

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 174/2010

**Coram: Shri S.Jayaraman, Member
Shri M. Deena Dayalan, Member**

Date of Hearing: 9.11.2010

Date of Order:20.1.2011

In the matter of:

Determination of Transmission Tariff for (i) Single Asset Agra - Gwalior 765 kV 2nd S/C line along with associated bays at Agra and Gwalior Sub-stations and (ii) Combined Assets Agra - Gwalior 765 kV 2nd S/C line & 400 kV D/C Zerda-Kankroli line along with associated bays at Agra, Gwalior and Zerda, Kankroli sub-station under Transmission System associated with North-West corridor strengthening scheme, for tariff block 2009-14 period in both Western and Northern Region.

And

In the matter of:

Power Grid Corporation of India Ltd., Gurgaon

.....**Petitioner**

Vs

1. Madhya Pradesh Power Trading company Ltd., Jabalpur
2. Maharashtra State Electricity Distribution Company Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd. Vadodara
4. Electricity Department. Goa, Panaji
5. Electricity Deptt. Administration of Daman and Diu, Daman
6. Electricity Deptt., Govt. of UT of Dadra and Nagar Haveli, Silvassa
7. Chattisgarh State Electricity Board, Raipur.
8. Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd., Indore
9. Rajasthan Rajya Vidyut Prasaran Nigam Limited, Jaipur
10. Ajmer Vidyut Vitaran Nigam Ltd., Jaipur
11. Jaipur Vidyut Vitaran Nigam Ltd, Jaipur
12. Jodhpur Vidyut Vitaran Nigam Ltd, Jaipur
13. Himachal Pradesh State Electricity Board, Shimla
14. Punjab State Electricity Board, Patiala
15. Haryana Power Purchase Centre, Panchkula
16. Power Development Department, Govt. of J&K, Jammu
17. Uttar Pradesh Power Corporation Ltd, Lucknow
18. Delhi Transco Ltd, New Delhi
19. BSES Yamuna Power Limited, New Delhi
20. BSES Rajdhani Power Ltd., New Delhi



21. North Delhi Power Ltd., New Delhi
22. Chandigarh Administration, Chandigarh
23. Uttarakhand Power Corporation Ltd, Dehradun
24. North Central Railway, Allahabad
25. New Delhi Municipal Council, New Delhi

Respondents

The following were present:

1. Shri U K Tyagi, PGCIL
2. Shri Rakesh Prasad, PGCIL
3. Shri Rajiv Gupta, PGCIL
4. Shri TPS Bawa, HPCC

ORDER

This petition has been filed seeking approval of transmission tariff in respect of (i) Single Asset Agra - Gwalior 765 kV 2nd S/C line along with associated bays at Agra and Gwalior Sub-stations (referred to hereinafter as "Asset – I") and (ii) Combined Assets Agra - Gwalior 765 kV 2nd S/C line & 400 kV D/C Zerda-Kankroli line along with associated bays at Agra, Gwalior and Zerda, Kankroli sub-station (hereinafter collectively referred to as "the combined transmission assets") under Transmission System associated with North-West corridor strengthening scheme, for tariff block 2009-14 period in both Western and Northern Region based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, (hereinafter referred to as "the 2009 regulations"). The petitioner has also sought the following reliefs:

- (a) Invoke the provisions of Regulation 44(Power to Relax) of the 2009 regulations, for relaxation of clause (3) of regulation 15 thereof so that grossing up the base rate of Return on Equity (ROE) may be allowed



considering the revised rate of MAT, surcharge, any other cess, charges, levies etc. as per the relevant Finance Acts and accordingly allow consequential impact of tariff on account of truing up, to be billed and settled directly with the beneficiaries every year in the tariff block.

(b) Approve the reimbursement, of expenditure, by the beneficiaries towards petition filing fee, and publishing of notices in newspapers in terms of Regulation 42 of the 2009 regulations, and other expenditure (if any) in relation to the filing of petition.

