

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 275/2009**

**Coram: Dr. Pramod Deo, Chairperson  
Shri V.S.Verma, Member**

**DATE OF HEARING: 8.7.2010**

**DATE OF ORDER: 11 .7.2011**

**In the matter of**

Determination of interim transmission tariff of 400 kV LILO of Gandhar (Jhanor)-Vapi at Sugan generation switchyard in Western Region for the period from 1.3.2009 to 31.3.2009.

**And**

**In the matter of**

Torrent Power Grid Limited, Ahmedabad **...Petitioner**

Vs

1. Torrent Power Limited, Ahmaedabad
2. Power Grid Corporation of India Ltd., Gurgaon
3. Western Regional Power Committee, Mumbai
4. PTC India Ltd., New Delhi
5. M.P.Power Trading Company Ltd., Jabalpur
6. Gujarat Urja Vikas Nigam Limited., Vadodara
7. Maharashtra State Electricity Distribution Co. Ltd., Mumbai
8. Chhattisgarh State Power Transmission Co. Ltd., Raipur
9. Goa Electricity Department, Govt. of Goa, Panaji
10. Secretary, Union Territory of Dadra Nagar Haveli, Silvassa
11. Secretary UT of Daman and Diu, Daman **...Respondents**

12. Gujarat Mineral Development Corporation Limited **.. Objector**

**The following were present:**

1. Shri Samir Shah, TPGL
2. Shri C.M.Bundila, TPGL
3. Shri Pramod Choudhery, MPPTCL
4. Shri Vijay Kumar, PGCIL

**ORDER**

This petition has been filed by Torrent Power Grid Limited for approval of transmission charges for 400 kV LILO of Gandhar (Jhanor)-Vapi at Sugan generation switchyard (the transmission system) in Western Region for the



period from 1.3.2009 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”). The petitioner has also prayed for reimbursement, from the beneficiaries, of the expenditure incurred towards publishing of notices in newspapers and the petition filing fee.

2. Initially, the petitioner had filed Petition No. 159/2009 for determination of transmissions tariff of 400 kV LILO of Gandhar (Jhanor) Vapi at Sugan generation switchyard for the period from 1.3.2009 to 31.3.2014.

3. This Commission Vide its order dated 22.10.2009 directed the petitioner to file separate petition for determination of tariff for the period 1.3.2009 to 31.3.2009. Accordingly, the petitioner has filed the present petition for determination of tariff for the period from 1.3.2009 to 31.3.2009 and Petition No.159/2009 has been revised for claiming the tariff for the period 2009-14.

4. Torrent Power Limited was to set up the transmission system for evacuation of power from its 1147.5 MW generation project (SUGEN) to Western Region which would be utilised for transfer of power to the beneficiaries in Ahmedabad and outside the State of Gujarat. SUGEN had applied for open access to evacuate power to its beneficiaries in the Western Grid. On account of capacity constraints in the existing line, an evacuation plan was prepared. For evacuating power from SUGEN to Surat licensed area, 220 kV lines and stations have been established by Torrent Power Limited.



However to evacuate power to the Ahmedabad licensed area of Torrent Power Limited and to other inter-State buyers, it was decided to set up 400 kV transmission line alongwith sub-stations and associated switchgears. Torrent Power Grid Limited (TPGL), a Special Purpose Vehicle was formed as a joint venture of Torrent Power Limited and Power Grid Corporation of India Limited with an equity participation of 76% and 24% respectively for executing the project. The main object clause of the petitioner includes engaging in the business of establishing, commissioning, setting up, operating and maintaining electric power transmission systems/networks.

5. The Commission has granted transmission licence to the petitioner vide order dated 16.5.2007 in Petition No.96 to transmit electricity as a transmission licensee and for that purpose to construct, operate and maintain the transmission system associated with evacuation of power from SUGEN at Akhanol in the State Gujarat.

