

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 166/2009

Coram:

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri S.Jayaraman, Member**
- 3. Shri V.S.Verma, Member**

DATE OF HEARING: 24.11.2009

DATE OF ORDER 19.5.2010

In the matter of

Determination of final transmission tariff for (i) 400 kV Khandwa-Rajgarh Ckt-II along with associated bays, ICT II at Gwalior sub-station and 765/400 kV ICT-III at Seoni sub-station, (ii) 400 kV Khandwa-Rajgarh Ckt-I along with associated bays, 63 MVAR Bus reactor at Bina sub-station under Sipat-II transmission system of Western Region from the date of commercial operation to 31.3.2009.

And in the matter of

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

1. Madhya Pradesh Power Transmission Company Ltd., Jabalpur
2. Maharashtra State Electricity Distribution Co. Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Vadodara
4. Electricity Deptt., Govt., of Goa, Panaji
5. Electricity Department, Administration of Daman and Diu, Daman
6. Electricity Department, Administration of Dadra Nagar Haveli, Silvassa
7. Chhattisgarh State Electricity Board, Raipur
8. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Ltd. Indore

.....Respondents

The following were present:

1. Shri U.K.Tyagi, PGCIL
2. Shri Prashant Sharma, PGCIL
3. Shri M.M.Mondal, PGCIL
4. Shri S.K.Niranjan, PGCIL

ORDER

This petition has been filed for approval of transmission charges for (i) 400 kV Khandwa-Rajgarh Ckt-II along with associated bays, ICT II at Gwalior sub-station and 765/400 kV ICT-III at Seoni sub-station, (ii) 400 kV

Khandwa-Rajgarh Ckt-I along with associated bays, 63 MVAR Bus reactor at Bina sub-station(collectively referred to as "transmission assets") under Sipat-II transmission system (the transmission system) in Western Region from the date of commercial operation of the respective 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 2008-09. The petitioner has also prayed for reimbursement of expenditure, from the beneficiaries, incurred towards publishing of notices in newspapers, petition filing fee and licence fee.

2. During the hearing, the petitioner was directed to clarify the method of sharing of the transmission charges and submit separate cost and tariff details as per the Commission's order dated 28.3.2008 in Petition No. 85/2007 (Suo motu). The petitioner vide its affidavit dated 28.1.2010 has segregated the cost of 400 kV Khandwa-Rajgarh Ckt-II along with associated bays, ICT II at Gwalior sub-station and 765/400 kV ICT-III at Seoni sub-station as per the said order dated 28.3.2008. The details of transmission assets and their dates of commercial operation as indicated by the petitioner are as under:

S. No.	Name of the assets	Date of commercial operation
1.	400 kV Khandwa-Rajgarh Ckt-II along with associated bays and 765/400 kV ICT-III at Seoni sub-station (Asset-I)	1.4.2008
2.	400 kV ICT-II Gwalior sub-station (Asset-II)	1.4.2008
3.	400 kV Khandwa-Rajgarh Ckt-I along with associated bays, 63 MVAR Bus reactor at Bina sub-station (Asset-III)	1.5.2008

3. The investment approval for the transmission system was accorded by Ministry of Power vide its letter dated 23.8.2004 at an estimated cost of Rs.60190 lakh, including IDC of Rs. 4199 lakh at 1st quarter, 2004 price level. Subsequently, the Board of Directors vide its letter No. C/CP/RCE/Sipat-II dated 26.12.2008 accorded approval for revised cost estimate of Rs. 79351 lakh, including IDC of Rs. 3788 lakh at the 2nd quarter 2008 price level.

