Director,**
Madhya Pradesh Audyogik Kandra
Vikas Nigam (Indore) Ltd.
3/54, Press Complex, Agra-Mumbai Road,
Indore -452 008.

Kindly acknowledge the receipt.

PETITIONER
POWER GRID CORPORATION OF INDIA LTD.


REPRESENTED BY RAKESH PRASAD
Dy. GENERAL MANAGER (COMMERCIAL)

GURGAON
DATED: 17.03.2011



BEFORE
THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI
PETITION FOR
APPROVAL OF TRANSMISSION TARIFF FOR

Korba – Raipur 400 KV D/C Transmission line with associated bays under Korba III Project in Western Region

PETITION NO. :

TARIFF BLOCK : 2009 - 2014

POWER GRID CORPORATION OF INDIA LTD.

REGISTERED OFFICE

B-9, QUTAB INSTITUTIONAL AREA, KATWARIA SARAI,
NEW DELHI – 110 016

CORPORATE CENTRE

“SAUDAMINI”, PLOT NO-2, SECTOR-29,
GURGAON-122 001 (HARYANA)
EPABX : 0124-2571 700 TO 719, FAX :0124-2571989



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THE CENTRAL ELECTRICITY REGULATORY COMMISSION
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PETITION NO.:

IN THE MATTER OF: Approval under Regulation-86 of CERC (Conduct of Business) Regulations'1999 and CERC (Terms and Conditions of Tariff) Regulations'2009 for determination of Transmission Tariff for Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region for tariff block 2009-14 period.

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Corporate office: "Saudamini" ,Plot no.2,
Sector-29, Gurgaon -122 001. (Haryana)

---PETITIONER

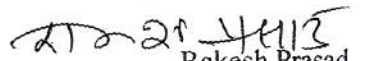
Madhya Pradesh Power Trading Company Ltd.
Shakti Bhawan, Rampur
Jabalpur - 482 008
Represented By Its MD
And Others

--- RESPONDENTS

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Filed by
Power Grid Corporation of India Ltd.
Represented by


Rakesh Prasad
Dy. General Manager(Commercial)

Gurgaon Dated: 7.03.2011



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

PETITION NO.:

IN THE MATTER OF: Approval under Regulation-86 of CERC (Conduct of Business) Regulations'1999 and CERC (Terms and Conditions of Tariff) Regulations'2009 for determination of Transmission Tariff for Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region for tariff block 2009-14 period.

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Madhya Pradesh Power Trading Company Ltd.
Shakti Bhawan, Rampur
Jabalpur - 482 008
Represented By Its MD
And Others


--- RESPONDENTS

To
The Secretary
Central Electricity Regulatory Commission
New Delhi. 110 001
Sir,

The application filed under Regulation 86 of CERC (Conduct of Business) Regulation, 1999 and CERC (Terms and Conditions of Tariff) Regulations'2009 for determination of Transmission tariff from DOCO to 31.03.2014 may please be registered.

Filed by
Power Grid Corporation of India Ltd.

Represented by


Rakesh Prasad

Dy. General Manager (Commercial)

Gurgaon
Dated: 7.03.2011



**BEFORE
THE CENTRAL ELECTRICITY REGULATORY COMMISSION
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IN THE MATTER OF: Approval under Regulation-86 of CERC (Conduct of Business) Regulations'1999 and CERC (Terms and Conditions of Tariff) Regulations'2009 for determination of Transmission Tariff for Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region for tariff block 2009-14 period.

Power Grid Corporation of India Ltd.
(Govt. of India undertaking)

---PETITIONER

Registered office: B-9, Qutab Institutional Area,
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Madhya Pradesh Power Trading Company Ltd.
Shakti Bhawan, Rampur
Jabalpur - 482 008
Represented By Its MD
And Others

--- RESPONDENTS

MEMO OF PARTIES

POWER GRID CORPORATION OF INDIA LTD.

---PETITIONER

VERSUS

1. NTPC LIMITED
NTPC BHAWAN
SCOPE COMPLEX,
7 INSTITUTIONAL AREA
LODHI ROAD
NEW DELHI - 110003
2. MADHYA PRADESH POWER TRADING COMPANY LTD.
SHAKTI BHAWAN, RAMPUR
JABALPUR - 482 008
REPRESENTED BY ITS MD
3. MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.
5TH FLOOR, PRAKASHGAD,
BANDRA(EAST), MUMBAI - 400 051
REPRESENTED BY ITS CHIEF ENGINEER (POWER PURCHASE CELL)
4. GUJARAT URJA VIKAS NIGAM LTD.
SARDAR PATEL VIDYUT BHAWAN,

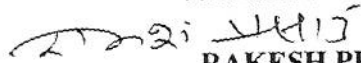


RACE COURSE ROAD
VADODARA - 390 007
REPRESENTED BY ITS CHAIRMAN

5. ELECTRICITY DEPARTMENT
GOVT. OF GOA
VIDYUT BHAWAN, PANAJI,
NER MANDVI HOTEL, GOA - 403 001
REPRESENTED BY ITS CHIEF ENGINEER (ELECTRICAL)
6. ELECTRICITY DEPARTMENT
ADMINISTRATION OF DAMAN & DIU
DAMAN - 396 210
REPRESENTED BY ITS SECRETARY (FIN.)
7. ELECTRICITY DEPARTMENT
ADMINISTRATION OF DADRA NAGAR HAVELI
U.T., SILVASSA - 396 230
REPRESENTED BY ITS SECRETARY (FIN.)
8. CHHATTISGARH STATE ELECTRICITY BOARD
P.O.SUNDER NAGAR, DANGANIA, RAIPUR
CHHATISGAARH-492013
REPRESENTED BY ITS CHAIRMAN
9. MADHYAPRADESH AUDYOGIK KENDRA
VIKAS NIGAM (INDORE) LTD.
3/54, PRESS COMPLEX, AGRA-BOMBAY ROAD,
INDORE-452 008

-- RESPONDENTS

FILED BY
POWER GRID CORPORATION OF INDIA LTD.
REPRESENTED BY


RAKESH PRASAD
Dy. GENERAL MANAGER (COMMERCIAL)

GURGAON
DATED: 7/03.2011





दिल्ली DELHI.

