

**CENTRAL ELECTRICITY REGULATORY COMMISSION**

**NEW DELHI**

**Petition No. 320/2010**

**Coram:**

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

**Date of Hearing: 26.4.2011**

**Date of Order: 24.5.2011**

**In the matter of:**

Determination of transmission tariff for LILO of S/C Singrauli-Kanpur line-I, 400 kV sub-station at Allahabad and LILO of Singrauli-Kanpur line-II including ICT-I and ICT-II at Allahabad with associated bays in Northern 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. Rajasthan Rajya Vidyut Prasaran Nigam Limited, Jaipur
2. Ajmer Vidyut Vitaran Nigam Ltd., Jaipur
3. Jaipur Vidyut Vitaran Nigam Ltd, Jaipur
4. Jodhpur Vidyut Vitaran Nigam Ltd, Jaipur
5. Himachal Pradesh State Electricity Board, Shimla
6. Punjab State Electricity Board, Patiala
7. Haryana Power Purchase Centre, Panchkula
8. Power Development Department, Govt. of J&K, Jammu
9. Uttar Pradesh Power Corporation Ltd, Lucknow
10. Delhi Transco Ltd, New Delhi
11. BSES Yamuna Power Limited, New Delhi
12. BSES Rajdhani Power Ltd., New Delhi
13. North Delhi Power Ltd., New Delhi
14. Chandigarh Administration, Chandigarh
15. Uttarakhand Power Corporation Ltd, Dehradun
16. North Central Railway, Allahabad
17. New Delhi Municipal Council, New Delhi **.....Respondents**

**The following were present:**

- 1 Shri U.K.Tyagi, PGCIL
- 2 Shri Rakesh Prasad, PGCIL



**ORDER**

This petition has been filed for determination of transmission tariff for LLO of S/C Singrauli-Kanpur line-I, 400 kV sub-station at Allahabad, LLO of Singrauli-Kanpur line-II including ICT-I and ICT-II at Allahabad (hereinafter referred to as "the transmission assets) with associated bays in Northern Region for the period from 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"). The petitioner has also sought the following reliefs:

- (a) Approve the reimbursement by the beneficiaries, of expenditure 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;
  
- (b) Allow 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;

(c) Allow the petitioner to bill and recover service tax on transmission charges separately from the respondents, if at any time exemption from service tax is withdrawn and transmission is notified as a taxable service; and

(d) Allow the petitioner to bill and recover licence fee separately from the respondents;

2. The transmission lines included in the transmission assets and the date of commercial operation thereof are as stated below:

S.No.	Name of the transmission line	date of commercial operation
1	LILO of S/C Singrauli-Kanpur line-I ( <b>Asset-I</b> )	1.1.2003
2	400 kV sub-station at Allahabad ( <b>Asset-II</b> )	1.1.2003
3	ICT-I at Allahabad ( <b>Asset-III</b> )	1.2.2003
4	ICT-II at Allahabad ( <b>Asset-IV</b> )	1.1.2003

3. In accordance with the procedure of the Commission issued under letter Ref No. C-7/189(204)/2009-CERC, dated 23.10.2009, the above assets with associated bays in Northern Region have been clubbed for the purpose of determination of transmission charges with notional date of commercial operation as 1.2.2003.

4. Transmission charges for the transmission assets for the period up to 31.3.2009, were approved by the Commission vide order dated 30.4.2008 in Petition No. 72/2005.

5. In this petition, the petitioner has claimed the following transmission charges:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	363.73	363.73	363.73	363.73	363.73
Interest on Loan	259.61	219.40	178.14	134.44	93.26
Return on equity	318.71	318.71	318.71	318.71	318.71
Interest on Working Capital	47.23	47.98	48.79	49.64	50.65
O & M Expenses	551.76	583.35	616.74	651.99	689.27
<b>Total</b>	<b>1541.04</b>	<b>1533.17</b>	<b>1526.11</b>	<b>1518.51</b>	<b>1515.62</b>

6. 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	82.76	87.50	92.51	97.80	103.39
O & M expenses	45.98	48.61	51.40	54.33	57.44
Receivables	256.84	255.53	254.35	253.09	252.60
<b>Total</b>	<b>385.58</b>	<b>391.64</b>	<b>398.26</b>	<b>405.22</b>	<b>413.43</b>
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
<b>Interest</b>	<b>47.23</b>	<b>47.98</b>	<b>48.79</b>	<b>49.64</b>	<b>50.65</b>

7. No comments or suggestions have been received from the general public in response to the public notice published by the petitioner on 19/21.9.2010 as required under Section 64 of the Electricity Act, 2003 (the Act) read with Regulation 3 (6) of the Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004.