4. **The provisional transmission charges for the transmission assets were approved by the Commission vide its order dated 11.12.2008 in Petition No. 118/2008.**

5. The details of the apportioned approved cost and capital expenditure etc. of the transmission assets noted at para 2 above are 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 31.3.2009	Balance estimated expenditure	Expenditure as on 31.3.2009
Asset- I	23357.70	20288.77	738.14	1094.42	21026.91
Asset-II	1408.56	1213.49	1.02	155.76	1214.51
Asset-III	7133.06	6515.33	99.04	218.80	6614.37

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

(Rs. in lakh)

	Asset- I	Asset-II	Asset- III
	2008-09	2008-09	2008-09 (Pro rata)
Depreciation	594.15	43.70	166.68
Interest on Loan	1278.05	74.71	370.40
Return on Equity	867.79	50.91	252.71
Advance against Depreciation	0.00	0.00	0.00
Interest on Working Capital	88.43	7.10	28.44
O & M Expenses	190.28	65.80	144.26
Total	3018.70	242.22	962.49

7. 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	Asset- III
	2008-09	2008-09	2008-09 (Pro rata)
Maintenance Spares	202.89	12.13	65.15
O & M expenses	15.86	5.48	13.11
Receivables	503.12	40.37	175.00
Total	721.87	57.98	253.26
Rate of Interest	12.25%	12.25%	12.25%
Interest	88.43	7.10	28.44

8. The reply to the petition has been filed by Madhya Pradesh Power Trading Company Ltd. (MPPTCL). 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. MPPTCL in its reply has prayed to disallow the excess capital expenditure attributed to the delay in the project and to restrict the expenditure on IDC as per investment approval. MPPTCL has also raised issues of the interest rate, income tax, reimbursement of expenditure towards publishing notices, petition filing fee and O & M etc. The issues raised by the MPPTCL have been dealt with the relevant paras of this order.

CAPITAL COST

9. 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 in case of the transmission system declared under commercial operation on or after 1.4.2004.

10. The petitioner has claimed tariff after accounting for additional capitalization in respect of Asset-I, Asset-II and Asset-III from the date of commercial operation up to 31.3.2009 as given in the table below para 5 above.

ADDITIONAL CAPITALIZATION 2008-09

11. 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.”

12. The details submitted by the petitioner in support of its claim for additional capital expenditure for Asset-I, Asset-II and Asset-III are given hereunder:

Asset-I			Asset-II		Asset-III	
Year	Amount (Rs. in lakh)	Nature and details of expenditure	Amount (Rs. in lakh)	Nature and details of expenditure	Amount (Rs. in lakh)	Nature and details of expenditure
2008-09	Building, transmsison line, sub-station and PLCC: Rs. 738.14 lakh	Final/ Retention payments	Sub-station: Rs. 1.02 lakh	Final/ Retention payments	Transmission line, sub-station and PLCC: Rs. 99.04 lakh	Final/ Retention payments
Total	Rs . 738.14 lakh		Rs. 1.02 lakh		Rs. 99.04 lakh	

13. 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 three transmission assets.

Initial spares

14. 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”.

15. 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 31-3-2009	Total	Initial Spares included therein	

1	Asset-I	20288.77	738.14	21026.91	268.27	Claimed in the current petition.
2	Asset-II	1213.49	1.02	1214.51	Nil	
3	Asset-III	6515.33	99.04	6614.37	56.93	
	Total	28017.59	838.20	28855.79	325.20	

16. Total actual expenditure incurred by the petitioner up to 31.3.2009 is Rs. 28855.79 which included cost of spares of Rs. 325.20 lakh. The total cost without initial spares is Rs. 28530.59 lakh and cost of spares included therein is Rs. 325.20 lakh which is found within the ceiling of 1.5% as per the 2004 regulations. the cut of date is stated to be 31.3.2010.

Cost over-run

17. 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 papers. These awarded prices 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 the said period and also market forces prevailing at the time of bidding process of various packages for execution of the transmission system. Due to these reasons, the estimated cost as per revised cost estimate has increased.

18. During the hearing, the petitioner was also directed to submit/clarify following:

- (i) The petitioner was directed to submit its policy regarding delay in construction of transmission assets specifying the issues related to

contract agreement between Power Grid and the generating company, liquidated damages to be recovered from the vendors and deduction thereof from the project cost.

(b) The petitioner was further directed to submit policy on treatment of IDC in such cases of delayed implementation and provision of indemnification by the generator.