(c) Allow the petitioner to bill and adjust impact on interest on loan due to change in interest rate on account of floating rate of interest applicable during 2009-14 period, if any.

(d) Allow the petitioner to bill and recover Service Tax on Transmission charges separately from the respondents, if petitioner is subjected to such service tax.

(e) Allow the petitioner to bill and recover licensee fee separately from the respondents

(f) Pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

2. Investment approval for the scheme was accorded by Board of Directors of petitioner company vide its letter dated 23.1.2006 at an estimated cost of Rs.48310 lakh including IDC of Rs. 1340 lakh at the 2nd quarter 2005 price level. As per the above letter, the project was required to be commissioned within 36 months of investment approval.

3. Date of commercial operation of Asset-I is 1.4.2009 and that of the transmission assets is 1.5.2009. Accordingly, in this order transmission tariff of Asset 1 is being determined for the period 1.4.2009 to 30.4.2009 and that for the combined transmission assets is being determined for the period from 1.5.2009m to 31.3.2014.

4. From the above, it may be seen that there has been a delay of 2 months in respect of Asset-I and delay of 3 months in respect of the remaining assets. The petitioner has submitted that the delay is on account of law and order situation and has also produced documentary evidence to the effect that the project had to be completed with police protection. Delay was also caused due to forest clearance in various stretches clearance for railway crossing, RoW problem and power line crossing in Gujarat. We are convinced about the reasons cited by the petitioner for delay and accordingly condone the delay in the commissioning of the transmission assets.

5. Based on the above, capital cost of ₹ 18740.14 lakh for Asset-I and ₹ 46496.02 lakh fro the combined transmission assets as on the date of commissioning has been considered for tariff determination for the 2009-14 period.

6. The petitioner has claimed the following transmission charges:

	(₹ in lakh)					
	Asset-I 2009-10	Combined transmission Assets				
	2009-10	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1011.95	2294.41	2574.07	2598.16	2598.16	2598.16
Interest on Loan	418.13	1258.53	1309.16	1217.92	1107.96	989.05
Return on equity	1004.79	2278.20	2556.23	2580.25	2580.25	2580.25
Interest on Working Capital	59.43	145.82	162.23	162.93	162.33	161.64
O & M Expenses	173.50	485.50	560.01	592.01	625.93	661.60

Total	2667.80	6462.46	7161.70	7151.27	7074.63	6990.70
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7. The details submitted by the petitioner in support of its claim for interest on working capital are given hereunder:

(₹ in lakh)

	Asset-I	Combined transmission Assets				
	2009-10	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	26.02	79.45	84.00	88.80	93.89	99.24
O & M expenses	14.46	44.14	46.67	49.33	52.16	55.13
Receivables	444.63	1174.99	1193.62	1191.88	1179.11	1165.12
Total	485.11	1298.58	1324.29	1330.01	1325.16	1319.49
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	59.43	145.82	162.23	162.93	162.33	161.64

8. Reply to the petition Has been submitted only by Haryana Power Purchase Centre, Uttar Pradesh Power corporation, Ajmer Vidyut Vitran Nigam Ltd, Jaipur Vidyut Vitran Nigam Ltd and Jodhpur Vidyut Vitran Nigam Ltd. All the respondents have pointed out the time and over-run. HPPC, AVVNL, JVVNL and JdVVNL have prayed that 50% of the impact of time over run be borne by petitioner. All the respondents have also objected to the request of the petitioner for revision of O&M expenses based on the wage hike. Objections have also been leveled against the prayer for reimbursement of filing fee, licensee fee and service tax.

9. Having heard the representatives of the parties and examined the material on record, we proceed to dispose of the petition.

CAPITAL COST

10. Regulation 7 of the 2009 regulations provides as under:

7. Capital Cost. (1) *Capital cost for a project shall include:*

(a) the expenditure incurred or projected to be incurred, including interest during 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) capitalised initial spares subject to the ceiling rates specified in regulation 8; and

(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.

