

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 161/2009

Coram:

- 1. Shri S.Jayaraman, Member**
- 2. Shri V.S.Verma, Member**

DATE OF HEARING: 19.11.2009

DATE OF ORDER: 22.2.2010

In the matter of

Determination of final transmission tariff and additional capital expenditure for (i) 80 MVAR, 420 kV Bus Reactor at Lucknow sub-station, and (ii) second 400 kV S/C Bareilly-Mordabad transmission line along with associated bays under Northern Region System Strengthening Scheme-I in Northern Region for the period from date of commercial operation to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon **..Petitioner**

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited, Jaipur
2. Ajmer Vidyut Vitaran Nigam Ltd., Jaipur
3. Jaipur Vidyut Vitaran Nigam Ltd, Jaipur
4. Jodhpur Vidyut Vitaran Nigam Ltd, Jaipur
5. Himachal Pradesh State Electricity Board, Shimla
6. Punjab State Electricity Board, Patiala
7. Haryana Power Purchase Centre, Panchkula
8. Power Development Department, Govt. of J&K, Jammu
9. Uttar Pradesh Power Corporation Ltd, Lucknow
10. Delhi Transco Ltd, New Delhi
11. BSES Yamuna Power Limited, New Delhi
12. BSES Rajdhani Power Ltd., New Delhi
13. North Delhi Power Ltd., New Delhi
14. Chandigarh Administration, Chandigarh
15. Uttarakhand Power Corporation Ltd, Dehradun
16. North Central Railway, Allahabad
17. New Delhi Municipal Council, New Delhi **.....Respondents**

The following were present:

1. Shri U.K.Tyagi, PGCIL
2. Shri M.M.Mondal, PGCIL
3. Shri Rakesh Prasad, PGCIL

ORDER

This petition has been filed for approval of transmission charges for (i) 80 MVAR, 420 kV Bus Reactor at Lucknow sub-station (Asset-I), and (ii) second 400 kV S/C Bareilly-Mordabad transmission line along with associated bays (Asset-II) under Northern Region System Strengthening Scheme-I (the scheme) in Northern Region from the date of commercial operation 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 2008-09. The petitioner has also prayed for reimbursement, from the beneficiaries of the expenditure incurred towards publishing of notices in newspapers, petition filing fee and licence fee.

2. The investment approval for the transmission assets was accorded by Board of Directors of the petitioner company vide Memorandum dated 25.2.2004 at an estimated cost of Rs.27180 lakh, which included IDC of Rs. 1421 lakh. Subsequently, approval for the revised cost estimate was accorded by Board of Directors of the petitioner company vide letter dated 21.10.2008 for an estimated cost of Rs. 35084 lakh, which included IDC of Rs. 1584 lakh (based on 4th quarter 2007 price level).

3. The provisional transmission charges for the transmission assets were approved by the Commission vide order dated 27.11.2008 in Petition No. 106/2008.

4. The date of commercial operation of the transmission assets, their apportioned approved cost and estimated completion cost, etc. are as under:

(Rs in lakh)

S. No.	Name of Asset	Date of commercial operation	Apportioned approved cost	Expenditure up to the date of commercial operation	Expenditure from the date of commercial operation to 31.3.2009	Balance Estimated Expenditure
1.	Asset-I	1.5.2008	696.69	599.59	28.11	66.17
2.	Asset-II	1.6.2008	7480.35	6938.94	195.77	419.10

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

(Rs. in lakh)

	Asset- I	Asset-II
	2008-09 (Pro rata)	2008-09 (Pro rata)
Depreciation	20.25	162.56
Interest on Loan	34.62	363.71
Return on Equity	23.59	246.32
Advance against Depreciation	0.00	0.00
Interest on Working Capital	3.27	25.68
O & M Expenses	30.16	75.17
Total	111.89	873.44

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
	2008-09 (Pro rata)	2008-09 (Pro rata)
Maintenance Spares	6.00	69.39
O & M expenses	2.74	7.52
Receivables	20.34	174.69
Total	29.08	251.60
Rate of Interest	12.25%	12.25%
Interest	3.27	25.68

7. No reply has been filed by any respondent. 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 of 1.5% of original project cost. The regulation is applicable for the transmission systems declared under commercial operation on or after 1.4.2004.

9. The petitioner has claimed tariff after accounting for additional capital expenditure in respect of Asset-I and Asset-II from the date of commercial operation up to 31.3.2009 as given in the table below para 4 above.