19. In response, the petitioner vide its affidavit dated 28.1.2010 has submitted that following provision has been made in the LOA for imposition of Liquidated damages for delay:

"The supplier and contractor shall pay to the petitioner as LD and not as penalty, a sum of one half percent (0.5%) of respective contract price for each calendar week delay or part thereof. However, the total amount of LD for delay under the contract will be subject to maximum of 5% of contract price."

20. The petitioner has submitted that the liquidated damages for delay has been imposed on the contractor in certain cases and adjusted against the capital cost as per terms of the contract. According to the petitioner, as and when the process is completed, the amount of liquidated damages recovered from the supplier shall be adjusted against the capital cost. It is significant that final completion cost of the assets covered under the subject petition is yet to be determined. The petitioner has further annexed the policy in respect of delay in construction of transmission assets specifying the

issue relating to contract agreement between Power Grid and generating company and policy on treatment of IDC in such cases of delayed implementation and provision of indemnification of generator.

21. The justification submitted by the petitioner has been found in order.

TOTAL CAPITAL COST

22. 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:

Name of the asset	Admitted capital cost as on the date of commercial operation	Additional capital expenditure up to 31.3.2009	(Rs. in lakh)
			Total Capital expenditure as on 1.4.2009
Asset-I	20288.77	738.14	21026.91
Asset-II	1213.49	1.02	1214.51
Asset-III	6515.33	99.04	6614.37

DEBT- EQUITY RATIO

23. 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."

24. Note 1 below Regulation 53 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.

25. The petitioner has considered debt-equity ratio of, 70:30, 70.05:29.95 and 70:30 for transmission Asset-I, Asset-II and Asset-III, 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, 69.61:30.39 and 70:30 for transmission Asset-I, Asset-II and Asset-II, respectively. The expenditure as on the date of commercial operation and additional capital expenditure has been restricted in the ratio of 70:30 in accordance with the 2004 regulations. 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	Equity for the period 2008-09
Asset-I	6086.63	221.44	6197.35	6308.07
Asset-II	363.49	0.31	363.64	363.80
Asset-III	1954.33	29.71	1969.19	1984.04

RETURN ON EQUITY

26. 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.

27. Equity has been considered as on the date of commercial operation as given in the table in para 25 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 as under:

(Rs. in lakh)

Name of the Element	Return on equity
Asset-I	867.63
Asset-II	50.91
Asset-III	252.71

INTEREST ON LOAN

28. 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."

29. 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 and weighted average rate of interest on actual loans have been considered as per the petition.

(b) Notional loan arising out of additional capital expenditure for the year 2008-09 has been added to the 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.

(c) Tariff has been worked out considering normative loan and normative repayment. Normative repayments have been 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 is 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 bridge loan from Bank of Baroda was replaced by Bond XXVIII w.e.f. 15.12.2008. Therefore, for the year 2008-09, weighted average rate of interest based on number of days for these loans has been considered while working out the weighted average rate of interest on actual loan.

30. Based on the above, the details of interest worked out are given hereunder:

(Rs. in lakh)

Details	Asset- I 2008-09	Asset-II 2008-09	Asset- III 2008-09 (Pro rata)
Gross Normative Loan	14202.14	850.00	4561.00
Cumulative Repayment up to Previous Year/date of commercial operation	0.00	0.00	0.00
Net Loan-Opening	14202.14	850.00	4561.00
Addition due to Additional Capitalisation	516.70	0.71	69.33
Repayment during the year	594.15	43.70	166.68
Net Loan-Closing	14124.69	807.01	4463.65
Average Loan	14163.41	828.51	4512.33
Weighted Average Rate of Interest on loan	9.02%	9.02%	8.95%
Interest	1278.16	74.71	370.40

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

DEPRECIATION

32. 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."

33. Depreciation allowed has been worked out as below:

(Rs. in lakh)

Details	Asset- I 2008-09	Asset-II 2008-09	Asset- III 2008-09 (Pro rata)
Gross block as on the date of commercial operation	20288.77	1213.49	6515.33
Additional Capital expenditure during 2008-09	738.14	1.02	99.04
Gross Block at the end of the year	21026.91	1214.51	6614.37
Rate of Depreciation	2.8761%	3.6000%	2.7697%
Depreciable Value	18592.06	1092.60	5908.37
Balance Useful life of the asset	-	-	-
Remaining Depreciable Value	18592.06	1092.60	5908.37
Depreciation	594.15	43.70	166.68

ADVANCE AGAINST DEPRECIATION

34. 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

35. 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.