(2) The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that in case of the thermal generating station and the transmission system, prudence check of capital cost may be carried out based on the benchmark norms to be specified by the Commission from time to time:

Provided further that in cases where benchmark norms have not been specified, prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff:

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11. As stated above, there has been a delay of 2 months in respect of Asset-I and delay of 3 months in respect of the remaining assets. The petitioner has submitted that the delay is on account of law and order situation and has also produced documentary evidence to the effect that the project had to be completed with police protection. Delay was also caused due to forest clearance in various stretches clearance for railway crossing, RoW

problem and power line crossing in Gujarat. We are convinced about the reasons cited by the petitioner for delay and accordingly condone the delay in the commissioning of the transmission assets.

12. Based on the above, capital cost of ₹ 18740.14 lakh for Asset-I and ₹ 46496.02 lakh for the combined transmission assets as on the date of commissioning has been considered for tariff determination for the 2009-14 period.

ADDITIONAL CAPITAL EXPENDITURE

13. Details of the projected additional capital expenditure (referred to as “Add Cap” in the table below) claimed by the petitioner are as under:

(₹ in lakh)

Name of Asset	Apportioned approved cost	Cost on Date of commercial operation	Projected additional capitalization		Total Estimated completion Cost
			Date of commercial operation to 31.3.2010	2010-11	
Asset 1 (Single)	17521.91	18740.14	838	275	19853.14
Asset 2 (Combined)	30787.90	27755.88	950.41	641.08	29347.37
TOTAL	48309.81				49200.51

14. With regard to the status of approval of revised cost estimates, the petitioner has clarified vide affidavit dated 13.08.2010 that the reason for cost over-run is mainly due to exchange rate variation (FERV loss) arisen during

project execution, which is beyond the control of petitioner. FERV loss upto date of commercial operation was ₹ 4309.24 lakh (₹ 1908.51 lakh for Agra - Gwalior line and ₹ 2400.73 lakh for Zerda-Kankroli line). The overall estimated completion cost of project excluding FERV loss (₹ 4309.24 lakhs) ₹ 44891.27 lakhs (49200.51-2400.73), which is within the approve cost of ₹ 48309.81 lakh. Accordingly, the additional capital expenditure claimed by the petitioner is allowed

DEBT- EQUITY RATIO

15. Regulation 12 of the 2009 regulations provides that,-

12. Debt-Equity Ratio. (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:

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

Explanation.- *The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.*

(2) *In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2009, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2009 shall be considered.*

(3) *Any expenditure incurred or projected to be incurred on or after 1.4.2009 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this regulation.*

16. Details of debt-equity considered by the petitioner for the transmission assets with regard to the additional capital expenditure for the year 2009-10 is as under:-

Asset I	Admitted as on DOCO	
	Amount (₹ in lakh)	%
Debt	13117.93	70.00%
Equity	5622.21	30.00%
Total	18740.14	100.00%
Asset II	Admitted as on DOCO	
	Amount (₹ in lakh)	%
Debt	32547.07	70.00%
Equity	13948.95	30.00%
Total	46496.02	100.00%
Combined	Admitted as on DOCO	
	Amount (₹ in lakh)	%
Debt	45665.00	70.00%
Equity	19571.16	30.00%
Total	65236.16	100.00%

17. As regards the additional capital expenditure, the details of Debt-equity furnished by the petitioner are as under:

Asset I (Single Asset)	Normative	
	Amount (₹ in lakh)	%
2009-10		
Debt	586.60	70.00%
Equity	251.40	30.00%
Total	838.00	100.00%
	Normative	
2010-11	Amount (₹ in lakh)	%
Debt	192.50	70.00%
Equity	82.50	30.00%
Total	275.00	100.00%