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THE CENTRAL ELECTRICITY REGULATORY COMMISSION
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PETITION NO.:

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---PETITIONER

Madhya Pradesh Power Trading Company Ltd.
Shakti Bhawan, Rampur
Jabalpur - 482 008
Represented By Its MD
And Others

--- RESPONDENTS

Affidavit verifying the Petition

I, Rakesh Prasad, S/O Shri Bhagwan Prasad, working as Deputy General Manager (Commercial) in the Powergrid Corporation of India Ltd., having its registered Office at B-9, Institutional Area, Katwaria Sarai, New Delhi-110 016, do hereby solemnly affirm and state as under:-

रमेश प्रसाद



1. I am the Dy. General Manager (Commercial) of Power Grid Corporation of India Ltd., the representative of the Petitioner in the above matter, and am duly authorized to make this affidavit.
2. I submit that the enclosed tariff Petition is being filed for determination of tariff for Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region for tariff block 2009-14 period.
3. I submit that no other tariff Petition except this Petition has been filed directly or indirectly for approval of tariff for Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region for tariff block 2009-14 period. The statements made in the tariff Petition herein are based on petitioner company's official records maintained in the ordinary course of business and I believe them to be true and correct.
4. The documents attached with the petition are legible copies and duly attested by me.

[Handwritten Signature]
(DEPONENT)

VERIFICATION

Solemnly affirmed at Gurgaon on this 17 day of Mar' 2011 that the contents of the above affidavit are true to my knowledge and belief and no part of it is false and nothing material has been concealed there from.

[Handwritten Signature]
(DEPONENT)



[Handwritten Signature]
17/3/11



**BEFORE
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PETITION NO.:

IN THE MATTER OF: Approval under Regulation-86 of CERC (Conduct of Business) Regulations' 1999 and CERC (Terms and Conditions of Tariff) Regulations' 2009 for determination of Transmission Tariff for Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region for tariff block 2009-14 period.

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---PETITIONER

Madhya Pradesh Power Trading Company Ltd.
Shakti Bhawan, Rampur
Jabalpur - 482 008
Represented By Its MD
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) 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) That, Hon'ble Commission have notified CERC (Terms and Conditions of Tariff) Regulations, 2009, in accordance with which tariff based on capital cost of the transmission projects shall be determined. These Regulations have come in to force on 1.4.2009 and shall remain in force for a period of 5 years, unless reviewed earlier or extended by the Hon'ble Commission.

That the petitioner has been entrusted with the implementation of Transmission System associated with Korba III Generation project (1x500MW in Western Region. Investment approval for the said system was accorded by Board of Directors of POWERGRID vide their letter C/CP/Korba III dated 27.02.2009 at an estimated cost of Rs.276.61 crore including IDC of Rs. 17.84 crs. (based on 4th Quarter, 2008 price level). **Encl.-1, page...14..to..17...** The Schematic diagram of the same is attached hereto as **Encl. - 2, (page 18-19).**

The scope of work covered under the scheme is as follows:

27/02/2009


Transmission line

- i) Korba STPS – Raipur 400 kV D/C Line

Sub-Station

- i) Extension of 400/220 kV Raipur (POWERGRID) substation

As per the investment approval, the system is scheduled for commissioning 28 months from the date of investment approval i.e. by June'2011.

- 3) That NTPC was given Long Term Open Access to the Transmission System of POWRGRID mentioned at para 2 above, in accordance with CERC (Open access in inter state transmission) regulation 2004 dt. 30.01.2004 and Electricity Act 2003. Accordingly, BPTA for Korba III – Raipur 400 kV D/C line was signed by NTPC. As per para 1 of BPTA, total transmission charges for the current asset is to be borne by NTPC. However, MOP vide letter No. 5/51/2010-Th.II dated 9.12.2010 has allocated power to the Western Regional beneficiaries with effect from the date of commercial operation. During the 16th WRPC meeting held on 12.02.2011, NTPC indicated that since the allocation has already been made by MOP to WR constituents, the transmission charges may be shared by all WR constituents and NTPC. The copy of BPTA and MOP letter No. 5/51/2010-Th.II dated 9.12.2010 is enclosed as **Encl – 3, page 22 to 27**

- 4) That the details of commissioning of the current asset of Korba III TS is as below:

S.No	Asset	Schedule as per FR	Ant. DOCO	Delay in commissioning
1	Korba – Raipur 400 kV D/C Transmission line with associated bays under Korba III Project in Western Region	June'2011	01.06.11	Within schedule

- 5) As per the investment approval, the system was scheduled for commissioning by June'2011. The said transmission system is anticipated to be put under commercial operation on 01.06.2011 which is within the schedule as per the investment approval.


- 6) That the present petition covers determination of tariff based on actual expenditure incurred upto DOCO and projected additional capitalization to be incurred from DOCO to 31.03.2014 of the asset covered under the current petition. The details of apportioned approved cost, cost as on DOCO and estimated /projected additional capitalization to be incurred of asset covered in this petition are summarized below:

(Rs in Lakhs)

Sl No	Name of the asset	Apportioned approved cost as per FR	Expenditure up to 31.03.2010	Exp. from 01.04.10 to 31.01.11	Est. Exp. from 01.02.11 to 31.03.11	Est. Exp. from 01.04.11 to 31.05.11 (DOCO)	Est. Exp. from 01.06.11 to 31.03.12	Total
1.	Korba – Raipur 400 kV D/C TL	27660.61	9877.57	8333.42	951.27	979.08	1791.19	21932.53

A copy of auditor's certificate in respect of the asset covered in this petition is enclosed herewith as **Encl-4 (page 22. to 24.)**. The reasons for item wise cost variation between approved cost (FR) and actual cost as on DOCO are explained in detail in Form-5B. However, major reasons of variation in

22/2/11



cost of the substation portion w.r.t. FR for Korba-III project pertaining to 400 KV Korba-Raipur D/C Transmission Line is as below:

As per FR, cost of two line Bays along with PLCC Panels and its associated C&R panels, Civil works, Structures were considered in the Raipur S/s for the termination of 400 KV korba - Raipur D/C Transmission line.