6. The investment approval for the transmission system was accorded by the Board of Directors of the petitioner's company in the meeting held on 21.8.2007 at an estimated cost of ₹ 364 crore. However, while granting the transmission licence to the petitioner, Commission vide its order dated 16.5.2007 in Petition No. 97/2006 approved an amount of ₹ 358 crore for the whole project. Out of the approved cost, the cost of Phase I i.e. LILO of Gandhar(Jhanor)-Vapi transmission line was ₹ 24.02 crore.



7. The date of commercial operation of the transmission asset, its apportioned approved cost and estimated completion cost, etc. are as under:

(₹ in lakh)

Date of commercial operation	Apportioned approved cost	Expenditure up to the date of commercial operation	Expenditure from the date of commercial operation to 31.3.2009	Balance expenditure	Estimated completion cost
1.3.2009	2402.00	2357.63	0.00	0.00	2357.63

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

(₹ in lakh)

Elements of Tariff	2008-09 (1.3.2009 till 31.3.2009)
Depreciation	5.24
Interest on Loan	17.14
Return on Equity	8.41
Advance against Depreciation	0.00
Interest on Working Capital	0.91
O & M Expenses	0.65
<b>Total</b>	<b>32.35</b>

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

(₹ in lakh)

	2008-09 (Pro rata)
Maintenance Spares	23.58
O & M expenses	0.64
Receivables	63.48
Total	87.70
Rate of Interest	12.25%
Interest	0.91

10. The Commission vide Record of Proceeding dated 11.5.2010 directed the petitioner to implead the Central Transmission Utility, concerned Regional Power Committee and Western Region beneficiaries as parties to the petitions and serve copies of the petition on the respondents.



11. In response to the public notices published by the petitioner in accordance with the procedure specified by the Commission, Gujarat Mineral Development Corporation Ltd. has filed its objections. Reply to the petition has been filed by the Madhya Pradesh Power Trading Company Ltd. (MPPTCL).

12. MPPTCL in its reply dated 6.7.2010 has submitted that in the main petition, the petitioner has not made western region constituents as respondents as all expenses of Phase I of the transmission system covered in the petition would be borne by Torrent Power Limited. Moreover, the petitioner in its supplementary submission dated 5.6.2010 has clarified that the transmission charges of Torrent Power Grid Limited would not be borne by all the beneficiaries of the western Region but by the beneficiaries of the SUGEN generation. MPPTCL has submitted that the transmission charges as determined by the Commission for the transmission system shall have to be borne by the beneficiaries of SUGEN project only and not by the Western Region constituents. In response, the petitioner in its reply dated 23.9.2010 has submitted that the system strengthening is being carried out consequent to open access for 500 MW. The system is meant for MPPTCL to the extent of 100 MW out of 500 MW and therefore, MPPTCL is also the beneficiary of the transmission system to the extent of 20% and the balance capacity is on account of Torrent Power Ltd.



13. Gujarat Mineral Development Corporation Limited (GMDCL) in its objection dated 6.5.2010 has made following submissions, namely:-

(a) Copy of the petition has not been provided by the petitioner to the objector. GMDCL has requested for permission to present its objections before the Commission and to be impleaded as a party to the petition.

(b) 400 kV Gandhar-Vapi line was crossing through the objector's Tadkeshwar mines. To get the line shifted, the objector approached the owners of the line i.e PGCIL, who informed GMDCL that the line could be shifted on the eastern border where line length would be 8 km and cost of 400 S/C line per km. would be around ₹ 0.70 to ₹ 0.80 crore per km. Subsequently, PGCIL informed that M/s Torrent Power was coming up with a power plant on eastern side of the objector's mine who also required installation of 400 kV line on Western side so that it can save some money. Consequently, in the meeting held on 26.9.2010 between GMDCL, M/s Torrent Power Ltd. and PGCIL, a joint decision was taken to go for 24 km S/C line as proposed by Torrent Power Ltd and PGCIL at an approximate cost of ₹ 19.2 crore.