ADDITIONAL CAPITALIZATION 2008-09

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 for Asset-I and Asset-II are given hereunder:

Asset-I			Asset-II		
Year	Amount (Rs. in lakh)	Nature and details of expenditure	Year	Amount (Rs. in lakh)	Nature and details of expenditure
2008-09	Sub-Station: Rs. 28.11 lakh	Balance and retention payments	2008-09	Building , Transmission line and Sub-Station: Rs 195.77 lakh	Balance and retention payments
Total	Rs. 28.11 lakh		Total	Rs.195.77 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, capitalization of the additional expenditure claimed by the petitioner has been allowed for the transmission Asset-I and Asset-II, respectively.

Initial spares

13. Clause (1) of the Regulation 52 of the 2004 regulations *inter alia* provides that,-

“(1) Subject to prudence check by the Commission, 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 capitalized initial spares subject to a ceiling norm as 1.5% of original project cost”.

14. The details of actual expenditure incurred and spares included therein by the petitioner as per original scope of project up to 31.3.2009 are as under:-

	Particulars	Capital Expenditures (Rs in lakh)					Remarks
		Up to the date of commercial operation	From the date of commercial operation to 31.3.2008	From 1.4.2008 to 31.3.2009	Total	Initial Spares included therein	
1	400 kV D/C Kanpur-Auraiya transmission line with bays at Auraiya	7068.46	1057.33	-----	8125.79	67.33	Final transmission tariff up to the date of commercial operation and additional capital up to 31.3.2008 allowed vide petition No. 26/2009
2	Two nos. 400 kV bays at Kanpur Sub-station associated with 400 kV Kanpur-Auriya transmission line	698.00	4.21	-----	702.21	15.03	Final transmission tariff up to the date of commercial operation and add cap up to 31.3.2008 allowed vide petition No. 136/2008
3.	LILO of 400 kV D/C Bareilly-Mandola TL at Bareilly and Bus Reactor at Bareilly	5800.10	62.75	-----	5862.85	102.06	
4.	LILO of 400 kV S/C Lucknow –Moradabad TL at Bareilly and	3647.18	60.50	-----	3707.68	40.82	
5.	LILO of 400 kV Lucknow (UPPCL) at Lucknow (POWERGRID)	5431.65	14.41	-----	5446.06	81.65	
6.	80 MVAR, 420 KV Bus Reactor at Lucknow Sub-station	599.59	-----	28.11	627.70	8.16	
7.	second 400KV Bareilly – Moradabad TL along with associated bays	6938.94	-----	195.77	7134.71	40.82	Included in this tariff Petition
8.	Lilo of Kanpur-Agra 400 KV S/C at Auraiya	As per the decision of 16 th standing committee of NR dated 24.3.2004 this element was not implemented					

15. Total actual expenditure incurred by the petitioner, for assets at Sl. No. 1,2,3,4 and 5 above up to 31.3.2008 is Rs. 23844.59 lakh and cost of spares included therein is Rs. 306.89 lakh. The final transmission charges for these assets has been awarded for the period from date of commercial operation

to 31.3.2008 vide Petitions Nos. 26/2009 and 136/2008. Total actual expenditure incurred by the petitioner for assets at S.No. 6 and 7 above up to 31.3.2009 is Rs. 7762.41 lakh and cost of spares included therein is Rs. 48.98 lakh. The total cost without initial spares is Rs. 31251.13 lakh and cost of spares included therein is Rs. 355.87 lakh which is found within the ceiling of 1.5% as per the 2004 regulations.

Time over-run

16. As per the investment approval, the transmission assets were scheduled to be commissioned by July 2007. However, transmission Asset-I and Asset-II were declared under commercial operation on 1.5.2008 and 1.6.2008, respectively. Therefore, there is a time delay of about 10 and 11 months in the commissioning of the transmission assets. The petitioner has submitted that the delay was due to forest clearance, serious ROW problem, line of UPPCL was collapsed which was collapsed over petitioner line, massive theft cases along the transmission line etc.

17. During the hearing, the petitioner was directed to submit confirmation to the effect that everything else in the system was ready and completed in time except for critical activities and justification for delay of 10 month for 80 MVAR, 420 Bus reactor at Lucknow sub-station.

18. The petitioner vide its affidavit dated 11.12.2009 has submitted above information with justification. The petitioner has stated that line was completed in May 2007 against the schedule for commissioning as July 2007 except the critical stretches. Regarding critical stretches the petitioner has submitted that delay was due to ROW problem and in this regard supportive

documents have been submitted by the petitioner. Therefore, reason given by the petitioner for delay is found to be justified. Hence delay is condoned.