With the conceptualization of Bus Splitting Scheme at Raipur S/S, 400kV Bhilai-Raipur-Bhatapara TL is getting de-LILOed from Raipur S/S thereby generating two nos. of spare Bays, which shall be used for termination of 400kV D/C Korba – Raipur TL at Raipur end. Thus, there shall not be any construction of new Bays at Raipur end for the subject line.

Further, one set of PLCC Panels, which is getting spared due to De-LILO of 400kV Bhilai-Raipur-Bhatapara TL shall be utilized for one ckt of 400kV Korba – Raipur D/C TL and only one set of PLCC panels shall be required for the other ckt of 400kV Korba – Raipur D/C TL, thereby reducing the cost of PLCC Panels.

7) That the admissibility of additional capital expenditure (Add.-cap.) proposed during 2009-14 is to be dealt in accordance with the provisions of regulation 9(1), the extract of clause 9(1) of regulation 2009 is reproduced as under:

“Additional Capitalization”

(1) The capital expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the date commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (i) Undischarged liabilities
- (ii)
- (iii)
- (iv)
- (v)

Provided that the details of works included in the original scope of work along with estimates of expenditure, undischarged liabilities and the works deferred for execution shall be submitted along with the application for determination of tariff.

8) TRANSMISSION TARIFF

8.1) The tariff for block 2009-2014 has been worked out as per CERC (Terms and Conditions of Tariff) Regulations, 2009, issued vide notification dated. 19.01.2009. In the present petition the transmission tariff has been calculated taking expected expenditure upto DOCO and projected additional capitalization from DOCO to 31.03.2014. Calculations for working out the tariff along with supporting documentation are attached hereto as **Encl.- 5 (page 32 to 35.)**.

The annual transmission tariff for Korba – Raipur 400 kV D/C TL in Western Region for tariff block 2009-14 period is summarized as below:

(Rs in Lakhs)



Sl No	Name of the asset	2009-10	2010-11	2011-12 (pro-rata)	2012-13	2013-14
1.	Korba – Raipur 400 kV D/C TL	NA	NA	3118.13	3810.91	3715.36

- 8.2 That the asset covered in the petition will be put under DOCO on 01.06.2011 and accordingly will complete 12 years beyond 2013-14 and thus depreciation for 2009-14 period has been calculated as per straight line method and rates as specified in appendix III of the Regulation 2009 and these details are provide in Form-11.
- 8.3 That, it is submitted in the Tariff indicated at 8.1 above, the ROE has been calculated @ 18.044 % (including additional ROE of 0.5 % on account of timely completion of the element) based on the rate notified by the Hon'ble Commission as per illustration under regulation 15 (4) (i) of the CERC (Terms and Conditions of Tariff) Regulations, 2009. It is further submitted that the above rate of 18.044 % is based on the MAT rate of 11.33 % being applicable for the year 2008-09.

That, as per the Finance Act, 2009, the applicable MAT rate was revised from 10% to 15%. That as per Finance Act 2010, MAT is further revised to 18% and surcharge is revised to 7.5% from 10%.

In view of the substantial change in the MAT rate and therein impact on the cash flow, the petitioner has filed petition in the mater of Miscellaneous petition under Regulations 44 "Power to Relax" of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 for relaxation of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 vide petition no. 38/2010. Wherein the petitioner has prayed for invocation of the power under Regulation 44 of 2009 Regulations to relax Regulations 15(3) and allow grossing up the base rate with the revised MAT rate of 15% + 10% surcharge+3% education cess as per the Finance Act,2009. The Petitioner has further prayed that for the balance period of the current tariff block, grossing up may be allowed as per the tax rate prescribed under the relevant Finance Acts and differential impact, if any, may be allowed to be directly adjusted with the beneficiaries annually.

Hon'ble Commission vide Order dated 3.8.2010 in Petition no. 38/2010 has stated as follows:

Quote:

"7.In order to address the situation, the Commission has already taken a decision in Petition No.17/2010 for amending the 2009 regulations. The relevant portion of the said order is extracted as under:

"We are of the view that this issue of 'grossing up the base rate with the normal tax rate for the year 2008-09' is generic in nature and therefore, it will be appropriate to make suitable provisions in the 2009 regulations to cater to any future changes in the tax rate. Accordingly, we direct the staff of the Commission to prepare and submit draft amendment to the 2009 regulations for allowing grossing up of base rate of return with the applicable tax rate as per the Finance Act for the relevant year and direct settlement of tax liability between the generating company/transmission licensee and the beneficiaries/long term transmission customers on year to year basis. Any under/over recovery on account of direct settlement of tax liability shall be subject to the final adjustment at the time of true up exercise."

The same order shall be applicable in this petition also.



Un-Quote

In view of the above it is prayed to amend the CERC (Terms and Conditions of Tariff) Regulations, 2009 accordingly and allow the petitioner to settle the tax liability directly with beneficiaries on year to year basis.

- 8.4 The transmission charges at para 8.1 above is inclusive of O&M expenses for the project derived based on the norms for O&M expenditure as specified under regulation 19(g) of the tariff regulations for block 2009-14. It is the understanding of the petitioner that these norms for O&M expenditure been arrived by the Hon'ble Commission after considering (i) normalized actual O&M expenses of the petitioner on its various projects in various regions during the year 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, (ii) the base norms so arrived is escalated at 5.72% per annum to arrive at norms for years of tariff period 2009-14, (iii) and also wage hike of 50% on account of pay revision of the employees of Public Sector Undertakings. It is submitted that the wage revision of the employees of the petitioner company is due w.e.f. 1.1.2007 has been done. The petitioner reserves the right to approach the Hon'ble Commission for suitable revision in the norms for O&M expenditure due to impact of wage revision.

