

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Bhanu Bhushan, Member**
2. **Shri R.Krishnamoorthy, Member**

Petition No. 136/2007

In the matter of

Determination of final transmission tariff for (a) Tala-Siliguri Transmission System in Eastern Region for the period 1.10.2005 to 31.3.2009 and remaining transmission system commissioned for the period from 1.5.2006 to 31.3.2009. including additional capital expenditure for the period from date of commercial operation to 31.3.2007 in Eastern Region.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

...Petitioner

Vs

1. Bihar State Electricity Board, Patna
2. West Bengal State Electricity Board, Kolkata
3. Orissa Power Transmission Corporation Ltd., Bhubaneshwar
4. Damodar Valley Corporation, Kolkata
5. Power Department, Govt. of Sikkim, Gangtok
6. Jharkhand State Electricity Board, Ranchi

Respondents

The following were present:

1. Shri U.K. Tyagi, PGCIL
2. Shri C. Kannan, PGCIL
3. Shri B.C.Pant, PGCIL
4. Shri Rakesh Prasad, PGCIL
5. Shri Mohd. Mohsin, PGCIL
6. Shri S.K.Niranjan, PGCIL
7. Shri M.M.Mondal, PGCIL

**ORDER
(DATE OF HEARING: 17.1.2008)**

This petition has been filed for approval of tariff for (i) 400 kV D/C Tala (Indo-Bhutan border) -Siliguri transmission line (Asset-I) and (ii) LILO of second ckt of Bongaigaon-Malda 400 kV D/C transmission line at Siliguri and Purnea sub-stations (Asset-II) (collectively referred to as `the transmission assets`) in Eastern Region associated with Tala-Siliguri Transmission System (the transmission system) from the date of commercial operation of the respective transmission asset to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of

Tariff) Regulations, 2004 (hereinafter referred to as “the 2004 regulations”) after accounting for additional capitalization during 2005-06 in respect of Asset-I and 2006-07 in respect of Asset-II. The petitioner has also prayed for reimbursement of expenditure from the beneficiaries incurred towards publishing of notices in newspapers and the petition filing fee.

2. The investment approval for the transmission system was accorded by Board of Directors of the petitioner company vide Memorandum dated 17.7.2002 at an estimated cost of Rs.23153.00 lakh, which included IDC of Rs. 1789 lakh. Subsequently, revised cost estimate was approved by the Board of Directors of the petitioner company vide Memorandum dated 20.10.2006 at an estimated cost of Rs. 28779 lakh, including IDC of Rs. 2377 lakh.

3. The provisional transmission charges for the transmission assets covered in the present petition were approved by the Commission in its order dated 6.2.2007 in Petition No.77/2006. The dates of commercial operation of the transmission assets are as under:

S. No.	Name of the assets	Date of commercial operation
1.	Asset- I	1.10.2005
2.	Asset-II	1.5.2006

4. The details of the apportioned approved cost and the estimated completion cost of the transmission assets as submitted by the petitioner are given as under:

(Rs. in lakh)

Name of the assets	Apportioned approved cost	Capital expenditure as on the date of commercial operation	Capital expenditure from the date of commercial operation to 31.3.2006	Capital cost as on 31.3.2006	Capital expenditure up to 31.3.2007	Capital cost as on 31.3.2007	Balance expenditure	Estimated completion cost
Asset- I	13611.00	11971.32	168.84	12140.16	729.77	12869.93	235.00	13104.93
Asset-II	15168.00	14244.23	-	-	764.01	15008.24	140.00	15148.24

5. The petitioner has claimed the transmission charges as under:

(Rs. in lakh)

	Asset-I	Asset-II

	2005-06 (Pro rata)	2006-07	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Depreciation	179.40	374.52	387.19	387.19	344.57	385.71	385.71
Interest on Loan	299.28	608.49	604.14	562.53	737.21	801.85	760.35
Return on Equity	240.22	499.30	514.63	514.63	437.47	493.28	493.28
Advance against Depreciation	0.00	0.00	75.92	338.60	0.00	71.92	340.71
Interest on Working Capital	22.08	46.05	49.24	54.25	45.35	52.57	57.74
O & M Expenses	126.66	263.56	273.89	285.04	190.23	215.50	224.42
Total	867.64	1791.92	1905.00	2142.22	1754.82	2020.84	2262.21