8. Reply to the petition has been filed by the Uttar Pradesh Power Corporation Limited (UPPCL) and Haryana Power Purchase Centre

(HPPC). The main issues raised by UPPCL and HPPC pertain to the floating rate of interest, MAT, O & M Expenses, reimbursement of filing fee, service tax and licence fee. etc. The issues have been addressed in relevant paras of this order.

### **CAPITAL COST**

9. The last proviso to clause (2) of Regulation 7 of the 2009 regulations, extracted hereunder provides that the project cost admitted by the Commission for determination of tariff prior to 1.4.2009 shall form the basis for determination of tariff.

*“Provided also that in case of the existing projects, the capital cost admitted by the Commission prior to 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14, as may be admitted by the Commission, shall form the basis for determination of tariff.”*

10. The asset wise detail of admitted capital cost, which has been considered for determination of tariff are as under:

(₹ in lakh)

Assets	Admitted capital cost as on 31.3.2009
Asset -I	798.69
Asset-II	3486.45
Asset- III	1649.38
Asset- IV	1533.71
<b>Total</b>	<b>7468.24</b>

11. Capital cost of ₹ 7468.24 lakh has been considered as opening capital cost for the purpose of tariff.

## **ADDITIONAL CAPITAL EXPENDITURE**

12. The petitioner has not projected any additional capital expenditure during the period 2009-14.

## **DEBT- EQUITY RATIO**

13. Clause (2) of Regulation 12 of the 2009 regulations *inter-alia* provides that,-

*"(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."*

14. The petitioner has claimed tariff for combined asset based on debt-equity ratio of 75.59:24.41 as admitted vide order dated 30.4.2008 in Petition No. 72/2005. The same debt-equity ratio has been considered for the purpose of tariff during the period 2009-14 in terms of clause (2) of Regulation 12 as quoted above.

## **RETURN ON EQUITY**

15. 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."*

16. HPPC has opposed the prayer of petitioner for grossing up the base rate of return with MAT rates applicable for particular financial year and truing up of ROE every year in view of the specific provisions for truing up at the end of the tariff period as per the 2009 regulations. The petitioner in its rejoinder has submitted that without revision in MAT rate, the cash-flow of Power Grid would be adversely affected since the petitioner would be required to pay the tax at revised MAT rate @ 15% in accordance with the Finance Act, 2009 whereas cash would be generated based on MAT @ 10% . 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	1823.16	1823.16	1823.16	1823.16	1823.16
Addition due to additional capital expenditure	0.00	0.00	0.00	0.00	0.00
Closing Equity	1823.16	1823.16	1823.16	1823.16	1823.16
Average Equity	1823.16	1823.16	1823.16	1823.16	1823.16
Return on Equity (Base Rate )	15.50%	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09 (MAT)	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%
<b>Return on Equity (Pre Tax)</b>	<b>318.71</b>	<b>318.71</b>	<b>318.71</b>	<b>318.71</b>	<b>318.71</b>

### INTEREST ON LOAN

17. 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."*

18. HPPC has suggested that the issue of change in interest due to floating rate of interest applicable on floating interest rate loans may be dealt in the same manner as the issue of change of tax rate as per the relevant Finance Act as decided by the Commission in its

order dated 3.8.2010 in Petition No. 38/2010. UPPCL has requested to direct the petitioner not to negotiate any floating rate of interest in future, which will likely to add to the burden of the consumer. In response, the petitioner has submitted that the Commission had allowed direct settlement with the beneficiaries any change in interest on account of floating rate of interest for the tariff period 2004-09. The change in interest rate may increase or decrease during the tariff period and thus, it would be equitable and fair to allow annual adjustment in difference in interest rate. Therefore, the PGCIL has followed the same practice in regard to floating rate of interest during the 2009-14 period. In this connection, it is clarified that the rate of interest on loan has been calculated in this order strictly in accordance with the provisions of the 2009 regulations.