Petitioner submits that the License fee has been a new component of cost to the Transmission license under O&M stage of the project and has become incidental to the petitioner / CTU only from 2008-09. No such cost component was incidental during the remaining years of the block (i.e. 2004-08). Normative O&M rates arrived for 2009-14 in the CERC (Terms and Conditions of Tariff) Regulations, 2009 as such did not capture the costs associated with the License fees.

It is therefore submitted that License fee may be allowed to be recovered separately from the respondents.

- 8.5 The Transmission Charges and other related Charges indicated at para 8 above, is exclusive of incentive, late payment surcharge, FERV, any statutory taxes, levies, duties, cess, filing fees, license fee 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 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.

8.6 Service Tax:

CBEC has exempted service tax on transmission vide notification No.: 11/2010 – Service Tax dated 27/02/2010. Further, CBEC also has exempted levy of service tax on transmission for the past period upto 26.02.2010 vide notification No.: 45/2010 – service tax dated 20th July 2010.

The Transmission Charges indicated at para 8.1 above, is exclusive of Service Tax 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 in case the exemption as above is withdrawn in future.

- 8.7 That Interest on Loan has been calculated on the basis of rate prevailing as on DOCO i.e. 01.06.2010. The change in Interest rate due to floating rate of interest applicable, if any, for the project needs to be claimed / adjusted over the tariff block of 05 years directly from / with the beneficiaries as was being followed during the tariff block 2004-09.



9.0 **Sharing of Transmission Charges**

Tariff for Transmission of Electricity (Annual Fixed Cost) as per para 8.1 above shall be recovered on monthly basis in accordance BPTA signed with Respondent 1 i.e. all the transmission charges shall be borne by Respondent 1 only. However, MOP vide letter No. 5/51/2010-Th.II dated 9.12.2010 has allocated power to the Western Regional beneficiaries with effect from the date of commercial operation. During the 16th WRPC meeting held on 12.02.2011, NTPC indicated that since the allocation has already been made by MOP to WR constituents, the transmission charges may be shared by all WR constituents and NTPC.

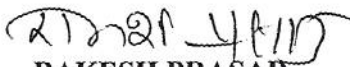
- 10.0 In the circumstances mentioned above it will be just and proper that the transmission tariff for the assets covered under this petition be allowed to be charged from the Respondents on the basis set out in para-9 above. **The Petitioner submits that the Encl-1 to Encl. - 6 may please be treated as integral part of this petition.**

PRAYER

- 1) Approve the Transmission Tariff for the assets covered under this petition, as per para – 8.1 above.
- 2) Allow grossing up of base rate of return with the applicable tax rate as per the Finance Act for the relevant year and direct settlement of tax liability between the generating company/transmission licensee and the beneficiaries/long term transmission customers on year to year basis.
- 3) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2009-14 period, if any, from the respondents
- 4) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and publishing of notices in newspapers in terms of Regulation 42 CERC (Terms and Conditions of Tariff) Regulations,2009, and other expenditure (if any) in relation to the filing of petition.
- 5) Allow the petitioner to bill and recover Service Tax on Transmission charges separately from the respondents, if at any time exemption from Service tax is withdrawn and transmission of Power is notified as a taxable Service.
- 6) Allow the petitioner to bill and recover Licensee fee separately from the respondents.

and pass 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.
REPRESENTED BY**


RAKESH PRASAD

Dy. GENERAL MANAGER (COMMERCIAL)

GURGAON: DATED: 17.03.2011



पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड
(भारत सरकार का उद्यम)
POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)



केन्द्रीय कार्यालय : "सौदामिनी" प्लॉट सं. 2, सेक्टर-29, गुरुगाँव-122 001, हरियाणा
फोन : 2571700 - 719 फैक्स : 2571760, 2571761 तार 'नेटग्रिड'
Corporate office : "Saudamini" Plot No. 2, Sector-29, Gurgaon-122 001 Haryana
Tel. : 2571700 - 719, Fax : 2571760, 2571761 Gram : 'NATGRID'

संदर्भ संख्या / Ref. Number C/CP/ Korba-III

February 27, 2009

MEMORANDUM

Sub: **TRANSMISSION SYSTEM ASSOCIATED WITH KORBA-III GENERATION PROJECT (1x500MW).**

The Board of Directors of POWERGRID, in exercise of powers delegated to it by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India through its Office Memorandum No. 26(3)/2005-GM-GL-92 dated 1st May, 2008 and Office Memorandum No. DPE/11(2)/97-Fin. dated 22nd July, 1997 (modified subsequently through Office Memorandum No. 18(24)/2003-GM-GL.64 dated 5th August, 2005), have accorded investment approval for "Transmission System associated with Korba-III Generation Project (1x500MW)", in its 219th meeting held on 24th February, 2009, as per details given bellow:

1. Scope of Project

Transmission Line

(i) Korba STPS – Raipur 400kV D/C line

Substations

(i) Extension of 400/220kV Raipur (POWERGRID) substation


2. Project Cost and Funding

The estimated cost of the project is **Rs. 276.61 Crore** (including IDC of **Rs. 17.84 Crore**) at 4th Quarter 2008 price level. The abstract cost estimate is enclosed at **Annexure-I**. Project is proposed to be funded through Domestic borrowings and internal resources of POWERGRID with a Debt: Equity ratio of 70:30.

3. Implementation Schedule

The commissioning schedule of the project is 28 months from the date of investment approval.

This is issued in pursuance of the minutes of 219th meeting of Board of Directors of POWERGRID held on 24th February, 2009.