6. The details submitted by the petitioner in support of its claim for interest on working capital are given hereunder:

(Rs. in lakh)

	Asset-I				Asset-II		
	2005-06 (Pro rata)	2006-07	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Maintenance Spares	120.56	128.66	140.03	148.43	146.26	158.13	167.61
O & M expenses	21.11	21.96	22.82	23.75	17.29	17.96	18.70
Receivables	289.21	298.65	317.50	357.04	319.06	336.81	377.04
Total	430.88	449.28	480.36	529.22	482.61	512.89	563.35
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Interest	22.08	46.05	49.24	54.24	45.35	52.57	57.74

7. The reply to the petition has been filed by Bihar State Electricity Board (BSEB). In response to the public notices published by the petitioner in accordance with the procedure specified by the Commission, no comments have been received from the general public.

CAPITAL COST

8. As per clause (1) of Regulation 52 of the 2004 regulations, subject to prudence check, the actual expenditure incurred on completion of the project shall form the basis for determination of final tariff. The final tariff shall be determined based on the admitted capital expenditure actually incurred up to the date of commercial operation of the transmission system and shall include capitalised initial spares subject to a ceiling norm as 1.5% of original project cost. The regulation is applicable in case of the transmission system declared under commercial operation on or after 1.4.2004.

9. The petitioner has claimed additional capitalization of Rs.764.01 lakh on the works for the period from 1.5.2006 to 31.3.2007 over the capital expenditure of Rs.

14244.23 for Asset-II as on the date of commercial operation. For Asset-I, the petitioner has claimed additional capital expenditure of Rs. 168.84 lakh from the date of commercial operation to 31.3.2006 and Rs. 729.77 lakh during 2006-07 over the capital cost of Rs. 11971.32 lakh as on the date of commercial operation.

ADDITIONAL CAPITALIZATION 2006-07

10. Clause (1) of Regulation 53 of the 2004 regulations provides-

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

- (i) Deferred liabilities;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares in the original scope of works subject to the ceiling norm specified in regulation 52;
- (iv) Liabilities to meet award of arbitration or compliance of the order or decree of a court; and
- (v) On account of change in law:

Provided that original scope of work along with estimates of expenditure shall be submitted along with the application for provisional tariff:

Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation of the transmission system.”

11. The details submitted by the petitioner in support of its claim for additional capital expenditure are given hereunder:.

	Asset-I	Asset-II
	Nature of expenditure	Nature of expenditure
2005-06	Sub-station = Rs. 168.84 lakh	-
	Total = Rs. 168.84 lakh	
2006-07	Sub-station = Rs. 639.50 lakh	Transmission line = Rs. 764.01 lakh
	Transmission line = Rs. 90.27 lakh	
	Total = Rs. 729.77 lakh	Total = Rs. 764.01 lakh

12. The additional capital expenditure claimed is within the original scope of work and is found to be in order as it was against the committed liability. Accordingly, the

additional capital expenditure of Rs. 168.84 lakh and 729.99 for the Asset -I and Rs. 764.01 lakh for the Asset-II has been allowed.

TIME OVER-RUN

13. As per the original approval, the transmission assets were scheduled to be commissioned by February 2007. They were declared under commercial operation on 1.10.2005 and 1.5.2006, respectively. There is no time over-run. The commissioning of Asset-II was discussed in 151st Commercial Committee Meeting of ER held on 18.1.2006 and all the constituents of Eastern Region had agreed for early its commissioning.

