

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No.160/2010**

**Coram:**

1. **Shri S.Jayaraman, Member**
2. **Shri V.S.Verma, Member**
3. **Shri M.Deena Dayalan, Member**

**DATE OF HEARING: 25.1.2011**

**DATE OF ORDER: 14.3.2011**

**In the matter of**

Approval of transmission tariff for 765 kV S/C Bina Gwalior transmission line-II along with associated bays under WRSS-II, Set D scheme in Western Region for the period from 1.4.2009 to 31.3.2014.

**And**

**In the matter of**

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

1. Madhya Pradesh Power Trading 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 M.M. Mondal, PGCIL
2. Shri Rakesh Prasad, PGCIL
3. Shri Rajiv Gupta, PGCIL

**ORDER**

The petition has been filed for approval of transmission tariff in respect of 765 kV S/C Bina Gwalior transmission line-II (hereinafter referred to as "the transmission asset") along with associated bays under WRSS-II, Set D scheme (hereinafter referred to as "the transmission scheme") in Western Region for the period 1.4.2009 to 31.3.2014, based on the Central Electricity Regulatory



Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 regulations") after accounting for additional capital expenditure on account of undischarged liabilities during 2009-10 to 2010-13.

The petitioner has made the following additional prayers:-

(a) To Allow the additional capital expenditure incurred/ to be incurred on account of undischarged liabilities after the cut off date under Regulation 9 (2) (v) of the 2009 regulations or alternatively, invoke the provision of Regulation 44 of the 2009 regulations so that additional capital expenditure incurred on account of undischarged liabilities after the cut-off date is considered for the fixation of tariff for the period 2009-14;

(b) To invoke the provision of Regulations 44 of 2009 regulations for relaxation of Regulation 15 (3) of the 2009 regulations so that grossing up of base rate of return with the applicable tax as per the relevant Finance Acts and allow direct settlement of tax liability with the beneficiaries every year during the tariff period;

(c) To approve reimbursement of petition filing fee and publication of notices in the newspaper as per the 2009 regulations;

(d) Allow to bill and recover the service tax on transmission charges separately from the respondents, if the petitioner is subjected to such service tax;



(e) Allow to bill and adjust impact on interest on loan due to change in interest rate on account of floating rate of interest applicable during 2009-14, if any from the beneficiaries; and

(f) Allow reimbursement of licence fee separately from the respondents.

2. The investment approval for the transmission scheme was accorded by Ministry of Power vide its letter No. 12.7.2004-PG, dated 24.7.2006 at an estimated cost of ₹5221.23 crore, which included IDC of ₹380.42 crore, based on 4<sup>th</sup> quarter 2005 price level consisting of (i) ₹3581.40 crore, which included IDC of ₹250.62 crore for Power Grid Portion and (ii) ₹1639.83 crore, which included IDC of ₹129.80 crore for IPTC's portion. The date of commercial operation of the transmission asset is 1.3.2010.

3. The details of apportioned approved cost as on date of the commercial operation and projected additional capital expenditure etc. of the transmission assets etc. are as under:

(₹ in lakh)

Apportioned approved Cost	Actual expenditure incurred up to the date of commercial operation	Projected additional capital expenditure from the date of commercial operation to 31.3.2010	Projected additional capital expenditure during 2010-11	Projected additional capital expenditure during 2011-12	Projected additional capital expenditure during 2012-13	Total expenditure
35372.88	26616.44	353.00	1338.36	335.00	147.00	28789.80

4. The petitioner has claimed the transmission charges in respect of the transmission assets as under:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	117.90	1459.50	1503.75	1516.48	1520.36
Interest on Loan	79.12	938.43	891.50	816.04	727.43
Return on Equity	117.09	1449.46	1493.34	1505.97	1509.83
Interest on Working Capital	7.51	92.37	93.92	93.62	92.71
O & M Expenses	19.19	243.51	257.33	272.21	287.70
<b>Total</b>	<b>340.81</b>	<b>4183.27</b>	<b>4239.84</b>	<b>4204.32</b>	<b>4138.03</b>