(Sunil Agrawal)

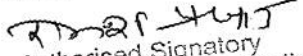
Addl. General Manager (CP)

नंजीकृत कार्यालय : बी-9, कुतब इंस्टीट्यूशनल एरिया, कटवारिया सराय, नई दिल्ली-110016 दूरभाष : 26560121 फैक्स : 011-26560039 तार 'नेटग्रिड'
Registered Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel. : 26560121 Fax : 011-26560039 Gram : 'NATGRID'

स्वहित एवं राष्ट्रहित में ऊर्जा बचाएं
Save Energy for Benefit of Self and Nation

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Authorised Signatory
Power Grid Corporation of India Ltd
Plot No. 2, Sector-29, Gurgaon-122001 (HARYANA)



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GM I/c: Telecom


GM: WRLDC

Company Secretary

For kind information to:

Director (Projects) / Director (Finance)

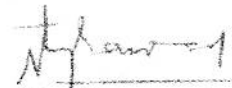
CVO


(Suhil Agrawal)
Addl. General Manager (CP)



Copy for kind information please:

1. PS to Secretary (Power)
2. Chairman, CERC, Core-3, 6th floor, SCOPE complex, New Delhi – 110 003
3. Chairperson, CEA, R. K. Puram, New Delhi – 110 066
4. CMD, NTPC Limited, NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi-110 003.
5. Chairman, Maharashtra State Electricity Board, Hongkong Bank Bldg, 4th floor, MG Road, Fort, Mumbai – 400 051
6. Chairman, Madhya Pradesh State Electricity Board, Shakti Bhawan, PB No. 34, Rampur, Jabalpur – 482 008
7. Chairman, Gujarat Electricity Board, Vidyut Bhawan, Race Course, Baroda, Gujarat
8. Secretary (Power), Govt. of Goa, Vidyut Bhawan, Near Mandvi Hotel, Panaji, Goa – 403 001
9. Chairman, Chhattisgarh State Electricity Board, PO – Sundarnagar, Dangania, Raipur, Chhattisgarh – 492 013
10. Secretary (Power), Electricity Department, Administration of Dadra Nagar Haveli, U.T. Silvassa – 396 230
11. Secretary (Power), Electricity Department, Administration of Daman and Diu, U.T. Daman – 396 210
12. Member Secretary, WRPC, MIDC Area, Marol; Andheri East, Mumbai – 400 094
13. Advisor, PAMD, Planning Commission, Yojana Bhawan, New Delhi – 110.001
14. Member Secretary, Planning Commission, Yojana Bhawan, New Delhi – 110.001
15. Member (Power Systems), CEA, R.K.Puram, New Delhi – 110 066
16. Secretary, CEA, Sewa Bhawan, R.K.Puram, New Delhi – 110 066 (3 Copies)
17. Addl. Secretary (Trans.), MOP, Shram Shakti Bhawan, New Delhi – 110 001
18. Joint Secretary & Financial Advisor, MOP, Shram Shakti Bhawan, New Delhi – 110 001
19. Director (Trans.), MOP, Shram Shakti Bhawan, New Delhi – 110 001
20. Joint Secretary (Plan Finance Div.-II), Ministry of Finance, North Block, New Delhi – 110 001
21. Director, Ministry of Finance (Plan Finance-II Div.), North Block, New Delhi – 110 001
22. Joint Secretary, Ministry of Statistics & Programme Implementation, Sardar Patel Bhawan, New Delhi – 110 001
23. Deputy Secretary, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi – 110 001
24. Under Secretary, Finance & Budget Section, MOP, New Delhi – 110 001