TOTAL CAPITAL COST

14. Based on the above, gross block as given below has been considered for the purpose of tariff for both the transmission assets, after allowing additional capitalization on works as claimed by the petitioner:

(Rs. in lakh)

	Expenditure up on date of commercial operation	Additional capital expenditure up to 31.3.2007	Total capital expenditure
Asset- I	11971.32	898.61	12869.93
Asset-II	14244.23	764.01	15008.24

DEBT- EQUITY RATIO

15. Clause (1) of Regulation 54 of the 2004 regulations *inter alia* provides that,-

“(1) In case of the existing projects, debt–equity ratio Considered by the Commission for fixation of tariff for the period ending 31.3.2004 shall be considered for determination of tariff with effect from 01.04.2004:

Provided that in cases where the tariff for the period ending 31.3.2004 has not been determined by the Commission, debt-equity ratio shall be as may be decided by the Commission:

Provided further that in case of the existing projects where additional capitalisation has been completed on or after 1.4.2004 and admitted by the Commission under Regulation 53, equity in the additional capitalisation to be considered shall be :-

- (a) 30% of the additional capital expenditure admitted by the Commission, or
- (b) equity approved by the competent authority in the financial package, for additional capitalisation, or
- (c) actual equity employed,

whichever is the least:

Provided further that in case of additional expenditure admitted under the second proviso, the Commission may considered equity of more than 30% if the transmission licensee is able to satisfy the Commission that deployment of such equity of more than 30% was in the interest of general public.”

16. The Note 1 below Regulations 53 lays down that any expenditure on account of committed liabilities with the original scope of work is to be serviced in the normative debt-equity ratio specified in Regulation 54.

17. In the present case, the petitioner has considered debt-equity ratio of 71.55:28.45 and 76.87:23.13 for Asset-I and Asset-II respectively as actually deployed on the date of commercial operation. The petitioner has further considered the amount of additional capitalization in the debt-equity ratio of 70:30. We have considered the actual debt-equity ratio on the date of commercial operation and for the additional capitalisation on works, debt-equity ratio of 70:30 as considered by the petitioner. Accordingly, for the purpose of tariff, equity considered for the transmission assets is as under:

(Rs. in lakh)

	Capital cost as on the date of commercial operation	Equity on the date of commercial operation	Additional capital expenditure during 2005-06	Additional capital expenditure during 2006-07	Capital cost on 1.4.2007	Addition of equity for the period 2005-06	Addition of equity for the period 2006-07	Equity as on 1.4.2006	Equity as on 1.4.2007 and afterwards
Asset- I	11971.32	3406.32	168.84	729.77	12869.93	50.65	218.93	3456.97	3675.90
Asset-II	14244.23	3294.23	-	764.01	15008.24	-	229.30	-	3523.43

RETURN ON EQUITY

18. As per clause (iii) of Regulation 56 of the 2004 regulations, return on equity shall be computed on the equity base determined in accordance with regulation 54 @

14% per annum. Equity invested in foreign currency is to be allowed a return in the same currency and the payment on this account is made in Indian Rupees based on the exchange rate prevailing on the due date of billing.

19. Equity has been considered as given in the table below para 17 above. However, tariff for the years 2005-06 and 2006-07 has been allowed on average equity. Accordingly, the petitioner shall be entitled to return on equity as under:

(Rs. in lakh)

Name of the assets	Equity as on the date of commercial operation	Addition due to additional capitalization for the period 2005-06	Addition due to additional capitalization	Average equity for 2005-06	Average equity	Return on equity			
						2005-06 (Pro rata)	2006-07 (Pro rata)	2007-08	2008-09
Asset- I	3406.32	50.65	218.93	3431.65	218.93	240.22	499.30	514.63	514.63
Asset- II	3294.23	-	229.20	-	229.20	-	437.47	493.28	493.28

INTEREST ON LOAN

20. Clause (i) of regulation 56 of the 2004 regulations *inter alia* provides that,-

“(a) Interest on loan capital shall be computed loan wise on the loans arrived at in the manner indicated in regulation 54.

(b) The loan outstanding as on 1.4.2004 shall be worked out as the gross loan in accordance with Regulation 54 minus cumulative repayment as admitted by the Commission or any other authority having power to do so, up to 31.3.2004. The repayment for the period 2004-09 shall be worked out on a normative basis.

(c) The transmission licensee shall make every effort to re-finance the loan as long as it results in net benefit to the beneficiaries. The costs associated with such re-financing shall be borne by the beneficiaries.

(d) The changes to the loan terms and conditions shall be reflected from the date of such re-financing and benefit passed on to the beneficiaries.

(e) In case of dispute, any of the parties may approach the Commission with proper application. However, the beneficiaries shall not withhold any payment ordered by the Commission to the transmission licensee during pendency of any dispute relating to re-financing of loan;

(f) In case any moratorium period is availed of by the transmission licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.