(c) It has been further submitted that MOM dated 26.9.2010 was based on misrepresentation by PGCIL and Torrent Power Ltd. that the estimated cost of laying a new line would be ₹ 75-80 lakh per km



and to cover a distance of approximately 8 km, the expenditure would come to around ₹ 6.4 crore. After adding the cost of dismantling of existing line net of salvage value and the cost of transportation, the final cost would be around ₹ 7.2 crore.

(d) GMDCL entered into a joint venture because the petitioner and PGCIL represented the actual route length is 26.7 km. The petitioner has never intimated the objector about the escalation in the capital cost. It has been submitted that cost of similar line installed and commissioned by GETCO was only ₹ 0.56 crore/km.

(e) The petitioner be directed to follow IPTC route for laying the transmission lines as per Government of India competitive bidding guidelines. GMDCL has further requested to allow it to represent before the Commission.

14. The petitioner vide its response dated 27.7.2010 has made the following submissions:

(a) Present petition has been filed for determination of tariff for Phase-I in accordance with Electricity Act, 2003 and the regulations made there under. As it is not clear as to whether GMDCL is a beneficiary, it cannot be made a respondent in the petition;



(b) The project under reference was executed in accordance with the Minutes of Meeting (MOM) held on 24.11.2006 with the GMDCL, PGCIL and Torrent to reduce the cost in the overall interest of all the stakeholders. Accordingly, GMDCL is liable to share the final cost of the project in the ratio of 2:1. For Phase-I of the project, the petitioner had placed order on PGCIL for project management and the same was executed under the direct guidance, supervision and control of the PGCIL. PGCIL has done engineering, prepared the material and labour orders, material inspection, execution of the work and certification of bills. The orders have been placed in the form of repeat order of PGCIL's ongoing projects so as to save time and reduce cost as the existing project was small in size;

(c) The petitioner has made the payment, as certified by PGCIL, for the execution of the project. Details pertaining to all the cost, including the copy of orders, payment details including cheque number, cost details, audited data of the project cost, etc. have been furnished to GMDCL from time to time in the context of the project executed. TPGL has also furnished the specific certificates issued by Auditor M/s CC Chokshi & Co. certifying the costs as required by GMDCL. However, the petitioner denies GMDCL's allegations for not providing the cost data and incurring higher project cost;





- (d) In regard to GMDCL's contention of not being supplied with a copy of the petition, the petitioner has submitted that with a request on 5.10.2009, it has furnished the copy of the petition to the GMDCL, though there was no prior agreement to provide such a copy;
- (e) The petitioner has further submitted that if GMDCL had decided to carry out the shifting work individually, it would have made the upfront payment to PGCIL. GMDCL has made payment of only ₹ 3.00 crore till date and is awaiting for the approval of the project cost by the Commission for paying the balance money of ₹ 4.836 crore though the MOM does not provide for any such approval for making the balance payment;
- (f) The petitioner has submitted that it is making all efforts for recovery of the cost from GMDCL. However, GMDCL has not made the full payment on the ground that project cost is not approved by the Commission till date. The petitioner has requested to advise GMDCL to make the balance payment along with interest cost at the earliest in the interest of all the stakeholders.

15. During the hearing of the petition held on 8.7.2010, the representative of the petitioner submitted that it has received a copy of the objection filed by the Gujarat Mineral Development Corporation Limited (GMDCL), Ahmedabad. He further submitted that present petition has been filed for the fixation of tariff for



the transmission system meant for evacuation of power from their power plant at SUGEN to distribution area at Ahmedabad and Surat. He submitted that as the transmission line was crossing through the Tadkeshwar mines of the objector, it approached M/s PGCIL for shifting of the line. An MOU was signed between the petitioner, GMD and Power Grid in which it was agreed that the cost of shifting the transmission line would be borne by GMDCL. Based on the cost of the project as prepared by the CA, GMDCL was requested to pay ₹ 7.86 crores whereas payment of ₹ 3 crore only has been received. As regards serving copy of the petition on the objector, he clarified that a copy was served on the objector on 9.10.2009 apart from informing the objector that the copy of the application was also available on its website. With regard to making the objector a party to the petition, he submitted that the objector is not a beneficiary of the transmission line and is not a necessary party in the petition.