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

OPERATION & MAINTENANCE EXPENSES

37. In accordance with clause (iv) of Regulation 56 of 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

38. The petitioner has claimed O & M expenses for 220.558 ckt.km four bays for Asset-I, two bays for Asset-II and 220.58 ckt.km and three bays for Asset-III which have been allowed. Accordingly, the petitioner's entitlement to O & M expenses for the 2008-09 has been worked out as given hereunder:

(Rs. in lakh)

Asset-I		Asset - II		Asset-III	
O&M expenses for 220.558 ckt.km	58.67	-	-	O&M expenses for 220.558 ckt.km	53.78
O&M expenses for 4 bays	131.60	O&M expenses for 4 bays	65.80	O&M expenses for 2 bay	90.48
Total	190.27		65.80		144.26

39. 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

40. 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, restricted 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 @ 1%. In this manner, the value of maintenance spares works out to Rs. 202.89 lakh, Rs. 12.13 lakh and Rs. 65.15 lakh for transmission Asset-I, Asset-II and Asset-III respectively as on the date of commercial operation. 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	1.4.2008	20288.77	202.89
Asset-II	1.4.2008	1213.49	12.13
Asset-III	1.5.2008	6515.33	65.15

(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 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 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.

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

(Rs. in lakh)

	Asset- I	Asset-II	Asset- III
	2008-09	2008-09	2008-09 (Pro rata)
Maintenance Spares	202.89	12.13	65.15
O & M expenses	15.86	5.48	13.11
Receivables	503.11	40.37	175.00
Total	721.85	57.99	253.26
Rate of Interest	12.25%	12.25%	12.25%
Interest	88.43	7.10	28.44

TRANSMISSION CHARGES

42. The transmission charges being allowed for the five transmission assets are summarised below:

(Rs. in lakh)

	Asset- I	Asset-II	Asset- III
	2008-09	2008-09	2008-09 (Pro rata)
Depreciation	594.15	43.70	166.68
Interest on Loan	1278.16	74.71	370.40
Return on Equity	867.63	50.91	252.71
Advance against Depreciation	0.00	0.00	0.00
Interest on Working Capital	88.43	7.10	28.44
O & M Expenses	190.27	65.80	144.26
Total	3018.63	242.23	962.48

43. 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.

44. The petitioner has sought approval for the reimbursement of expenditure of Rs. 1,92,346/- 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.

45. The petitioner has also sought reimbursement of filing fee paid. The Commission by its separate general order dated 11.9.2008 in Petition No. 129/2005 (Suo-motu) has decided that petition filing fee shall not be reimbursed during the tariff period 2004-09 as the same has been factored in O & M norms. The decision applied in the present case also. The decision on licence fee shall be communicated separately.

46. The transmission charges for Asset-I and Asset-III shall be shared all the beneficiaries in terms of 2004 regulations. Transmission charges for the Asset-II shall be borne by MPPTCL in accordance with order dated 28.3.2008 in Petition No. 85/2007 (Suo motu).

47. This order disposes of Petition No. 166/2009.

Sd/-
(V.S.VERMA)
MEMBER

sd/-
(S.JAYARAMAN)
MEMBER

sd/-
(Dr. PRAMOD DEO)
CHAIRPERSON

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

Asset-I

		(Rs. in lakh)
	Details of Loan	2008-09
1	Bond-XVII	
	Gross Loan opening	651.00
	Cumulative Repayment up to the date of commercial operation/previous year	0.00
	Net Loan-Opening	651.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	651.00
	Average Loan	651.00
	Rate of Interest	7.39%
	Interest	48.11
	Repayment Schedule	10 Annual instalments from 22.9.2009
2	Bond-XVIII	
	Gross Loan opening	1113.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	1113.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	1113.00
	Average Loan	1113.00
	Rate of Interest	8.15%
	Interest	90.71
	Repayment Schedule	12 Annual instalments from 9.3.2010
3	Bond-XX	
	Gross Loan opening	5097.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	5097.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	5097.00
	Average Loan	5097.00
	Rate of Interest	8.93%
	Interest	455.16
	Repayment Schedule	12 Annual instalments from 7.9.2010
4	Bond-XXI	
	Gross Loan opening	47.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	47.00
	Additions during the year	0.00
	Repayment during the year	0.00