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

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	34.54	36.53	38.60	40.83	43.16
O & M expenses	19.19	20.29	21.44	22.68	23.98
Receivables	681.62	697.21	706.64	700.72	689.67
<b>Total</b>	<b>735.35</b>	<b>754.03</b>	<b>766.68</b>	<b>764.23</b>	<b>756.81</b>
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	7.51	92.37	93.92	93.62	92.71

6. No comments or suggestions have been received from the general public in response to the notices published by the petitioner under section 64 of the Electricity Act, 2003. Reply to the petition has been filed by Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL). The objections/comments of MSEDCL have been dealt with in relevant paras of this order.

### CAPITAL COST

7. Regulation 7 (1) of the 2009 regulations provides as under:

- “(1) Capital cost for a project shall include:
- (a) the expenditure incurred or projected to be incurred, including interest during the construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the

- loan-(i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed, -up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;
- (b) capitalized initial spares subject to the ceiling rates specified in regulation 8:
- (c) additional capital expenditure determined under regulation 9:  
Provided that the assets forming part of the project, but not in use shall be taken out of the capital cost."

8. The petitioner has claimed the tariff after accounting for projected additional capital expenditure incurred/to be incurred during the period 2009-10 to 2010-13 as under:

(₹ in lakh)					
Actual expenditure incurred up to the date of commercial operation	Projected additional capital expenditure from the date of commercial operation to 31.3.2010	Projected additional capital expenditure during 2010-11	Projected additional capital expenditure during 2011-12	Projected additional capital expenditure during 2012-13	Total expenditure
26616.44	353.00	1338.36	335.00	147.00	28789.80

### **ADDITIONAL CAPITAL EXPEDNTURE**

9. Regulation 9 (1) of the 2009 regulations provides as under:

- (1) The capital expenditure incurred or projected to be incurred, on the following counts with in original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:
- (i) Undischarged liabilities;
  - (ii) Works deferred for execution;
  - (iii) Procurement of initial capital spares within the original scope of work, subject to the provisions of regulating 8 ;
  - (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
  - (v) Change in law;

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

10. Under the 2009 regulation, Regulation 3 (11) which deals with cut-off date provides as under:

“cut-off date” means 31<sup>st</sup> march of the year closing after 2 years of the year of commercial operation of the project, and in case of the project is declared under commercial operation in the last quarter of the year, the cut-off date shall be 31<sup>st</sup> March of the year closing after 3 years of the year of commercial operation.

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

Years	Nature and details of expenditure	Amount (₹ in lakh)
2009-10	Transmission line- Final Retention payments	228.00
	Sub-station- Final Retention payments	125.00
2010-11	Transmission line- Final Retention payments	1095.78
	Sub-station- Final Retention payments	227.24
	PLCC - Final Retention payments	15.34
2011-12	Transmission line- Final Retention payments	235.00
	Sub-station- Final Retention payments	100.00
2012-13	Transmission line- Final Retention payments	75.00
	Sub-station- Final Retention payments	72.00
	<b>Total</b>	<b>2173.36</b>

12. MSEDCL in its reply has submitted that petitioner has claimed ₹ 2173 lakh as proposed additional capital expenditure for the years 2009-10 to 2010-13 on account of final/retention payments towards security deposits, performance deposits, liquidated damages etc. along with balance payments, which are running bills or deposited by the third party and subsequent refund/ release of the said amount do not result into additional capital expenditure. MSEDCL has requested not to consider the claims of additional capital expenditure on account of undischarged liabilities towards final and retention payments. The petitioner in its rejoinder has

submitted that proposed additional capital expenditure on account of undischarged liabilities has been claimed under Regulation 9 (1) of the 2009 regulations.