16. We have carefully considered the objections of GMDCL and reply filed by the petitioner. The objector in its objections has requested to be impleaded as a respondent in the petition. The objector is not concerned with the transmission charges being determined under the petition. Its interest is limited to the sharing of capital cost of the project for shifting of the transmission line which was done at the instance of the objector. In the Record of Proceedings for the hearing dated 8.7.2010, the petitioner was directed to file its detailed reply to the objections raised by GMDCL with advance copy to the objector. The petitioner has filed its reply dated 27.7.2010 with copy to the objector, however, no further response from the objector has been received. Since the



objector is not a beneficiary of the transmission system for which the tariff is being determined in the present petition and the Commission has already considered the objections of GMDCL, we do not find any merit in the request of the objector to be impleaded as a party to the present petition. The sharing of cost of the project by GMDCL on account of the shifting of the transmission line is result of the joint decision taken by the objector, petitioner and Power Grid which has been formalised in the Minutes of Meeting dated 24.11.2006. Para 3 of the minutes of the meeting reads as under:

*“3. Joint decision is taken by all the officials present in the meeting to go in for a single circuit line of aprox. 24 kms. Jointly by M/s GMDC Ltd. & by M/s Torrent Ltd. at an approximate total cost of ₹ 19.20 crore. The final actual cost accordingly is to be shared in the ration of 2:1 between M/s Torrent Ltd. And M/s GMDC Ltd. respectively.”*

The basic grievance of GMDCL is that it has agreed to share the cost on account of misrepresentation by PGCIL and the petitioner whereas the actual cost of similar lines is much less. The objector was expected to exercise due prudence and diligence before signing the MoM on the basis of which project has been executed. The Commission cannot be expected to go into the commercial disputes between the parties which are totally unrelated to determination of tariff. However, since the capital cost has increased on account of the shifting of the transmission line at the instance of the objector, the beneficiaries cannot be burdened with the tariff for one third of the capital cost for which GMDC has agreed in the MoM dated 24.11.2006. Accordingly, for the purpose of tariff calculation, one third of the capital cost as has been agreed to be borne by GMDCL has been reduced and the transmission



charges of the transmission system has been considered on the basis of 2/3rd of the capital cost actually incurred as per the auditor's certificate.

### **CAPITAL COST**

17. 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.

18. The petitioner has furnished the details of capital expenditure duly certified by the auditor dated 11.9.2009. The petitioner has submitted that GMDCL has requested TPGL to shift 400 kV Gandhar-Vapi transmission line passing through Tedkeshwar mining lease area and has agreed to share 1/3rd of the project cost approved by the Commission. The petitioner has claimed tariff in respect of capital expenditure from the date of commercial operation up to 31.3.2009 as given in the table below of para 7 above.

### **TOTAL CAPITAL COST**

19. Based on the above, gross block as given underleaf has been considered for the purpose of tariff for the transmission assets:



(₹ in lakh)

Total capital expenditure as on the date of commercial operation	Less: Undischarged liability of ₹ 16.19 lakh written back	Capital expenditure excluding undischarged liability written back	Less: Amount payable by GMDCL (1/3rd)	Undischar ged liability not paid in 2004-09	Total Capital expenditure as on 1.3.2009 for the purpose of tariff calculations
2357.63	- 16.19	2341.44	-780.48	-237.98	1322.98

20. It is noted that in the capital expenditure as mentioned above, the petitioner has considered undischarged liabilities amounting to ₹ 254.17 lakh as well as amount receivable from GMDC i.e. 1/3rd of the project cost for the purpose of tariff calculations. The petitioner vide its affidavit dated 7.7.2010 has intimated that undischarged liability of ₹ 16.19 lakh is not payable and hence may be written back. Therefore, the same has not been considered as part of capital expenditure for the purpose of sharing of cost between petitioner and GMDC.