Asset II (Combined Asset)	Normative	
	2009-10	Amount (Rs. Lakh)
Debt	1251.89	70.00%
Equity	536.52	30.00%
Total	1788.41	100.00%
	Normative	
2010-11	Amount (Rs. Lakh)	%
Debt	641.26	70.00%
Equity	274.82	30.00%
Total	916.08	100.00%

18. Additional capital expenditure as claimed above is allowed for the purpose of tariff calculation during 2009-14.

RETURN ON EQUITY

19. 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:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

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

Illustration.-

(i) In case of the generating company or the transmission licensee paying Minimum Alternate Tax (MAT) @ 11.33% including surcharge and cess:

$$\text{Rate of return on equity} = 15.50 / (1-0.1133) = 17.481\%$$

(ii) In case of generating company or the transmission licensee paying normal corporate tax @ 33.99% including surcharge and cess:

$$\text{Rate of return on equity} = 15.50 / (1-0.3399) = 23.481\%.”$$

20. The petitioner has computed ROE on pre- tax basis on 11.33% MAT in accordance with the tax rate applicable for 2008-09 and has claimed return on equity @ 17.481%.

21. Petitioner's prayer to invoke the provisions of Regulation 44 of the 2009 regulations for relaxation of Regulation 15(3) thereof so that grossing up the base rate of ROE may be allowed considering the tax rates viz., MAT, surcharge, any other cess, charges, levies etc., as per the relevant Finance Acts, has already been taken cognizance of in the Commission's order dated 3.8.2010 in Petition No. 17/2010 wherein a decision has been taken to

address the issue raised by the petitioner. Relevant portion of the said order is extracted as under:

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

22. Pending decision on revision of MAT rate, ROE has been computed as per Regulation 15 of the 2009 regulations, and pre-tax ROE of 17.481% has been considered.

23. Detailed calculation of the ROE in respect the transmission assets is as under:

(₹ in lakh)

	Asset-I	Combined transmission Assets				
	2009-10	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity	5622.21	13948.95	14485.47	14760.30	14760.30	14760.30
Addition due to Additional Capitalisation	251.40	536.52	274.82	0.00	0.00	0.00
Closing Equity	5873.61	14485.47	14760.30	14760.30	14760.30	14760.30
Average Equity	5747.91	14217.21	14622.89	14760.30	14760.30	14760.30
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09	11.330%	11.330%	11.330%	11.330%	11.330%	11.330%
Rate of Return on Equity (Pre Tax)	17.481%	17.481%	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax)	1004.79	2278.20	2556.23	2580.25	2580.25	2580.25

INTEREST ON LOAN

24. Regulation 16 of the 2009 regulations provides that,-

“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.”

25. In these calculations, interest on loan has been worked out as detailed below:

(a) Gross amount of loan, repayment of instalments and rate of interest on actual loan have been considered as per the petition to work out the weighted average rate of interest .

(b) Tariff is worked out considering normative loan and normative repayments. Depreciation allowed has been taken as normative repayment for the tariff period 2009-14.

(c) For loans with floating interest rates, rates of interest as on 01-04-2009 have been considered.

(d) Repayment for IBRD III and IBRD IV loans have been calculated as per the supporting documents attached with the petition.

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

26. Details of the calculation of Interest on Loan are as under:

(₹ in lakh)

	Asset-I	Combined transmission Assets				
	2009-10	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	13117.93	32547.07	33798.96	34440.21	34440.21	34440.21
Cumulative Repayment upto Previous Year	0.00	0.00	2294.41	4868.48	7466.64	10064.80
Net Loan-Opening	13117.93	32547.07	31504.55	29571.73	26973.57	24375.41
Addition due to Additional Capitalisation	586.60	1251.89	641.26	0.00	0.00	0.00
Repayment during the year	1011.95	2294.41	2574.07	2598.16	2598.16	2598.16
Net Loan-Closing	12692.58	31504.55	29571.73	26973.57	24375.41	21777.25
Average Loan	12905.26	32025.81	30538.14	28272.65	25674.49	23076.33
Weighted Average Rate of Interest on Loan	3.2400%	4.2870%	4.2870%	4.3078%	4.3154%	4.2860%
Interest	418.13	1258.53	1309.16	1217.92	1107.96	989.05

DEPRECIATION

27. Regulation 17 of the 2009 regulations provides for computation of depreciation in the following manner, namely:

“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.”