13. The above additional capital expenditures are in the nature of undischarged liabilities and are projected to be capitalised within the cut-off date of the transmission assets which is upto 31.3.2013 as computed Regulation 3 (11) of the 2009 regulations. Therefore, the projected additional capital expenditure of ₹2173.36 lakh incurred/proposed to be incurred during 2009-10 to 2010-13 are admissible under Regulation 9 (1) of the 2009 regulations and are accordingly allowed for the purpose of tariff.

#### **TOTAL CAPITAL COST**

14. MSEDCL has submitted that the 2009 regulations do not contain any specific norms/conditions for consideration of incidental expenditure during construction (IEDC) and hence, IEDC may not be considered. The petitioner in its rejoinder has submitted that IEDC is part of the capital cost which is covered the 2009 regulations. We agree with the submission of the petitioners and accordingly, allow IEDC projected to be incurred for the purpose of capitalisation subject to truing up. As per Auditor's certificate dated 25.3.2010, capital cost of ₹ 26616.44 lakh as on 1.3.2010 has been considered for the purpose of tariff calculation. The gross block as given in the table below has been considered for the purpose of tariff for the transmission

asset, after allowing projected additional capital expenditure as claimed by the petitioner:

(₹ in lakh)

Actual expenditure incurred up to 1.3.2010	Projected additional capital expenditure from 1.3.2010 to 31.3.2010	Projected additional capital expenditure during 2010-11	Projected additional capital expenditure during 2011-12	Projected additional capital expenditure during 2012-13	Total expenditure
26616.44	353.00	1338.36	335.00	147.00	28789.80

### **DEBT- EQUITY RATIO**

15. Clause (1) of Regulation 12 of the 2009 regulations *inter- alia* provides that,-

"(1) For a project declared under commercial operation on or after 1.4.2009, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff"

16. The petitioner has claimed tariff based on debt-equity ratio of 70:30 for the transmission asset including additional capital expenditure for the years 2009-10 to 2010-13. For the purpose of calculation of tariff, capital cost including additional capital expenditure has been considered on the debt-equity ratio of 70:30.

### **RETURN ON EQUITY**

17. Regulation 15 of the 2009 regulations provides that,-

"15. (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 12.

(2) Return on equity shall be computed on pre-tax basis at the base rate of 15.5% to be grossed up as per clause (3) of this regulation:

Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in *Appendix-II*:



Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.

(3) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the year 2008-09 applicable to the concerned generating company or the transmission licensee, as the case may be:

Provided that return on equity with respect to the actual tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up separately for each year of the tariff period along with the tariff petition filed for the next tariff period.

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where t is the applicable tax rate in accordance with clause (3) of this regulation."

18. The petitioner has requested to allow grossing up of base rate of return with the applicable tax as per the Finance Act for the relevant year and direct settlement of tax liability with the beneficiaries. It is clarified that the Commission is in the process of amending the regulation to allow grossing up of the ROE as per the applicable MAT rate in accordance with the relevant Finance Act which would take care of the interest of the petitioner. Accordingly, the return on equity has been computed in terms of the existing provision of Regulation 15 (3) of 2009 regulation as under:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity as on 1.4.2009	7984.93	8090.83	8492.34	8592.84	8636.94
Addition due to Additional Capitalisation	105.90	401.51	100.50	44.10	0.00
Closing Equity	8090.83	8492.34	8592.84	8636.94	8636.94
Average Equity	8037.88	8291.58	8542.59	8614.89	8636.94
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09	11.33%	11.33%	11.33%	11.33%	11.33%
Rate of Return on Equity (Pre Tax )	17.481%	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax)	<b>117.09</b>	<b>1449.45</b>	<b>1493.33</b>	<b>1505.97</b>	<b>1509.82</b>

## **INTEREST ON LOAN**

19. Regulation 16 of the 2009 regulations provides as under:

"16. (1) The loans arrived at in the manner indicated in regulation 12 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

(3) The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year:

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed,.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiary or the transmission customers shall not withhold any payment on account of the interest claimed by the generating company

or the transmission licensee during the pendency of any dispute arising out of re-financing of loan.”