	Net Loan-Closing	47.00
	Average Loan	47.00
	Rate of Interest	8.73%
	Interest	4.10
	Repayment Schedule	12 Annual instalments from 11.10.2010
5	Bond-XXII	
	Gross Loan opening	364.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	364.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	364.00
	Average Loan	364.00
	Rate of Interest	8.68%
	Interest	31.60
	Repayment Schedule	12 Annual instalments from 7.12.2010
6	Bond-XXIII	
	Gross Loan opening	1755.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	1755.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	1755.00
	Average Loan	1755.00
	Rate of Interest	9.25%
	Interest	162.34
	Repayment Schedule	12 Annual instalments from 9.2.2011
7	Bond-XXVI	
	Gross Loan opening	844.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	844.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	844.00
	Average Loan	844.00
	Rate of Interest	9.30%
	Interest	78.49
	Repayment Schedule	12 Annual instalments from 7.3.2012
8	Bond-XXVII	
	Gross Loan opening	4330.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	4330.00
	Additions during the year	0.00
	Repayment during the year	0.00

	Net Loan-Closing	4330.00
	Average Loan	4330.00
	Rate of Interest	9.47%
	Interest	410.05
	Repayment Schedule	12 Annual instalments from 31.3.2012
9	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	431.00
	Repayment during the year	0.00
	Net Loan-Closing	431.00
	Average Loan	215.50
	Rate of Interest	9.20%
	Interest	19.83
	Repayment Schedule	12 Annual instalments from 12.3.2013
	STBL from BOB 29.09.2008 to 14.12.2008 @12.5% replaced by BOND XXVIII @ 9.33% from 15.12.2008	
10		
	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	75.00
	Repayment during the year	0.00
	Net Loan-Closing	75.00
	Average Loan	37.50
	Rate of Interest	10.66%
	Interest	4.00
	Repayment Schedule	12 Annual instalments from 15.12.2012
	Total Loan	
	Gross Loan opening	14201.00
	Cumulative Repayment up to the date of commercial operation	0.00
	Net Loan-Opening	14201.00
	Additions during the year	506.00
	Repayment during the year	0.00
	Net Loan-Closing	14707.00
	Average Loan	14454.00
	Rate of Interest	9.02%
	Interest	1304.38

Asset-II

(Rs. in lakh)

	Details of Loan	2008-09
1	Bond-XVII	
	Gross Loan opening	39.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	39.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	39.00
	Average Loan	39.00
	Rate of Interest	7.39%
	Interest	2.88
	Repayment Schedule	10 Annual instalments from 22.9.2009
2	Bond-XVIII	
	Gross Loan opening	67.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	67.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	67.00
	Average Loan	67.00
	Rate of Interest	8.15%
	Interest	5.46
	Repayment Schedule	12 Annual instalments from 9.3.2010
3	Bond-XX	
	Gross Loan opening	305.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	305.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	305.00
	Average Loan	305.00
	Rate of Interest	8.93%
	Interest	27.24
	Repayment Schedule	12 Annual instalments from 7.9.2010
4	Bond-XXI	
	Gross Loan opening	3.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00

	Net Loan-Opening	3.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	3.00
	Average Loan	3.00
	Rate of Interest	8.73%
	Interest	0.26
	Repayment Schedule	12 Annual instalments from 11.10.2010
5	Bond-XXII	
	Gross Loan opening	22.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	22.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	22.00
	Average Loan	22.00
	Rate of Interest	8.68%
	Interest	1.91
	Repayment Schedule	12 Annual instalments from 7.12.2010
6	Bond-XXIII	
	Gross Loan opening	105.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	105.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	105.00
	Average Loan	105.00
	Rate of Interest	9.25%
	Interest	9.71
	Repayment Schedule	12 Annual instalments from 9.2.2011
7	Bond-XXVI	
	Gross Loan opening	50.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	50.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	50.00
	Average Loan	50.00
	Rate of Interest	9.30%
	Interest	4.65
	Repayment Schedule	12 Annual instalments from 7.3.2012
8	Bond-XXVII	
	Gross Loan opening	259.00