19. In respect of the delay in commissioning of the reactor, the petitioner has submitted that the delay was mainly due to delay in the supply of the fire fighting equipment for the reactor. The petitioner has also submitted that delay in commissioning of the bus reactor had not affected the power flow at Lucknow sub-station since the sub-station was already connected to Sarojini Nagar sub-station of UPPCL through 400 kV Unnao sub-station and 220 kV Chihat sub-station of UPPCL. As mentioned by the petitioner, there might not have been an evacuation problem but the commissioning of the subject bus-reactor would have helped in dealing with the over voltage problem experienced in transmission system. The delay, whether it is due to reactor supplier or fire fighting equipment should take into account the liquidated damages (LD) etc. While finalising the settlement, same should be reflected in the capital cost. The petitioner vide its affidavit dated 27.1.2010 has stated that any recovery on account on LD is adjusted against the capital cost of the asset at the time of final settlement of suppliers/contractor's claim and closing of contracts. In case of bus reactor, final settlement of claim and closing of contract activities are in progress. The petitioner is directed to adjust the LD, if any in the capital cost after finalization of claim and completion of contract activities.

Cost over-run

20. There is increase in the estimated cost as per the revised cost estimate from the investment approval. The contracts for various packages under the scheme were awarded to the lowest evaluated and responsive bidder, on the basis of the competitive bidding after publication of the NITs in leading news paper. This awarded price represents the lowest prices available at the time of bidding of various packages. The price variation during execution of the project is attributable to the inflationary trend prevailing during execution of the scheme and also market forces prevailing at the time of bidding process of various packages for execution of the scheme. Due to this reasons, the estimated cost as per revised cost estimate has increased.

TOTAL CAPITAL COST

21. Based on the above, gross block as given below has been considered for the purpose of tariff for the transmission assets, after allowing additional capitalization on works as claimed by the petitioner, which is within the limits of apportioned approved cost:

(Rs. in lakh)			
Name of the asset	Admitted capital cost as on the date of commercial operation	Additional capital expenditure up to 31.3.2009	Total Capital expenditure as on 1.4.2009
Asset-I	599.59	28.11	627.70
Asset-II	6938.94	195.77	7134.71

DEBT- EQUITY RATIO

22. 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 consider 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.”

23. Note 1 below Regulation 53 of the 2004 regulations lays down that any expenditure on account of committed liabilities within the original scope of work is to be serviced in the normative debt-equity ratio specified in Regulation 54.

24. The petitioner has considered debt-equity ratio of 70.05:29.95 and 70:30 for Asset-I and Asset-II, respectively, as per details of funds actually deployed on the date of commercial operation. The petitioner has further considered the amount of additional capital expenditure in the debt-equity ratio of 70.01:29.99 and 70:30 for both Asset-I and Asset-II respectively. The additional capital expenditure approved in the ratio of 70:30 has been considered in accordance with the 2004 regulations. Accordingly, for the purpose of tariff, equity considered for the transmission assets is as under:

(Rs. in lakh)

Assets	Equity on the date of commercial operation	Notional equity due to additional capital expenditure for the period 2008-09	Average equity for 2008-09
Asset-I	179.59	8.43	183.81
Asset-II	2081.94	58.73	2111.31

RETURN ON EQUITY

25. 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.

26. Equity has been considered as on the date of commercial operation as given in the table in para 24 above. However, tariff for the period from date of commercial operation to 31.3.2009 has been allowed on average equity. Accordingly, the petitioner shall be entitled to return on equity of Rs. 23.59 lakh and Rs. 246.32 lakh on pro rata basis for Asset-I and Asset-II respectively.

INTEREST ON LOAN

27. 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."

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

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

(b) Notional loan arising out of additional capital expenditure from date of commercial operation to 31.3.2009 has been added in loan amount as on date of commercial operation to arrive at total Notional loan. This adjusted Gross loan is considered as normative loan for tariff calculations.

(c) Tariff has been worked out considering normative loan and normative repayment. Normative repayments are worked out by the following formula:

$$\frac{\text{Actual repayment of actual loan during the year}}{\text{Opening balance of actual loan during the year}} \times \text{Opening balance of normative loan during the year}$$

(d) 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 including Advance Against Depreciation during the year, then depreciation including Advance Against Depreciation during the year has been deemed as normative repayment of loan during the year.