21. The petitioner has considered undischarged liability of ₹ 237.98 lakhs as a part of capital expenditure. However, undischarged liability is to be allowed only after it is actually paid. Therefore, undischarged liability has been excluded from capital expenditure as on the date of commercial operation for the purpose of determination of tariff which shall be considered for tariff calculation in the subsequent years when it is actually paid.

### **DEBT- EQUITY RATIO**

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



“(1) In case of the existing projects, debt–equity ratio Considered by the Commission for fixation of tariff for the period ending 31.3.2004 shall be considered for determination of tariff with effect from 1.4.2004:

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

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

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

whichever is the least:

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

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

24. The petitioner has submitted that entire capital cost has been funded through equity (internal sources) and has considered debt-equity ratio of 70:30 for the transmission asset. Further, the balance sheet as on 31.3.2009 does not indicate any loan. The debt-equity ratio of 70:30 has been considered in accordance with the 2004 regulations. Accordingly, for the purpose of tariff, equity considered for the transmission asset is as under:

(₹ in lakh)		
Equity on the date of commercial operation	Average equity for 2008-09	Equity considered as on 1.4.2009
396.89	396.89	396.89



## **RETURN ON EQUITY**

25. As per clause (iii) of Regulation 56 of the 2004 regulations, return on equity shall be computed on the equity base determined in accordance with regulation 54 @ 14% per annum. Equity invested in foreign currency is to be allowed a return in the same currency and the payment on this account is made in Indian Rupees based on the exchange rate prevailing on the due date of billing.

26. Equity has been considered as on the date of commercial operation as given in the table in para 23 above. However, tariff for the period from date of commercial operation to 31.3.2009 has been allowed on average equity. Accordingly, the petitioner shall be entitled to return on equity of ₹ 4.63 lakh for the transmission asset.

## **INTEREST ON LOAN**

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

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

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

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

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

*“(e) In case of dispute, any of the parties may approach the Commission with proper application. However, the beneficiaries shall not withhold any payment*



ordered by the Commission to the transmission licensee during pendency of any dispute relating to re-financing of loan;

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

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

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

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

28. The interest on loan has been worked out as detailed below:

(a) In the absence of actual loan SBI PLR as on 1.3.2008 (12.25%) has been considered as weighted average rate of interest for the calculation of interest on loan.

(b) Notional loan i.e. 70% of the capital cost as on the date of commercial operation has been considered for the purpose of tariff calculations.

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

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





(d) Moratorium in repayment of loan is 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) Petitioner has submitted that entire capital cost has been funded through equity (internal sources). The petitioner has considered SBI PLR for the purpose of calculation of interest on normative loan. Further, in the absence of any actual loan, SBI PLR i.e 12.25% has been considered for the purpose of calculation of interest on loan for 1.3.2009 to 31.3.2009.

29. Based on the above, the details of interest on loan worked out for the period from 1.3.2009 to 31.3.2009 are given hereunder:

(₹ in lakh)

	<b>2008-09</b>
Gross Normative Loan	926.09
Cumulative Repayment up to Previous Year/date of commercial operation	0.00
Net Loan-Opening	926.09
Addition due to Additional Capitalisation	0.00
Repayment during the year	2.89
Net Loan-Closing	923.19
Average Loan	924.64
Weighted Average Rate of Interest on Loan	12.25%
Interest	<b>9.44</b>



30. The detailed calculations in support of the weighted average rate of interest in respect of transmission asset are contained in **Annexure-I** attached to this order.