(g) The transmission licensee shall not make any profit on account of re-financing of loan and interest on loan;

(h) The transmission licensee may, at its discretion, swap loans having floating rate of interest with loans having fixed rate of interest, or vice versa, at its own cost and gains or losses as a result of such swapping shall accrue to the transmission licensee:

Provided that the beneficiaries shall be liable to pay interest for the loans initially contracted, whether on floating or fixed rate of interest.”

21. The petitioner has claimed interest on loan in the following manner:

(i) Gross loans opening has been considered from 2006-07. For Asset-II, gross loan opening has been considered from 2005-06.

(ii) On the basis of actual rate of interest on actual average loan, the weighted average rate of interest on loan is worked out for various years.

(iii) Gross loans at (i) above has been considered and the weighted average rate of interest on loan for respective years as per above has been multiplied to arrive at interest on loan, considering (depreciation + AAD) as repayment.

22. In our calculation, the interest on loan has been worked out as detailed below:

(i) Gross amount of loan, repayment of instalments and rate of interest submitted have been used to work out weighted average rate of interest on actual loan.

(ii) Notional loan arising out of additional capitalization from date of commercial operation to 31.3.2007 has been added in loan amount as on date of commercial operation to arrive at total notional loan. This adjusted gross loan has been considered as normative loan for tariff calculations

- (iii) Tariff has been worked out considering normative loan and normative repayments. Once the normative loan has been arrived at, it has been considered for all purposes in the tariff. Normative repayment has been worked out by the following formula :

Actual repayment of actual loan during the year

----- X Opening balance of normative
Opening balance of actual loan during the year loan during the year

- (iv) Moratorium in repayment of loan has been considered with reference to normative loan and if the normative repayment of loan during the year is less than the depreciation during the year, it has been considered as moratorium and depreciation during the year has been deemed as normative repayment of loan during the year.
- (v) Weighted average rate of interest on actual loan worked out as per (i) above has been applied on the average loan during the year to arrive at the interest on loan.

23. Based on the above, the year-wise details of interest worked out are given hereunder:

Details of loan	Asset-I				Asset-II		
	2005-06 (Pro rata)	2006-07	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Interest on loan							
Opening Gross Loan	8565.00	8683.19	9194.03	9194.03	10950.00	11484.81	11484.81
Cumulative Repayment	0.00	179.40	553.92	1017.03	0.00	344.57	802.21
Net Loan-Opening	8565.00	8503.78	8640.10	8176.99	10950.00	11140.24	10682.60
Additions due to Additional Capitalisation	118.19	510.84			534.81		
Repayment during the year	179.40	374.52	463.11	725.79	344.57	457.64	726.42
Net Loan-Closing	8503.78	8640.10	8176.99	7451.21	11140.24	10682.60	9956.18
Average Loan	8534.39	8571.94	8408.55	7814.10	11045.12	10911.42	10319.39
Weighted Average Rate of Interest on Loan	7.01%	7.10%	7.18%	7.20%	7.28%	7.35%	7.37%
Interest	299.28	608.49	604.14	562.53	737.21	801.85	760.35

24. The detailed calculations in support of the weighted average rate of interest are contained in Annexure-I and Annexure-II attached.

DEPRECIATION

25. Sub-clause (a) of clause (ii) of Regulation 56 of the 2004 regulations provides for computation of depreciation in the following manner, namely:

- (i) The value base for the purpose of depreciation shall be the historical cost of the asset.
- (ii) Depreciation shall be calculated annually based on straight line method over the useful life of the asset and at the rates prescribed in Appendix II to these regulations. The residual value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset. The historical capital cost of the asset shall include additional capitalisation on account of Foreign Exchange Rate Variation up to 31.3.2004 already allowed by the Central Government/Commission.
- (iii) On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.
- (iv) Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

26. Depreciation allowed has been worked out as calculated below:

(Rs.in lakh)