19. Interest on loan has been worked out as detailed below:

(a) Details of net outstanding loan as on 31.3.2009, cumulative repayment up to 31.3.2009, repayment schedule for the loans, rate of interest etc. have been taken from the order dated 30.4.2008 in Petition No. 72/2005 for working out weighted average rate of interest;

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

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

20. The detailed calculations in support of the weighted revised average rate of interest are contained in **Annexure** attached to this order. Based on the above, interest on loan worked is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	5645.08	5645.08	5645.08	5645.08	5645.08
Cumulative Repayment up to Previous Year	2778.24	3141.97	3505.70	3869.43	4233.16
Net Loan-Opening	2866.84	2503.11	2139.38	1775.65	1411.92
Addition due to additional capital expenditure	0.00	0.00	0.00	0.00	0.00
Repayment during the year	363.73	363.73	363.73	363.73	363.73
Net Loan-Closing	2503.11	2139.38	1775.65	1411.92	1048.19
Average Loan	2684.97	2321.24	1957.51	1593.78	1230.05
Weighted Average Rate of Interest on Loan	9.6688%	9.4517%	9.1005%	8.4354%	7.5820%
<b>Interest</b>	<b>259.61</b>	<b>219.40</b>	<b>178.14</b>	<b>134.44</b>	<b>93.26</b>

### **DEPRECIATION**

21. 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.*

XXXX

XXXX

(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."

22. Depreciation has been worked out on the basis of admitted capital expenditure of ₹ 7468.24 lakh as on 1.4.2009. Details of the depreciation worked out are as under:

<b>(₹ in lakh)</b>					
<b>Details of Depreciation</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Gross block as on 31.3.2009	7468.24	7468.24	7468.24	7468.24	7468.24
Rate of Depreciation	4.8704%	4.8704%	4.8704%	4.8704%	4.8704%
Depreciable Value	6602.09	6602.09	6602.09	6602.09	6602.09
Remaining Depreciable Value	3823.85	3460.12	3096.39	2732.66	2368.94
<b>Depreciation</b>	<b>363.73</b>	<b>363.73</b>	<b>363.73</b>	<b>363.73</b>	<b>363.73</b>

## OPERATION & MAINTENANCE EXPENSES

23. In accordance with clause (g) of Regulation 19 the 2009 regulations, the following norms for 400 kV D/C twin conductor transmission line and 400 kV and 220 bays have been specified for O & M expenses:

	Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
400 kV D/C , twin conductor transmission line (₹ in lakh/per ckt.km.)	0.627	0.663	0.701	0.741	0.783
400 kV bays (₹ in lakh/per bay)	52.40	55.40	58.57	61.92	65.46
220 kV bays (₹ in lakh per bay)	36.68	38.78	41.00	43.34	45.82

24. It can be seen that the petitioner had claimed O & M expenses for 8 bays during the period 2004-09 in regard to assets covered in the present petition. However, in the present petition, the petitioner has claimed O & M expenses for 12 bays. The petitioner has submitted that following additional four bays have been included at Allahabad sub-station:

- (i) Rewa road -I, 1 no.220 kV bay;
- (ii) Rewa road -II, 1 no.220 kV bay;
- (iii) Phulpur bay, 1 no 220 kV bay; and
- (iv) Bus reactor bay at Allahabad, 1 no 400 kV bay

25. The petitioner has submitted that total number of bays furnished for arriving at O & M norms for the period 2009-14 (based on actual O & M during the years 2003-04 to 2007-08) include these three bays

also. The petitioner has further submitted that the Kanpur Bus Reactor along with bays under Rihand Transmission System was shifted to Allahabad sub-station. Therefore, this bay has been considered in the present petition only. In view of the above, O & M expenses for 12 bays as claimed by the petitioner has been considered for the purpose of tariff. Accordingly, 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 expenses for 400 kV D/C, twin conductor transmission line [ 2.4945 ckt km (1.137+1.3575)]	1.56	1.65	1.75	1.85	1.95
O & M expenses for 440 kV bays ( 7 bays)	366.80	387.80	409.99	433.44	458.22
O & M expenses for 220 kV bays ( 5 bays)	183.40	193.90	205.00	216.70	229.10
<b>Total</b>	<b>551.76</b>	<b>583.35</b>	<b>616.74</b>	<b>651.99</b>	<b>689.27</b>

26. The petitioner has submitted that O & M expenditure for 1009-14 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%.