### **DEPRECIATION**

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

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

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

	(₹ in lakh)
	<b>2008-09 (Pro rata)</b>
Gross block as on the date of commercial operation	1322.98
Addition due to Additional Capitalisation during 2008-09	0.00
Gross Block at the end of the year	1322.98
Rate of Depreciation	2.6231%
Depreciable Value	1190.68
Balance Useful life of the asset	-
Remaining Depreciable Value	1190.68
<b>Depreciation</b>	<b>2.89</b>



### **ADVANCE AGAINST DEPRECIATION**

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

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

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

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

### **OPERATION & MAINTENANCE EXPENSES**

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

	Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
O&M expenses (₹ in lakh per ckt-km)	0.227	0.236	0.246	0.255	0.266



37. The petitioner has claimed O & M expenses for 28.768 ckt km, which have been allowed. Accordingly, the petitioner's entitlement to O & M expenses has been worked out as given hereunder:

(₹ in lakh)

	<b>2008-09 (Pro rata)</b>
O&M expenses for 28.768 ckt km.	0.64
<b>Total</b>	<b>0.64</b>

### **INTEREST ON WORKING CAPITAL**

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

**(i) Maintenance spares:** Regulation 56(v) (1) (b) of the 2004 regulations provides for maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation. In the present case, element wise capital expenditure on the date of commercial operation which has been considered as the historical cost for the purpose of the present petition and maintenance spares have been worked out accordingly by escalating 1% of the historical cost @ 6% per annum. In this manner, the value of maintenance spares works out to ₹ 13.23 lakh as on date of commercial operation.

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



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

(iv) **Rate of interest on working capital:** As per Regulation 56(v)(2) of the 2004 regulations, rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2004 or on 1st April of the year in which the project or part thereof (as the case may be) is declared under commercial operation, whichever is later. The interest on working capital is payable on normative basis notwithstanding that the transmission licensee has not taken working capital loan from any outside agency. The petitioner has claimed interest on working capital @ 12.25% based on SBI PLR as on 1.4.2008, which is in accordance with the 2004 regulations and has been allowed.

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

(₹ in lakh)	
<b>2008-09 (Pro rata)</b>	
Maintenance Spares	13.23
O & M expenses	0.64
Receivables	36.22
Total	50.09
Rate of Interest	12.25%
Interest	<b>0.51</b>



## **TRANSMISSION CHARGES**

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

(₹ in lakh)	
	<b>2008-09 (Pro rata)</b>
Depreciation	2.89
Interest on Loan	9.44
Return on Equity	4.63
Advance against Depreciation	0.00
Interest on Working Capital	0.51
O & M Expenses	0.64
Total	<b>18.11</b>

41. 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.

42. The petitioner has sought approval for the reimbursement of expenditure 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.

43. 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 said decision applies in the present case also. The decision on licence fee shall be communicated separately.

44. This order disposes of Petition No. 275/2009.

Sd/-  
(V.S.VERMA)  
MEMBER

Sd/-  
(Dr. PRAMOD DEO)  
CHAIRPERSON



**Annexure-I**

**CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN**

		(₹ in lakh)
Details of Loan		2008-09
<b>1</b>	<b>Normative Loan</b>	
	Gross Loan opening	926.09
	Cumulative Repayment up to the date of commercial operation/previous year	0.00
	Net Loan-Opening	926.09
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	926.09
	Average Loan	926.09
	Rate of Interest	12.25%
	Interest	113.45
	Repayment Schedule	
<b>Total Loan</b>		
	Gross Loan opening	926.09
	Cumulative Repayment up to the date of commercial operation	0.00
	Net Loan-Opening	926.09
	Additions during the year	0.00
	Repayment during the year	0.00
	Net Loan-Closing	926.09
	Average Loan	926.09
	Rate of Interest	12.25%
	<b>Interest</b>	113.45