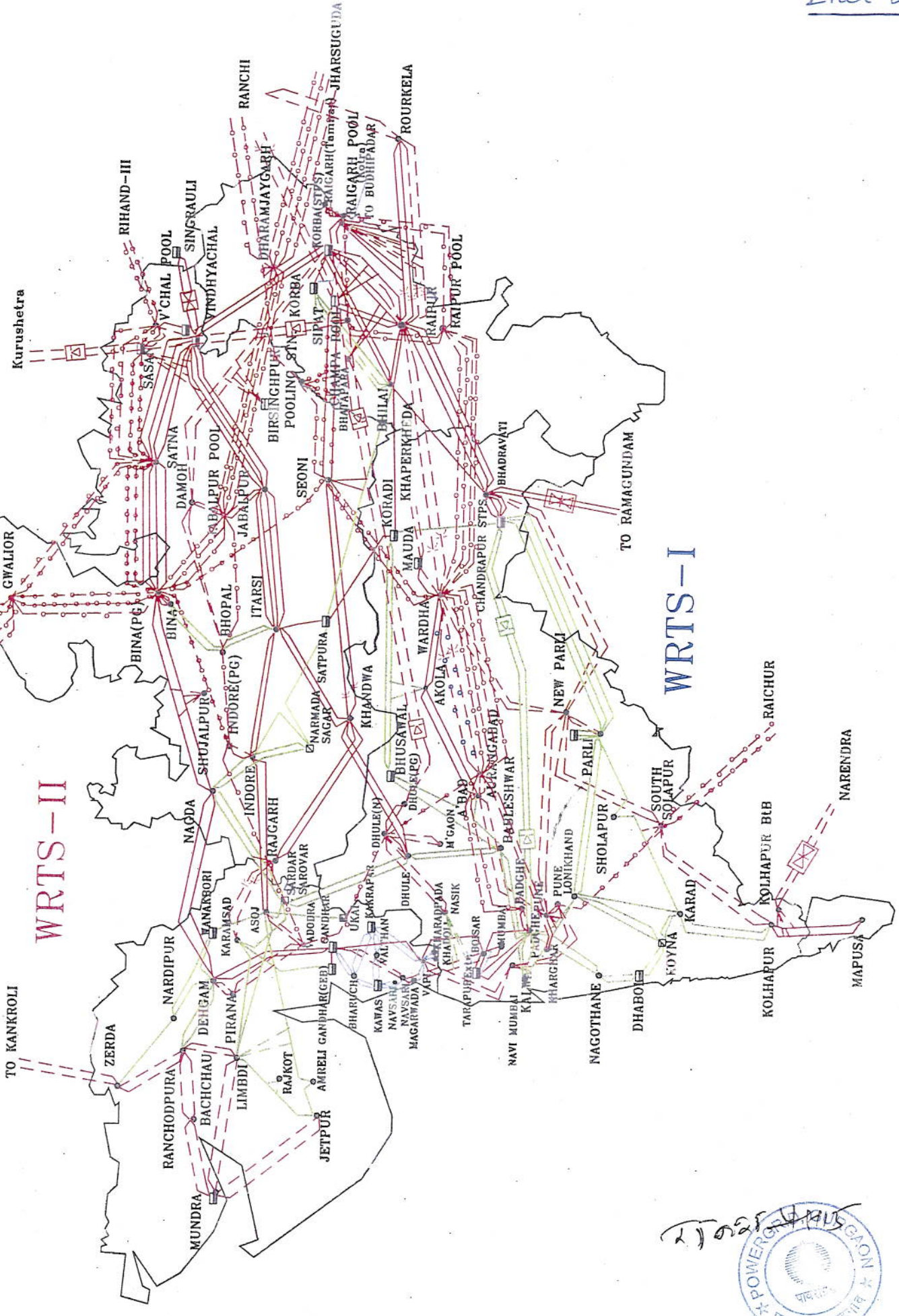


(Sunil Agrawal)
Addl. General Manager (CP)



ABSTRACT COST ESTIMATE		
(BASE COST)		
TRANSMISSION SYSTEM ASSOCIATED WITH		
KORBA-III GENERATION PROJECT		
(Cost updated to 4th Qtr. 2008 price level)		
Sr. No.	DESCRIPTION	AMOUNT (Rs. in Crs.)
A	Preliminary Survey & Soil Investigation	0.22
B	Land acquisition for S/Stn and R&R Compensation	0.00
C	Cost of compensation for Trans. Lines	
	i) Compensation towards Crop & PTCC	3.10
	ii) Compensation towards forest	6.78
D	Civil Works	
	i) Infrastructure for substations	0.20
	ii) Non Residential Buildings	0.00
	iii) Colony for Trans. Lines and S/stn	0.00
E	Equipment (Supply & Erection) Cost	
	a) Trans.Lines	207.21
	b) Sub-Stations	11.28
F	Sub Total E	218.45
G	Misc. Tools & Plants @ 1% of F	2.18
H	Maintenance during construction @ 1% of F	2.18
I	Engg. & Administration @ 8.5% of F	18.57
J	Losses on Stock @ 0.25% of F	0.56
K	Contingencies @ 3% @ 3% of F	6.55
Sub Total (A to K)		258.77
L	Interest During Construction(IDC)	17.84
GRAND TOTAL		276.61
Note: 1. Loan has been assumed to be available from Domestic sources. 2. Interest rate on Loan has been considered @ 10.5% for Domestic Loan subject to actuals. 3. Debt:Equity ratio has been considered as 70:30.		