	Asset-I	Asset-II
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Details of Depreciation	2005-06 (Pro rata)	2006-07	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Gross block as on the date of commercial operation	11971.32	12140.16	12869.93	12869.93	14244.23	15008.24	15008.24
Additional capitalisation during the period	168.84	729.77			764.01		
Gross Block at the end of the period	12140.16	12869.93	12869.93	12869.93	15008.24	15008.24	15008.24
Rate of Depreciation	2.9762%	2.9949%	3.0085%	3.0085%	2.5700%	2.5700%	2.5700%
Depreciable Value (90%)	10850.17	11254.54	11582.94	11582.94	13163.61	13507.42	13507.42
Remaining Depreciable Value	10850.17	11075.14	11029.01	10565.90	13163.61	13162.85	12705.21
Depreciation	179.40	374.52	387.19	387.19	344.57	385.71	385.71

ADVANCE AGAINST DEPRECIATION

27. As per sub-clause (b) of clause (ii) of Regulation 56 of the 2004 regulations, in addition to allowable depreciation, the transmission licensee is entitled to Advance Against Depreciation, computed in the manner given hereunder:

AAD = Loan repayment amount as per regulation 56 (i) subject to a ceiling of 1/10th of loan amount as per regulation 54 minus depreciation as per schedule

28. It is provided that Advance Against Depreciation shall be permitted only if the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year. It is further provided that Advance Against Depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation up to that year.

29. The petitioner has claimed Advance Against Depreciation in the following manner:

- (i) 1/10th of gross loan considered for tariff computation.
- (ii) Cumulative loan as well as repayment of notional loan considered during the year.
- (iii) Depreciation as claimed in the petition.

30. In our calculation, Advance Against Depreciation has been worked as under:

- (i) 1/10th of gross loan has been worked out from the gross notional loan as per para 23 above.

- (ii) Repayment of notional loan during the year has been considered as per para 23 above.
- (iii) Depreciation as worked out as per para 26 has been taken into account.

31. The details of Advance Against Depreciation allowed for the transmission assets is given hereunder:

(Rs. in lakh)

Advance against Depreciation	Asset-I				Asset-II		
	2005-06 (Pro rata)	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
1/10th of Gross Loan(s)	856.50	868.32	919.40	919.40	1095.00	1148.48	1148.48
Repayment of the Loan	179.40	374.52	463.11	725.79	344.57	457.64	726.42
Minimum of the above	179.40	374.52	463.11	725.79	344.57	457.64	726.42
Depreciation during the year	179.40	374.52	387.19	387.19	344.57	385.71	385.71
(A) Difference	0.00	0.00	75.92	338.60	0.00	71.92	340.71
Cumulative Repayment of the Loan	179.40	553.92	1017.03	1742.82	344.57	802.21	1528.62
Cumulative Depreciation/ Advance against Depreciation	179.40	553.92	941.11	1404.22	344.57	730.28	1187.92
(B) Difference	0.00	0.00	75.92	338.60	0.00	71.92	340.71
Advance Against Depreciation: Minimum of (A) and (B)	0.00	0.00	75.92	338.60	0.00	71.92	340.71

OPERATION & MAINTENANCE EXPENSES

32. In accordance with clause (iv) of Regulation 56 the 2004 regulations, the following norms are prescribed for O & M expenses

	Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
O&M expenses (Rs in lakh per ckt-km)	0.227	0.236	0.246	0.255	0.266
O&M expenses (Rs in lakh per bay)	28.12	29.25	30.42	31.63	32.90

33. The petitioner has claimed O & M expenses for 205.79 ckt km and 7 bays for Asset-I and 348.94 ckt km and 4 bays of Asset -II, which have been allowed. Accordingly, the petitioner's entitlement to O & M expenses has been worked out as given hereunder:

(Rs. in lakh)

	Asset-I				Asset-II			
	2005-06 (Pro- rata)	2006-07	2007-08	2007-08	2006-07 (Pro- rata)	2007-08	2008-09	
O&M expenses for 205.79 ckt km of	24.28	50.62	52.48	54.74	O&M expenses 78.69	88.98	92.82	

line length					for 348.94 ckt km of line length			
O&M expenses for 7 bays	102.38	212.94	221.41	230.30	O&M expenses for 4 bays	111.54	126.52	131.60
TOTAL	126.66	263.56	273.89	285.04	TOTAL	190.23	215.50	224.42

34. The petitioner has submitted that the wage revision of its employees is due with effect from 1.1.2007. Therefore, according to the petitioner, O & M expenses should be subject to revision on account of revision of employee cost from that date. In the alternative, it has been prayed that the increase in employee cost due to wage revision be allowed as per actuals for extra cost to be incurred consequent to wage revision. We are not expressing any view, as this issue does not arise for consideration at this stage. The petitioner may approach for a relief in this regard at an appropriate stage in accordance with law.