28. Depreciation has been worked out on the admitted capital expenditure as on the date of commercial operation.

29. For the period 1.4.2009 to 31.3.2014 the depreciation worked out are as under:

(₹ in lakh)

	Asset-I	Combined transmission Assets				
	2009-10	2009-10	2010-11	2011-12	2012-13	2013-14
Rate of Depreciation	5.2818%	5.2817%	5.2810%	5.2808%	5.2808%	5.2808%
Depreciable Value	17243.23	42644.95	43853.03	44262.59	44262.59	44262.59
Remaining Depreciable Value	17243.23	42644.95	41558.62	39394.11	36795.94	34197.78
Depreciation	1011.95	2294.41	2574.07	2598.16	2598.16	2598.16

OPERATION & MAINTENANCE EXPENSES

30. Clause (g) of Regulation 19 the 2009 regulations prescribes the norms for operation and maintenance expenses based on the type of sub-station and line. The petitioner has calculated the operation and maintenance expenses in accordance with the above norms and the same are allowed as such.

INTEREST ON WORKING CAPITAL

31. As per the 2009 regulations 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' 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.

(ii) Maintenance spares: Regulation 18(1)(c)(ii) of the 2009 regulations provides for maintenance spares @ 15% per annum of the O & M expenses from 1.4.2009. The value of maintenance spares has accordingly been 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 the respective year as claimed in the petition. This has been considered in the 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 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 1.4.2009, which is in accordance with the 2009 regulations and has been allowed.

32. Necessary computations in support of interest on working capital are appended hereinbelow:

(₹ in lakh)

	Asset-I	Combined transmission Assets				
	2009-10	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	26.03	79.45	84.00	88.80	93.89	99.24
O & M expenses	14.46	44.14	46.67	49.33	52.16	55.13
Receivables	444.63	1174.99	1193.62	1191.88	1179.11	1165.12
Total	485.12	1,298.57	1,324.28	1,330.01	1,325.16	1,319.49
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	59.43	145.82	162.22	162.93	162.33	161.64

TRANSMISSION CHARGES

33. The transmission charges being allowed for the transmission lines are summarized below:

(₹ in lakh)

	Asset-I	Combined transmission Assets				
	2009-10	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1011.95	2294.41	2574.07	2598.16	2598.16	2598.16
Interest on Loan	418.13	1258.53	1309.16	1217.92	1107.96	989.05
Return on equity	1004.79	2278.20	2556.23	2580.25	2580.25	2580.25
Interest on Working Capital	59.43	145.82	162.22	162.93	162.33	161.64
O & M Expenses	173.50	485.50	560.01	592.01	625.93	661.60
Total	2667.80	6462.45	7161.70	7151.27	7074.63	6990.70

Application fee and the publication expenses

34. The petitioner has sought approval for the reimbursement of fee paid by it for filing the petition. 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.

35. Accordingly, expenses incurred by the petitioner on application filing fees and publication of notices in connection with the present petition shall be directly recovered from the beneficiaries on pro rata basis.

Service Tax

36. The petitioner has made a specific prayer to be allowed to bill and recover the Service tax on Transmission charges separately from the respondents.

37. Presently, service tax on transmission service has been exempted by Government of India vide its notification No. 20/2010 dated 27.2.2010 read with notification No. 45/2010 dated 20.7.2010. Therefore, the prayer made by the petitioner in this regard has become infructuous.

38. The transmission charges allowed in this order 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.

39. This order disposes of Petition No. 174/2010.

Sd/-

(M.Deena Dayalan)
Member

Sd/-

(S.Jayaraman)
Member