POWER MAP OF WESTERN REGION

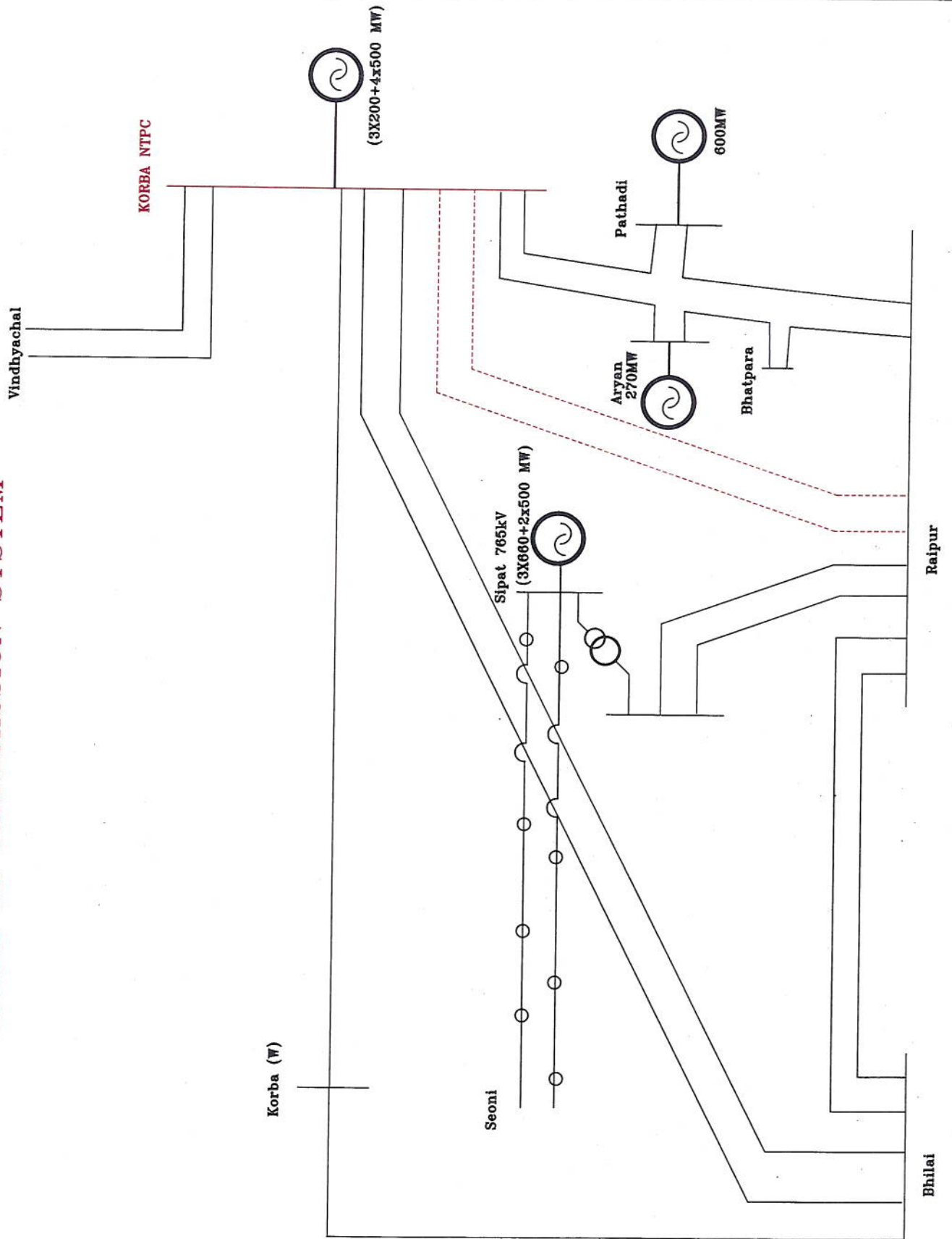


WRTS-II

WRTS-I

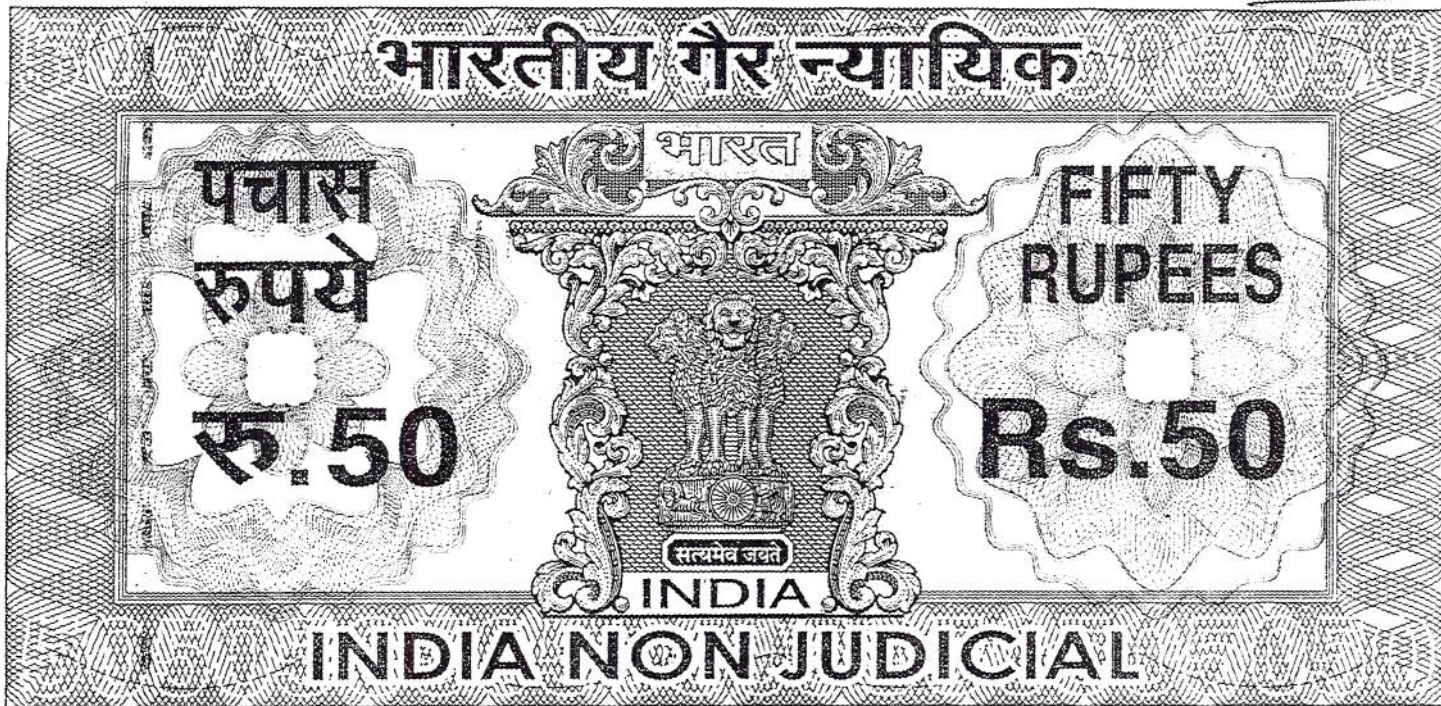


KORBA - III TRANSMISSION SYSTEM



RTI 26 4411





हरियाणा HARYANA BULK POWER TRANSMISSION AGREEMENT
BETWEEN
POWERGRID CORPORATION OF INDIA LTD.
AND
NTPC LIMITED

A 637525

This Bulk Power Transmission Agreement entered into on the 28th day of April, Two thousand Nine between POWERGRID CORPORATION OF INDIA LIMITED, incorporated under the Companies Act, 1956, having its registered office at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016 (hereinafter called "POWERGRID" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as party of the first part; and NTPC LIMITED, a generating company incorporated under the companies Act, 1956 having its office at NTPC Bhawan, Scope Complex, 7 Institutional Area, Lodhi Road, New Delhi-110003 (hereinafter called "Long term transmission Customer" which expression shall unless repugnant to the context or meaning thereof include its successors, and assigns) as party of the second part.

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And Whereas the Long term transmission customer, a generating company, is desirous to avail Long Term Open Access to the Transmission System of POWERGRID in accordance with Central Electricity Regulatory Commission (Open access in inter state transmission) regulation 2004 dt. 30.1.2004 and the Electricity Act 2003.

And Whereas in accordance with Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulation 2004 and Electricity Act 2003, open access shall be allowed by POWERGRID to open access customer.