	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	259.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	259.00
	Average Loan	259.00
	Rate of Interest	9.47%
	Interest	24.53
	Repayment Schedule	12 Annual instalments from 31.3.2012
9	STBL from BOB 29.09.2008 to 14.12.2008 @12.5% replaced by BOND XXVIII @ 9.33% from 15.12.2008	
	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	1.00
	Repayment during the year	0.00
	Net Loan-Closing	1.00
	Average Loan	0.50
	Rate of Interest	10.66%
	Interest	0.05
	Repayment Schedule	12 Annual instalments from 15.12.2012
	Total Loan	
	Gross Loan opening	850.00
	Cumulative Repayment up to the date of commercial operation	0.00
	Net Loan-Opening	850.00
	Additions during the year	1.00
	Repayment during the year	0.00
	Net Loan-Closing	851.00
	Average Loan	850.50
	Rate of Interest	9.02%
	Interest	76.69

Annexure-III

Asset-III

(Rs. in lakh)

	Details of Loan	2008-09
1	Bond-XVII	
	Gross Loan opening	312.00
	Cumulative Repayment up to the date of commercial operation/previous year	0.00
	Net Loan-Opening	312.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	312.00
	Average Loan	312.00
	Rate of Interest	7.39%
	Interest	23.06
	Repayment Schedule	10 Annual instalments from 22.9.2009
2	Bond-XVIII	
	Gross Loan opening	527.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	527.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	527.00
	Average Loan	527.00
	Rate of Interest	8.15%
	Interest	42.95
	Repayment Schedule	12 Annual instalments from 9.3.2010
3	Bond-XX	
	Gross Loan opening	1570.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	1570.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	1570.00
	Average Loan	1570.00
	Rate of Interest	8.93%
	Interest	140.20
	Repayment Schedule	12 Annual instalments from 7.9.2010
4	Bond-XXI	
	Gross Loan opening	25.00
	Cumulative Repayment up to the date of commercial operation previous year	0.00
	Net Loan-Opening	25.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	25.00
	Average Loan	25.00
	Rate of Interest	8.73%
	Interest	2.18

	Repayment Schedule	12 Annual instalments from 11.10.2010
5	Bond-XXII	
	Gross Loan opening	60.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	60.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	60.00
	Average Loan	60.00
	Rate of Interest	8.68%
	Interest	5.21
	Repayment Schedule	12 Annual instalments from 7.12.2010
6	Bond-XXIII	
	Gross Loan opening	432.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	432.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	432.00
	Average Loan	432.00
	Rate of Interest	9.25%
	Interest	39.96
	Repayment Schedule	12 Annual instalments from 9.2.2011
7	Bond-XXVI	
	Gross Loan opening	30.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	30.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	30.00
	Average Loan	30.00
	Rate of Interest	9.30%
	Interest	2.79
	Repayment Schedule	12 Annual instalments from 7.3.2012
8	Bond-XXVII	
	Gross Loan opening	1605.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00
	Net Loan-Opening	1605.00
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	1605.00
	Average Loan	1605.00
	Rate of Interest	9.47%
	Interest	151.99
	Repayment Schedule	12 Annual instalments from 31.3.2012

9	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	69.00
	Repayment during the year	0.00
	Net Loan-Closing	69.00
	Average Loan	34.50
	Rate of Interest	9.20%
	Interest	3.17
	Repayment Schedule	12 Annual instalments from 12.3.2013
	Total Loan	
	Gross Loan opening	4561.00
	Cumulative Repayment up to the date of commercial operation	0.00
	Net Loan-Opening	4561.00
	Additions during the year	69.00
	Repayment during the year	0.00
	Net Loan-Closing	4630.00
	Average Loan	4595.50
	Rate of Interest	8.95%
	Interest	411.52