20. The interest on loan has been worked out as detailed below:
- (i) The gross amount of loan, repayment of instalments and rate of interest and weighted average rate of interest on actual average loan have been considered as per the petition;
  - (ii) The repayment for the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that period;
  - (iii) Where moratorium period has been availed by the transmission licensee, the repayment of the loan has been considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed;
  - (iv) Weighted average rate of interest on actual loan has been worked out and applied on the average loan during the year to arrive at the interest on loan; and
  - (v) The interest on loan has been calculated on the basis of rate prevailing as on 1.4.2009. Any change in rate of interest subsequent to 1.4.2009 will be considered at the time of truing up.

21. The detailed calculations in support of the weighted revised average rate of interest are contained in **Annexure** attached to this order. Interest on loan has been worked out as under:

(₹ in lakh)

Details of loan	As on 31.3.2009	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	18631.51	18631.51	18878.61	19815.46	20049.96	20152.86
Cumulative repayment up to previous year		0.00	117.90	1577.39	3081.14	4597.62
Net Loan-Opening		18631.51	18760.71	18238.07	16968.82	15555.24
Addition due to additional capitalisation		247.10	936.85	234.50	102.90	0.00
Repayment during the year		117.90	1459.50	1503.75	1516.48	1520.36
Net loan-closing		18760.71	18238.07	16968.82	15555.24	14034.88
Average Loan		18696.11	18499.39	17603.44	16262.03	14795.06
Weighted Average rate of interest on loan		5.0786%	5.0728%	5.0644%	5.0181%	4.9167%
<b>Interest</b>		<b>79.12</b>	<b>938.43</b>	<b>891.50</b>	<b>816.04</b>	<b>727.43</b>

## **DEPRECIATION**

22. Regulation 17 of the 2009 regulations provides for computation of depreciation in the following manner:

“17. (1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

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(3) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system:

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.

(5) In case of the existing projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2009 from the gross depreciable value of the assets.

(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."

23. The transmission asset was declared under commercial operation w.e.f. 1.3.2010 and accordingly will complete 12 years beyond 2013-14 and thus, depreciation has been calculated annually based on Straight Line Method and at rates specified in **Appendix-III** of the 2009 regulations. Accordingly, depreciation has been calculated as under:

(₹ in lakh)

Details of loan		2009-10	2010-11	2011-12	2012-13	2013-14
Gross block as on 31.3.2009	26616.44	26616.44	26969.44	28307.80	28642.80	28789.80
Addition during 2009-14 due to projected Additional Capitalisation		353.00	1338.36	335.00	147.00	0.00
Average Gross Block		26969.44	28307.80	28642.80	28789.80	28789.80
Gross block as on 31.3.2009		26792.94	27638.62	28475.30	28716.30	28789.80
Rate of depreciation		5.2804%	5.2806%	5.2809%	5.2809%	5.2809%
Depreciable Value	90%	24113.65	24874.76	25627.77	25844.67	25910.82
Remaining depreciable Value		24113.65	24756.86	24050.38	22763.53	21313.20
<b>Depreciation</b>		<b>117.90</b>	<b>1459.50</b>	<b>1503.75</b>	<b>1516.48</b>	<b>1520.36</b>

### **OPERATION & MAINTENANCE EXPENSES**

24. In accordance with clause (g) of Regulation 19 the 2009 regulations, the following norms for 765 kV S/C, Quad conductor, Bina-Gwalior-II (charged at 400 kV) 400 kV bays have been specified for O & M expenses:

	Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
765 kV S/C, Quad conductor, Bina-Gwalior-II (charged at 400 kV) (₹ in lakh per ckt/km)	0.537	0.568	0.600	0.635	0.671
400 kV bay (₹ in lakh per bay)	52.40	55.40	58.57	61.92	65.46

25. The petitioner's entitlement to O & M expenses has been worked out as given hereunder:

(₹ in lakh)

	Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
O & M for 765 kV S/C, Quad conductor, Bina-Gwalior-II (charged at 400 kV) (233.652 ckt/km)	10.46	132.71	140.19	148.37	156.78
O & M for 400 kV bays (2 bays)	8.73	110.80	117.14	123.84	130.92
<b>Total</b>	<b>19.19</b>	<b>243.51</b>	<b>257.33</b>	<b>272.21</b>	<b>287.70</b>

26. The petitioner has submitted that O & M expenditure for 2009-14 tariff block had been arrived on the basis of normalized actual O & M expenses of the petitioner during the year 2003-04 to 2007-08. The wage hike of 50% on account of pay revision of the employees of public sector undertaking was also considered while calculating the O & M charges for 2009-14 periods. The petitioner has submitted that it would approach the Commission for suitable revision in the norms of O & M expenses in case the impact of wage hike w.e.f. 1.1.2007 is more than 50%. With reference to the submission of the petitioner, it is clarified that if any such application is made, it will be dealt with in accordance with law.

**INTEREST ON WORKING CAPITAL**

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

- (i) **Receivables:** As per Regulation 18(1)(c)(i) of the 2009 regulations, receivables will be equivalent to two months of annual transmission charges. 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 2 months' transmission charges.

**(ii) Maintenance spares:** Regulation 18(1)(c)(ii) of the 2009 regulations provides for maintenance spares @ 15% per annum of the O & M expenses specified in Regulation 19. The value of maintenance spares has been accordingly worked out.

**(iii) O & M expenses:** Regulation 18(1)(c)(iii) of the 2009 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 which has been considered for computing working capital.

**(iv) Rate of interest on working capital:** As per Regulation 18(3) of the 2009 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 1.4.2009 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 petitioner has claimed interest on working capital @ 12.25% based on SBI PLR as on 1.4.2009, which is in accordance with the 2009 regulations and has been allowed.

28. The computations in support of interest on working capital are given as under:

(₹ in lakh)					
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	34.54	36.53	38.60	40.83	43.16
O & M expenses	19.19	20.29	21.44	22.68	23.98
Receivables	681.62	697.21	706.64	700.72	689.67
<b>Total</b>	<b>735.35</b>	<b>754.03</b>	<b>766.68</b>	<b>764.24</b>	<b>756.80</b>
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
<b>Interest</b>	<b>7.51</b>	<b>92.37</b>	<b>93.92</b>	<b>93.62</b>	<b>92.71</b>

### TRANSMISSION CHARGES

29. The transmission charges being allowed for the transmission asset are summarised below:

(₹ in lakh)					
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	117.90	1459.50	1503.75	1516.48	1520.36
Interest on Loan	79.12	938.43	891.50	816.04	727.43
Return on Equity	117.09	1449.45	1493.33	1505.97	1509.82
Interest on Working Capital	7.51	92.37	93.92	93.62	92.71
O & M Expenses	19.19	243.51	257.33	272.21	287.70
	<b>340.81</b>	<b>4183.26</b>	<b>4239.83</b>	<b>4204.32</b>	<b>4138.02</b>

### **Application fee and the publication expenses**

30. The petitioner has sought approval for the reimbursement of fee paid by it for filing the petition for determination of transmission tariff. Regulation 42 of the 209 regulations provides as under:

“The application filing fee and the expenses incurred on publication of notices in the application for approval of tariff, may in the discretion of the Commission, be allowed to be recovered by the generating company or the transmission licensee, as the case may be, directly from the beneficiaries or the transmission customers, as the case may be.”