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RT 2021 4111

Authorised Signatory
 Power Grid Corporation of India Ltd.
 Plot No. 2, Sector-29, Gurgaon-122001 (HARYANA)

[Handwritten signature]

And Whereas the long term open access is required by the Long term transmission customer as per the following details:

Injection Utility

Name	M/s NTPC Ltd.
Location	400kV Korba STPS Bus
Region	Western Region
Capacity	500MW (gross basis)

Drawee Utilities (on merchant basis)

1. Name	Maha Discom
Location	Interconnection points of Maha DISCOM with various 400kV S/s of POWERGRID in Maharashtra
Region(s)	Western Region
Capacity	155MW (gross basis)

2. Name	GUVNL
Location	Interconnection points of GUVNL with various 400kV S/s of POWERGRID in Gujarat
Region(s)	Western Region
Capacity	165MW (gross basis)

3. Name	MPSEB
Location	Interconnection points of MPSEB with various 400kV S/s of POWERGRID in Madhya Pradesh
Region(s)	Western Region
Capacity	100MW (gross basis)

4. Name	CSEB
Location	Interconnection points of CSEB with various 400kV S/s of POWERGRID in Chhattisgarh
Region(s)	Western Region
Capacity	80MW (gross basis)

And Whereas in accordance with the system studies carried out by POWERGRID, in consultation with CEA and beneficiaries following additional transmission system is required as a dedicated transmission system to facilitate long term open access :

1. (a) Korba-III-Raipur 400kV D/C line

And whereas open access has been granted from the availability of dedicated transmission system indicated at Para 1(a) above and the transmission system of



various strengthening projects viz. Sipat-II supplementary scheme, Barh and Western Region system strengthening scheme-II for a period of 25 years.

And Whereas in accordance with the letter dated 17.2.2009 of Ministry of Power, Govt. of India (Encl.1) POWERGRID is to construct, own, operate and maintain the above dedicated Transmission System to be used for open access for the Long term transmission customer.

And Whereas Long term transmission customer has agreed to share and pay all the transmission charges of POWERGRID including FERV, incentive, income tax, any other charges and taxes etc. for the use of its Transmission System of Western Region including inter regional links/ULDC/NLDC charges and any additions there of for the use of above open access.

And Whereas Long term transmission customer has also agreed to pay full Transmission Charges for the dedicated Transmission System as mentioned above to POWERGRID. However, subsequently in case the Western Regional constituents agree to include the above system in the regional pool, the transmission charges paid by Long Term Open Access Customer shall be adjusted in line with the relevant CERC notification.

And Whereas it has become incumbent upon both the parties to enter in to Bulk Power Transmission Agreement as envisaged under the Central Electricity Regulatory Commission (Open Access in inter-state transmission) Regulations, 2004.

And Whereas the Bulk Power Transmission Agreement has already been entered into between POWERGRID and Bulk Power Beneficiaries of Western Region on 31.03.1999.

And Whereas the Long term transmission customer is desirous of wheeling its power to its consumers through open access and also through the dedicated system mentioned above on the same terms and conditions as contained in the BPTA of Western Region dated 31.3.1999(Annexure.A).

Words and expressions used and defined in the Bulk Power Transmission Agreement (Annexure-A) shall have the same meaning assigned to them under the Electricity Act, 2003 or Grid code or Central Electricity Regulatory Commission (Open Access in Inter-state transmission) Regulations, 2004, as the case may be.

Now, therefore in consideration of the premises and mutual agreements, covenants and conditions set forth herein, and in the Agreement as contained in the Annexure A attached hereto which shall form an integral part of this Agreement, it is hereby agreed by and between the parties as follows :

1.(a)

- (i) Long Term Transmission Customer shall pay the total transmission charges for the dedicated transmission system mentioned above in accordance with



the applicable CERC notification issued from time to time. However, subsequently in case the Western Regional constituents agree to include the above system in the regional pool, the transmission charges paid by Long Term Open Access Customer shall be adjusted in line with the CERC notification.

- (ii) Long term transmission customer shall share and pay the transmission charges including FERV, incentive, income tax, any other charges and taxes etc of POWERGRID transmission system of Western Region including inter regional links/ULDC/NLDC charges and any additions there of.
- 1.(b) The charges mentioned at 1(a) above would be paid to POWERGRID through opening of irrevocable revolving LC amounting to 105% of the estimated monthly transmission charges. The LC would be in place before three months of expected date of open access.
 - 1.(c) The estimated average transmission charges would be reviewed every six months and accordingly the amount of LC would be enhanced/reduced by long term transmission customers.

2. POWERGRID agrees to provide Long Term Open Access required by Long term transmission customer...as per the details mentioned above and in accordance with the Regulations under the Central Electricity Regulatory Commission (Open Access in Interstate Transmission -Regulations 2004) and conditions specified by the CERC from time to time.

However, during the tenure of this agreement if any of the covenants and conditions recited in the said agreement (Annexure-A) found inconsistent with the provisions of the Electricity Act 2003 and/or applicable notifications/rules/regulations issued either by CERC or by GOI as per the provisions of the Electricity Act then notwithstanding anything contained in the agreement referred to above, the said rules and regulations shall prevail and if required, the corresponding provisions of this agreement shall be revised accordingly.

3. Copy of the Agreements dt. 31.3.1999 entered with Western Region is attached at Annexure-A shall form part and parcel of this Agreement and accordingly all terms and conditions of Agreements dtd 31.3.1999 shall mutatis mutandis apply to the Long term transmission customer. Any revision, replacement, modification and extension of Agreements dt.31.3.1999 shall also apply to the Long term transmission customer.
4. The Long term transmission customer shall not relinquish or transfer its rights and obligations specified in the Bulk Power Transmission Agreement save as otherwise provided for in clause 1 a (i) in this agreement, with out prior approval of CERC and subject to payment of compensation, as may be determined by the CERC.