(e) Weighted average rate of interest on actual loan worked out as per (a) above has been applied on the notional average loan during the year to arrive at the interest on loan.

(f) Short-term Bank of Baroda loan was replaced by Bond XXVIII w.e.f. 15.12.2008. Weighted average rate of interest for 2008-09 has been considered based on number of days while working out the weighted average rate of interest on actual loan.

(g) In case of Asset-II though the part of actual loan (Bond XXVIII and Bond XXIX) against the cost as on the date of commercial operation was raised during 2008-09, however as the petitioner has considered the same as on the date of commercial operation for working out Debt-equity ratio as on the date of commercial operation, for the purpose of tariff, the same has been considered.

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

(Rs. in lakh)		
	Asset-I	Asset-II
	2008-09 (Pro rata)	2008-09 (Pro rata)
Gross Normative Loan	420.00	4857.00
Cumulative Repayment up to Previous Year/date of commercial operation	0.00	0.00
Net Loan-Opening	420.00	4857.00
Addition due to Additional Capitalisation	19.68	137.04
Repayment during the year	20.25	162.56
Net Loan-Closing	419.43	4831.48
Average Loan	419.71	4844.24
Weighted Average Rate of Interest on Loan	9.00%	9.01%
Interest	34.62	363.71

30. The detailed calculations in support of the weighted average rate of interest in respect of Asset-I and Asset-II are contained in Annexure-I and Annexure-II, respectively attached to this order.

DEPRECIATION

31. 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."

32. Based on the above, depreciation allowed has been worked out as below:

	(Rs. in lakh)	
	Asset-I	Asset-II
	2008-09 (Pro rata)	2008-09 (Pro rata)
Gross block as on the date of commercial operation	599.59	6938.94
Addition due to Additional Capitalisation during 2008-09	28.11	195.77
Gross Block at the end of the year	627.70	7134.71
Rate of Depreciation	3.6000%	2.7721%
Depreciable Value	552.28	6333.14
Balance Useful life of the asset	-	-
Remaining Depreciable Value	552.28	6333.14
Depreciation	20.25	162.56

ADVANCE AGAINST DEPRECIATION

33. 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

34. 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.

35. The petitioner has not claimed Advance Against Depreciation and accordingly, Advance Against Depreciation has not been considered.

OPERATION & MAINTENANCE EXPENSES

36. 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

37. The petitioner has claimed O & M expenses for four bays for Asset-I and 91.723 ckt km and two bays for 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	
	2008-09 (Pro rata)		2008-09 (Pro rata)
		O&M expenses for 91.723 ckt km	20.332
O&M expenses for 4 bays	30.16	O&M expenses for 2 bays	54.833
Total	30.16	Total	75.165

38. 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 actual based on the auditor’s certificate for such extra employee cost. We are not expressing any view, as this issue does not arise for consideration at this stage. The petitioner may approach for relief in this regard at an appropriate stage in accordance with law.

INTEREST ON WORKING CAPITAL

39. 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, Asset wise capital expenditure on the date of commercial operation has been considered as the historical cost 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. 6.00 lakh and Rs. 69.39 lakh for Asset-I and Asset-II, respectively. The necessary details are given hereunder:

Transmission assets	Date of commercial operation	Capital Expenditure on the date of commercial operation (Rs. in lakh)	Cost of maintenance spares as on the date of commercial operation (Rs. in lakh)
Asset- I	1.5.2008	599.59	6.00
Asset-II	1.6.2008	6938.94	69.39

(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 of 2 months' transmission charges claimed in the petition. In the tariff being allowed, receivables have been worked out on the basis of 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 @ 12.25% based on SBI PLR as on 1.4.2008, which is in accordance with the 2004 regulations and has been allowed.

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

	(Rs. in lakh)	
	Asset- I	Asset-II
	2008-09 (Pro rata)	2008-09 (Pro rata)
Maintenance Spares	6.00	69.39
O & M expenses	2.74	7.52
Receivables	20.34	174.69
Total	29.08	251.59

Rate of Interest	12.25%	12.25%
Interest	3.27	25.68

TRANSMISSION CHARGES

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

	(Rs. in lakh)	
	Asset-I	Asset-II
	2008-09 (Pro rata)	2008-09 (Pro rata)
Depreciation	20.25	162.56
Interest on Loan	34.62	363.71
Return on Equity	23.59	246.32
Advance against Depreciation	0.00	0.00
Interest on Working Capital	3.27	25.68
O & M Expenses	30.16	75.17
Total	111.88	873.44

42. 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.