31. MSEDCL has submitted that the claim of filing fee should be dealt as per the decision taken by Commission vide order dated 11.9.2008 in Petition



No. 129/2005 (Suo motu). It is clarified that the said decision was applicable to the tariff period 2004-09. However, Regulation 42 of the 2009 regulation provides for reimbursement of filing fees and expenses on publication of notices may be allowed in the direction of the Commission. In accordance with our decision in order dated 11.1.2010 in Petition No. 109/2009, the petitioner shall be entitled to recover the filing fee from the beneficiaries. The petitioner shall also be entitled for reimbursement of expenses in connection with publication of notices from the beneficiaries on *pro rata* basis

### **Service Tax**

32. The prayer of the petitioner for reimbursement of service tax if it is revised in future has been opposed by MSEDCL. The prayer is premature at this stage and if any application is made by the petitioner in future, the same will be dealt in accordance with law.

### **Licence fee**

33. MSEDCL has submitted that the petitioner should explain the provision of the 2009 regulation under which license fee is allowed. In response, the petitioner has submitted that license fee has been a new component of cost to the transmission licensee under O & M stage of the project and has become incidental to the petitioner/CTU only from 2008-09. Normative O & M rates arrived for the period 2009-14 in the 2009 regulation as such did not capture the costs associated with licence fee. In this regard, it is clarified that the matter is under consideration of the Commission and any decision on the issue as and when taken will be applicable to this petition.

34. The transmission charges allowed shall be recovered on monthly basis in accordance with Regulation 23 and shall be shared by the respondents in accordance with Regulation 33 of the 2009 regulations.

35. This order disposes of Petition No. 160/2010.

**Sd/-**  
**(M.Deena Dayalan)**  
**Member**

**Sd/-**  
**(V.S.Verma)**  
**Member**

**Sd/-**  
**(S.Jayaraman)**  
**Member**



## CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(₹ in lakh)

Details of Loan	2009-10	2010-11	2011-12	2012-13	2013-14
<b>1 IBRD III (Ex rate Rs 46.86)</b>					
Gross loan opening	796.62	796.62	796.62	796.62	796.62
Cumulative Repayment up to the date of commercial operation/previous year	0.00	0.00	0.00	38.77	79.22
Net Loan-Opening	796.62	796.62	796.62	757.85	717.40
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	0.00	0.00	38.77	40.46	42.21
Net Loan-Closing	796.62	796.62	757.85	717.40	675.19
Average Loan	796.62	796.62	777.24	737.63	696.29
Rate of Interest	2.04%	2.04%	2.04%	2.04%	2.04%
Interest	16.25	16.25	15.86	15.05	14.20
Rep Schedule	30 halfyealy instalments from 15.09.2011				
<b>2 IBRD IV (Ex Rate Rs 46.86)</b>					
Gross loan opening	4920.30	4920.30	4920.30	4920.30	4920.30
Cumulative Repayment up to the date of commercial operation /previous year	0.00	0.00	0.00	0.00	0.00
Net Loan-Opening	4920.30	4920.30	4920.30	4920.30	4920.30
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00	0.00	108.90
Net Loan-Closing	4920.30	4920.30	4920.30	4920.30	4811.40
Average Loan	4920.30	4920.30	4920.30	4920.30	4865.85
Rate of Interest	1.69%	1.69%	1.69%	1.69%	1.69%
Interest	83.15	83.15	83.15	83.15	82.23
Rep Schedule	30 half yealy instalments from 15.11.2013				
<b>3 IBRD IV (ADDL) (Ex Rate Rs 46.86)</b>					
Gross loan opening	4498.56	4498.56	4498.56	4498.56	4498.56
Cumulative Repayment up to the date of commercial operation /previous year	0.00	0.00	0.00	0.00	76.03
Net Loan-Opening	4498.56	4498.56	4498.56	4498.56	4422.53
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00	76.03	153.40
Net Loan-Closing	4498.56	4498.56	4498.56	4422.53	4269.13
Average Loan	4498.56	4498.56	4498.56	4460.55	4345.83
Rate of Interest	1.63%	1.63%	1.63%	1.63%	1.63%
Interest	73.33	73.33	73.33	72.71	70.84
Rep Schedule	52 half yealy instalments from 01.02.2013				
<b>4 Bond XXIX</b>					
Gross loan opening	2000.00	2000.00	2000.00	2000.00	2000.00
Cumulative Repayment up to the date of commercial operation /previous year	0.00	0.00	0.00	0.00	166.67
Net Loan-Opening	2000.00	2000.00	2000.00	2000.00	1833.33
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00	166.67	166.67
Net Loan-Closing	2000.00	2000.00	2000.00	1833.33	1666.67
Average Loan	2000.00	2000.00	2000.00	1916.67	1750.00
Rate of Interest	9.20%	9.20%	9.20%	9.20%	9.20%