INTEREST ON WORKING CAPITAL

35. The components of the working capital and the interest thereon are discussed hereunder:

(i) Maintenance spares

Regulation 56(v) (1) (b) of the 2004 regulations provides for maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation. In the present case, element wise capital expenditure on the date of commercial operation which has been considered as the historical cost for the purpose of the present petition and maintenance spares have been worked out accordingly by escalating 1% of the historical cost @ 6% per annum. In this manner, the value of maintenance spares works out to Rs. 11.63 lakh and Rs. 76.98 lakh for Asset-I and Asset-II,

respectively as on the date of commercial operation. The necessary details are given hereunder:

Transmission assets	Date of Commercial Operation	Capital Expenditure (Rs. in lakh) on the date of commercial operation	Escalated spares Cost (Rs. in lakh)
Asset- I	1.10.2005	11971.32	119.71
Asset-II	1.5.2006	14244.23	142.44

(ii) O & M expenses

Regulation 56(v)(1)(a) of the 2004 regulations provides for operation and maintenance expenses for one month as a component of working capital. The petitioner has claimed O&M expenses for 1 month of O&M expenses of the respective year as claimed in the petition. This has been considered in the working capital.

(iii) Receivables

As per Regulation 56(v)(1)(c) of the 2004 regulations, receivables will be equivalent to two months average billing calculated on target availability level. The petitioner has claimed the receivables on the basis 2 months' transmission charges claimed in the petition. In the tariff being allowed, receivables have been worked out on the basis 2 months' transmission charges.

(iv) Rate of interest on working capital

As per Regulation 56(v) (2) of the 2004 regulations, rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2004 or on 1st April of the year in which the project or part thereof (as the case may be) is declared under commercial operation, whichever is later. The interest on working capital is payable on normative basis notwithstanding that the transmission licensee has not taken working capital loan from any outside agency. The petitioner has claimed interest on working capital @ 10.25% based on SBI PLR as on 1st

April of year of commissioning, which is in accordance with the 2004 regulations and has been allowed.

36. The necessary computations in support of interest on working capital are appended herein below:

(Rs. in lakh)

	Asset-I				Asset-II		
	2005-06 (Pro rata)	2006-07	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Maintenance Spares	119.71	123.30	130.70	138.55	142.44	150.28	159.29
O & M expenses	21.11	21.96	22.82	23.75	17.29	17.96	18.70
Receivables	289.20	298.56	317.34	356.87	318.99	336.67	376.89
Total	430.02	443.83	470.87	519.16	478.73	504.91	554.89
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Interest	22.04	45.49	48.26	53.21	44.98	51.75	56.88

TRANSMISSION CHARGES

37. The transmission charges being allowed for the two transmission assets are summarised below:

(Rs. in lakh)

	Asset-I				Asset-II		
	2005-06 (Pro rata)	2006-07	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Depreciation	179.40	374.52	387.19	387.19	344.57	385.71	385.71
Interest on Loan	299.28	608.49	604.14	562.53	737.21	801.85	760.35
Return on Equity	240.22	499.30	514.63	514.63	437.47	493.28	493.28
Advance against Depreciation	0.00	0.00	75.92	338.60	0.00	71.92	340.71
Interest on Working Capital	22.04	45.49	48.26	53.21	44.98	51.75	56.88
O & M Expenses	126.66	263.56	273.89	285.04	190.23	215.50	224.42
Total	867.60	1791.36	1904.03	2141.19	1754.46	2020.02	2261.35

38. In addition to the transmission charges, the petitioner shall be entitled to other charges like income-tax, incentive, surcharge and other cess and taxes in accordance with the 2004 regulations.