27. UPPCL has submitted that as the 2009 regulations have been framed after detailed consultation, discussion and public hearing, the sanctity of the regulation should be maintained and the request for revision in O & M norms should not be considered. HPPC has submitted that O & M expenses should be allowed as per the 2009 regulations. In response, the petitioner has submitted that the wage revision for the employees has already been done. Accordingly, it would approach the Commission for additional manpower cost on account of wage revision during the period 2009-14. 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**

28. 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 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.



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

<b>(₹ in lakh)</b>					
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	82.76	87.50	92.51	97.80	103.39
O & M expenses	45.98	48.61	51.40	54.33	57.44
Receivables	256.84	255.53	254.35	253.08	252.60
<b>Total</b>	<b>385.58</b>	<b>391.64</b>	<b>398.26</b>	<b>405.22</b>	<b>413.43</b>
Rate of Interest (%)	12.25%	12.25%	12.25%	12.25%	12.25%
<b>Interest on working capital</b>	<b>47.23</b>	<b>47.98</b>	<b>48.79</b>	<b>49.64</b>	<b>50.65</b>

### TRANSMISSION CHARGES

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

<b>(₹ in lakh)</b>					
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	363.73	363.73	363.73	363.73	363.73
Interest on Loan	259.61	219.40	178.14	134.44	93.26
Return on equity	318.71	318.71	318.71	318.71	318.71
Interest on Working Capital	47.23	47.98	48.79	49.64	50.65
O & M Expenses	551.76	583.35	616.74	651.99	689.27
<b>Total</b>	<b>1541.04</b>	<b>1533.16</b>	<b>1526.11</b>	<b>1518.51</b>	<b>1515.61</b>

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

31. UPPCL has submitted that the filing fee should be governed by the Hon`ble Commission`s order dated 11.9.2008 in Petition No. 129/2005. 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 as may be allowed at the discretion of the Commission. We

have decided the following in our order dated 11.1.2010 in Petition No. 109/2009:

*"85. The Commission after careful consideration has decided that filing fee will be reimbursed in the following cases:*

- (a) Main petitions for determination of tariff;*
- (b) Petitions for revisions of tariff due to additional capital expenditure.;*
- (c) Petitions for truing up of expenditure.*

*Filing fees paid for filing the Review Petitions, Interlocutory Applications and other Miscellaneous Applications will not be reimbursed in tariff. The Commission has decided to reimburse the expenses on publication of notices as such expenses are incurred to meet the statutory requirement of transparency in the process of determination of tariff."*

32. In accordance with the said decision, the petitioner shall be entitled to recover the filing fee from the beneficiaries on pro rata basis. The petitioner shall also be entitled for reimbursement of publication expenses from the beneficiaries on pro-rata basis.

### **Service Tax**

33. The prayer of the petitioner in regard to allow to bill and recover the service tax on transmission charges separately from the respondents, if at any time exemption from service tax is withdrawn and transmission is notified as a taxable service, has been opposed by the UPPCL. It is clarified that the prayer of the petitioner is premature in the absence of any demand for service tax and accordingly is rejected.

## **Licence fee**

34. UPPCL and HPPC have submitted that licence fee is the onus of the licensee therefore, it should not be passed on the consumers. 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.