43. The petitioner has sought approval for the reimbursement of expenditure of Rs. 3,31,936/- 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.

44. The reimbursement of filing fee is not being allowed in terms of the Commission's order dated 11.9.2008 in Petition No. 129/2005. Decision in regard in licence fee will be communicated separately.

45. Transmission charges shall be shared by all the Northern Regional beneficiaries as per the provisions of the 2004 regulations.

46. This order disposes of Petition No. 161/2008.

Sd/-
(V.S.VERMA)
MEMBER

sd/-
(S.JAYARAMAN)
MEMBER

Annexure-I

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN		
		(Rs. in lakh)
	Details of Loan	2008-09
1	Bond-XVII	
	Gross Loan opening	75.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	75.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	75.00
	Average Loan	75.00
	Rate of Interest	7.39%
	Interest	5.54
	Repayment Schedule	10 Annual instalments from 22.9.2009
2	Bond-XIX	
	Gross Loan opening	206.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	206.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	206.00
	Average Loan	206.00
	Rate of Interest	9.25%
	Interest	19.06
	Repayment Schedule	12 Annual instalments from 24.7.2010
3	Bond-XXVII	
	Gross Loan opening	139.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	139.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	139.00
	Average Loan	139.00
	Rate of Interest	9.47%
	Interest	13.16
	Repayment Schedule	12 Annual instalments from 31.3.2012
4	Bond-XXIX (ADDCAP FOR 2008-2009 DRAWL ON 12-MAR-2009)	
	Gross Loan opening	0.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	0.00
	Additions during the year	28.11
	Repayment during the year	0.00
	Net Loan-Closing	28.11

	Average Loan	14.06
	Rate of Interest	9.20%
	Interest	1.29
	Repayment Schedule	12 Annual instalments from 12.3.2013
	Total Loan	
	Gross Loan opening	420.00
	Cumulative Repayment up to the date of commercial operation	0.00
	Net Loan-Opening	420.00
	Additions during the year	28.11
	Repayment during the year	0.00
	Net Loan-Closing	448.11
	Average Loan	434.06
	Rate of Interest	9.00%
	Interest	39.05

Asset-II

		(Rs. in Lakh)
	Details of Loan	2008-09
1	Bond-XIX	
	Gross Loan opening	2147.00
	Cumulative Repayment up to the date of commercial operation/previous year	0.00
	Net Loan-Opening	2147.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	2147.00
	Average Loan	2147.00
	Rate of Interest	9.25%
	Interest	198.60
	Repayment Schedule	12 Annual instalments from 24.7.2010
2	Bond-XVII	
	Gross Loan opening	786.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	786.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	786.00
	Average Loan	786.00
	Rate of Interest	7.39%
	Interest	58.09
	Repayment Schedule	10 Annual instalments from 22.9.2009
3	Bond-XXVII	
	Gross Loan opening	1483.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	1483.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	1483.00
	Average Loan	1483.00
	Rate of Interest	9.47%
	Interest	140.44
	Repayment Schedule	12 Annual instalments from 31.3.2012
4	Bond-XXIX	
	Gross Loan opening	0.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	0.00
	Additions during the year	225.00
	Repayment during the year	0.00
	Net Loan-Closing	225.00
	Average Loan	112.50
	Rate of Interest	9.20%

	Interest	10.35
	Repayment Schedule	12 Annual instalments from 12.3.2013
5	Bond-XXVIII	
	Gross Loan opening	0.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	0.00
	Additions during the year	216.00
	Repayment during the year	0.00
	Net Loan-Closing	216.00
	Average Loan	108.00
	Rate of Interest	9.33%
	Interest	10.08
	Repayment Schedule	12 Annual instalments from 15.12.2012
6	Bond-XXIX (ADDCAP FOR 2008-2009 DRAWL ON 12-MAR-2009)	
	Gross Loan opening	0.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	0.00
	Additions during the year	195.77
	Repayment during the year	0.00
	Net Loan-Closing	195.77
	Average Loan	97.89
	Rate of Interest	9.20%
	Interest	9.01
	Repayment Schedule	12 Annual instalments from 12.3.2013
	Total Loan	
	Gross Loan opening	4416.00
	Cumulative Repayment up to the date of commercial operation	0.00
	Net Loan-Opening	4416.00
	Additions during the year	636.77
	Repayment during the year	0.00
	Net Loan-Closing	5052.77
	Average Loan	4734.39
	Rate of Interest	9.01%
	Interest	426.55