OTHER ISSUES

39. BSEB has expressed reservation on the issue of allocation of Tala HEP allowed by Ministry of Power to Eastern Region constituents. It has been stated that

Ministry of Power has swapped equivalent thermal capacity at Farakka and Kahalgaon STPS with the capacity at Tala HEP. This has resulted in reduced energy availability to Eastern Region constituents because Tala HEP is run-of-river project and maximum generation is in summer/monsoon months whereas generation from Farakka and Kahalgaon STPS is available on round-the-year the basis. It has further been stated that the swapping arrangement has considerably increased the transmission charges in ER without giving any benefit in terms of additional power. BSEB has computed the average pooled generation cost of Farakka and Kahalgaon STPS of NTPC as Rs 1.70 (approx.) per KWh whereas the cost of Tala HEP as Rs 1.84 per KWh, including trading margin of PTC.

40. It is to be pointed out that function related to allocation of power from the central sector generating stations is in the domain of Ministry of Power. BSEB may approach the concerned authorities for redressal of its grievances, if any.

41. The petitioner has sought approval for the reimbursement of expenditure of Rs.1,64,632/- incurred on publication of notices in the newspapers. The petitioner shall claim reimbursement of the said expenditure directly from the respondents in one installment in the ratio applicable for sharing of transmission charges. The petitioner has also sought reimbursement of filing fee of Rs.5 lakh paid. A final view on reimbursement of filing fee is yet to be taken by the Commission for which views of the stakeholder have been called for. The view taken on consideration of the comments received shall apply in the present case as regards reimbursement of filing fee.

42. The petitioner is already billing the respondents on provisional basis in accordance with the Commission's interim direction. The provisional billing of tariff shall be adjusted in the light of final tariff now approved by us.

43. This order disposes of Petition No.136/2007.

sd/-
(R.KRISHNAMOORTHY)
MEMBER
 New Delhi dated the 23rd May 2008

sd/-
(BHANU BHUSHAN)
MEMBER

Annexure-I

400 kV D/C Tala (Indo-Bhutan border) -Siliguri transmission line

(Rs. in Lakh)

	Details of Loan	2005-06	2006-07	2007-08	2008-09
1	Bond XVI				
	Gross Loan opening	2749.00	2749.00	2749.00	2749.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	2749.00	2749.00	2749.00	2749.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	274.90
	Net Loan-Closing	2749.00	2749.00	2749.00	2474.10
	Average Loan	2749.00	2749.00	2749.00	2611.55
	Rate of Interest	7.10%	7.10%	7.10%	7.10%
	Interest	195.18	195.18	195.18	185.42
	Repayment Schedule	10 Annual installments w.e.f.18-02-2009			
2	Bond XIII Option-I				
	Gross Loan opening	873.00	873.00	873.00	873.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	72.75	145.50
	Net Loan-Opening	873.00	873.00	800.25	727.50
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	72.75	72.75	72.75
	Net Loan-Closing	873.00	800.25	727.50	654.75
	Average Loan	873.00	836.63	763.88	691.13

	Rate of Interest	8.63%	8.63%	8.63%	8.63%
	Interest	75.34	72.20	65.92	59.64
	Repayment Schedule	12 Annual installments w.e.f.31-07-2006			
3	Bond XV				
	Gross Loan opening	4943.00	4943.00	4943.00	4943.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	411.92
	Net Loan-Opening	4943.00	4943.00	4943.00	4531.08
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	411.92	411.92
	Net Loan-Closing	4943.00	4943.00	4531.08	4119.17
	Average Loan	4943.00	4943.00	4737.04	4325.13
	Rate of Interest	6.68%	6.68%	6.68%	6.68%
	Interest	330.19	330.19	316.43	288.92
	Repayment Schedule	12 Annual installments w.e.f.23-02-2008			
4	Loan for ADD Cap-Bond XXIV				
	Gross Loan opening	0.00	0.00	550.00	550.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	0.00	0.00	550.00	550.00
	Additions during the year	0.00	550.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	0.00
	Net Loan-Closing	0.00	550.00	550.00	550.00
	Average Loan	0.00	275.00	550.00	550.00
	Rate of Interest	9.95%	9.95%	9.95%	9.95%
	Interest	0.00	27.36	54.73	54.73
	Repayment Schedule	12 Annual installments w.e.f.26-03-2011			
	Total				
	Gross Loan opening	8565.00	8565.00	9115.00	9115.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	72.75	557.42
	Net Loan-Opening	8565.00	8565.00	9042.25	8557.58
	Additions during the year	0.00	550.00	0.00	0.00
	Repayment during the year	0.00	72.75	484.67	759.57
	Net Loan-Closing	8565.00	9042.25	8557.58	7798.02
	Average Loan	8565.00	8803.63	8799.92	8177.80
	Rate of Interest	7.01%	7.10%	7.18%	7.20%
	Interest	600.71	624.93	632.26	588.71