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

36. This order disposes of Petition No. 320/2010.

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

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

**Sd/-**  
**(Dr. Pramod Deo)**  
**Chairperson**

## Annexure

## 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</b>	<b>Bond IX</b>					
	Gross loan opening	2316.00	2316.00	2316.00	2316.00	2316.00
	Cumulative Repayment up to DOCO/previous year	1389.60	1621.20	1852.80	2084.40	2316.00
	Net Loan-Opening	926.40	694.80	463.20	231.60	0.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	231.60	231.60	231.60	231.60	0.00
	Net Loan-Closing	694.80	463.20	231.60	0.00	0.00
	Average Loan	810.60	579.00	347.40	115.80	0.00
	Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
	Interest	99.30	70.93	42.56	14.19	0.00
	Rep Schedule	10 Annual instalments from 22.8.2003				
<b>2</b>	<b>Bond X</b>					
	Gross loan opening	1795.00	1795.00	1795.00	1795.00	1795.00
	Cumulative Repayment up to DOCO/previous year	747.92	897.50	1047.09	1196.67	1346.25
	Net Loan-Opening	1047.08	897.50	747.91	598.33	448.75
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	149.58	149.58	149.58	149.58	149.58
	Net Loan-Closing	897.50	747.91	598.33	448.75	299.16
	Average Loan	972.29	822.71	673.12	523.54	373.96
	Rate of Interest	10.90%	10.90%	10.90%	10.90%	10.90%
	Interest	105.98	89.67	73.37	57.07	40.76
	Rep Schedule	12 Annual instalments from 21.6.2004				
<b>3</b>	<b>ICICI</b>					
	Gross loan opening	519.00	519.00	519.00	519.00	519.00
	Cumulative Repayment up to DOCO/previous year	311.41	363.31	415.21	467.11	519.01
	Net Loan-Opening	207.59	155.69	103.79	51.89	-0.01
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	51.90	51.90	51.90	51.90	0.00
	Net Loan-Closing	155.69	103.79	51.89	-0.01	-0.01
	Average Loan	181.64	129.74	77.84	25.94	-0.01
	Rate of Interest	7.32%	7.32%	7.32%	7.32%	7.32%
	Interest	13.30	9.50	5.70	1.90	0.00
	Rep Schedule	10 Annual Equal instalments from 29.6.2003				
<b>4</b>	<b>BOI(Foreign Currency)</b>					
	Gross loan opening	632.74	632.74	632.74	632.74	632.74
	Cumulative Repayment up to DOCO/previous year	166.50	199.80	233.10	266.41	299.71
	Net Loan-Opening	466.24	432.94	399.64	366.33	333.03
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	33.30	33.30	33.30	33.30	33.30
	Net Loan-Closing	432.94	399.64	366.33	333.03	299.73
	Average Loan	449.59	416.29	382.98	349.68	316.38
	Rate of Interest	3.32%	3.32%	3.32%	3.32%	3.32%
	Interest	14.91	13.81	12.70	11.60	10.49
	Rep Schedule	38 Equal Half yearly instalments from 10.06.2004				



<b>5</b>	<b>Bond XII</b>					
	Gross loan opening	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>
	Cumulative Repayment up to DOCO/previous year	<b>13.34</b>	<b>16.67</b>	<b>20.01</b>	<b>23.34</b>	<b>26.67</b>
	Net Loan-Opening	<b>26.66</b>	23.33	19.99	16.66	13.33
	Additions during the year	<b>0.00</b>	0.00	0.00	0.00	0.00
	Repayment during the year	3.33	3.33	3.33	3.33	3.33
	Net Loan-Closing	23.33	19.99	16.66	13.33	9.99
	Average Loan	24.99	21.66	18.33	14.99	11.66
	Rate of Interest	<b>9.70%</b>	9.70%	9.70%	9.70%	9.70%
	Interest	2.42	2.10	1.78	1.45	1.13
	Rep Schedule	12 Annual instalments from 28.3.2006				
<b>6</b>	<b>OBC</b>					
	Gross loan opening	<b>200.00</b>	<b>200.00</b>	<b>200.00</b>	<b>200.00</b>	<b>200.00</b>
	Cumulative Repayment up to DOCO/previous year	<b>83.33</b>	<b>100.00</b>	<b>116.66</b>	<b>133.33</b>	<b>150.00</b>
	Net Loan-Opening	<b>116.67</b>	100.00	83.34	66.67	50.00
	Additions during the year	<b>0.00</b>	0.00	0.00	0.00	0.00
	Repayment during the year	16.67	16.67	16.67	16.67	16.67
	Net Loan-Closing	100.00	83.34	66.67	50.00	33.34
	Average Loan	108.34	91.67	75.00	58.34	41.67
	Rate of Interest	<b>9.60%</b>	9.60%	9.60%	9.60%	9.60%
	Interest	10.40	8.80	7.20	5.60	4.00
	Rep Schedule	12 Annual instalments from 22.3.2005				
	<b>Total Loan</b>					
	Gross loan opening	5502.74	5502.74	5502.74	5502.74	5502.74
	Cumulative Repayment upto DOCO/previous year	2712.10	3198.49	3684.87	4171.26	4657.64
	Net Loan-Opening	2790.64	2304.25	1817.87	1331.48	845.10
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	486.39	486.39	486.39	486.39	202.89
	Net Loan-Closing	2304.25	1817.87	1331.48	845.10	642.21
	Average Loan	2547.45	2061.06	1574.68	1088.29	743.66
	<b>Weighted Average Rate of Interest</b>	<b>9.6688%</b>	<b>9.4517%</b>	<b>9.1005%</b>	<b>8.4354%</b>	<b>7.5820%</b>
	<b>Interest</b>	246.31	194.81	143.30	91.80	56.38