	Interest	184.00	184.00	184.00	176.33	161.00
	Rep Schedule	12 equal Annual Installment from 12.03.2013				
<b>5</b>	<b>Bond XXVIII</b>					
	Gross loan opening	3000.00	3000.00	3000.00	3000.00	3000.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00	0.00	0.00	0.00	250.00
	Net Loan-Opening	3000.00	3000.00	3000.00	3000.00	2750.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	250.00	250.00
	Net Loan-Closing	3000.00	3000.00	3000.00	2750.00	2500.00
	Average Loan	3000.00	3000.00	3000.00	2875.00	2625.00
	Rate of Interest	9.33%	9.33%	9.33%	9.33%	9.33%
	Interest	279.90	279.90	279.90	268.24	244.91
	Rep Schedule	12 equal Annual Installment from 15.12.2012				
<b>6</b>	<b>Bond XXXI</b>					
	Gross loan opening	2887.00	2887.00	2887.00	2887.00	2887.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00	0.00	0.00	0.00	0.00
	Net Loan-Opening	2887.00	2887.00	2887.00	2887.00	2887.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	0.00	240.58
	Net Loan-Closing	2887.00	2887.00	2887.00	2887.00	2646.42
	Average Loan	2887.00	2887.00	2887.00	2887.00	2766.71
	Rate of Interest	8.90%	8.90%	8.90%	8.90%	8.90%
	Interest	256.94	256.94	256.94	256.94	246.24
	Rep Schedule	12 equal Annual Installment from 25.2.2014				
<b>7</b>	<b>Bond XXIV</b>					
	Gross loan opening	529.00	529.00	529.00	529.00	529.00
	Cumulative Repayment up to the date of commercial operation /previous year	0.00	0.00	44.08	88.17	132.25
	Net Loan-Opening	529.00	529.00	484.92	440.83	396.75
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	44.08	44.08	44.08	44.08
	Net Loan-Closing	529.00	484.92	440.83	396.75	352.67
	Average Loan	529.00	506.96	462.88	418.79	374.71
	Rate of Interest	9.95%	9.95%	9.95%	9.95%	9.95%
	Interest	52.64	50.44	46.06	41.67	37.28
	Rep Schedule	12 equal Annual Installment from 26.03.2011				
	<b>Total Loan</b>					
	Gross loan opening	18631.48	18631.48	18631.48	18631.48	18631.48
	Cumulative Repayment up to the date of commercial operation /previous year	0.00	0.00	44.08	126.93	704.17
	Net Loan-Opening	18631.48	18631.48	18587.40	18504.55	17927.31
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	44.08	82.85	577.23	1005.85
	Net Loan-Closing	18631.48	18587.40	18504.55	17927.31	16921.47
	Average Loan	18631.48	18609.44	18545.97	18215.93	17424.39
	Rate of Interest	5.0786%	5.0728%	5.0644%	5.0181%	4.9167%
	Interest	946.21	944.02	939.23	914.09	856.71