Annexure-II

LILO of second ckt of Bongaigaon-Malda 400 kV D/C transmission line

(Rs. in Lakh)

Details of Loan		2006-07	2007-08	2008-09
1	Bond XVI			
	Gross Loan opening	2757.00	2757.00	2757.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	2757.00	2757.00	2757.00
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	275.70
	Net Loan-Closing	2757.00	2757.00	2481.30
	Average Loan	2757.00	2757.00	2619.15
	Rate of Interest	7.10%	7.10%	7.10%
	Interest	195.75	195.75	185.96
Repayment Schedule		10 annual installments w.e.f. 18-02-2009		
2	Bond XIII Option-I			
	Gross Loan opening	876.00	876.00	876.00
	Cumulative Repayment upto DOCO/previous year	0.00	73.00	146.00
	Net Loan-Opening	876.00	803.00	730.00
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	73.00	73.00	73.00
	Net Loan-Closing	803.00	730.00	657.00
	Average Loan	839.50	766.50	693.50
	Rate of Interest	8.63%	8.63%	8.63%
	Interest	72.45	66.15	59.85
Repayment Schedule		12 annual installments w.e.f. 31-07-2006		
3	Bond XV			

	Gross Loan opening	4757.00	4757.00	4757.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	396.42
	Net Loan-Opening	4757.00	4757.00	4360.58
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	396.42	396.42
	Net Loan-Closing	4757.00	4360.58	3964.17
	Average Loan	4757.00	4558.79	4162.38
	Rate of Interest	6.68%	6.68%	6.68%
	Interest	317.77	304.53	278.05
	Repayment Schedule	12 annual installments w.e.f. 23-02-2008		
4	Bond XVII			
	Gross Loan opening	960.00	960.00	960.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	960.00	960.00	960.00
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00
	Net Loan-Closing	960.00	960.00	960.00
	Average Loan	960.00	960.00	960.00
	Rate of Interest	7.39%	7.39%	7.39%
	Interest	70.94	70.94	70.94
	Repayment Schedule	10 annual installments w.e.f. 22-09-2009		
5	Bond XVIII			
	Gross Loan opening	1600.00	1600.00	1600.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	1600.00	1600.00	1600.00
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00
	Net Loan-Closing	1600.00	1600.00	1600.00
	Average Loan	1600.00	1600.00	1600.00
	Rate of Interest	8.15%	8.15%	8.15%
	Interest	130.40	130.40	130.40
	Repayment Schedule	12 annual installments w.e.f. 9-3-2010		
6	Loan for ADD Cap-Bond XXIV			
	Gross Loan opening	0.00	550.00	550.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	0.00	550.00	550.00
	Additions during the year	550.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00
	Net Loan-Closing	550.00	550.00	550.00
	Average Loan	275.00	550.00	550.00
	Rate of Interest	9.95%	9.95%	9.95%
	Interest	27.36	54.73	54.73
	Repayment Schedule	12 annual installments w.e.f. 26-3-2011		
	Total			
	Gross Loan opening	10950.00	11500.00	11500.00
	Cumulative Repayment upto DOCO/previous year	0.00	73.00	542.42
	Net Loan-Opening	10950.00	11427.00	10957.58
	Additions during the year	550.00	0.00	0.00
	Repayment during the year	73.00	469.42	745.12
	Net Loan-Closing	11427.00	10957.58	10212.47
	Average Loan	11188.50	11192.29	10585.03
	Rate of Interest	7.28%	7.35%	7.37%

Interest	814.67	822.49	779.92
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