

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 147/TT/2011

Coram:

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

Date of Hearing: 27.11.2012

Date of Order : 09.05.2013

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 for determination of transmission tariff from projected notional date of commercial operation: 1.10.2011 to 31.3.2014 for Combined Elements of 315 MVA 400 kV/220 kV ICT-I (date of commercial operation: 1.7.2010) & ICT-II (Projected date of commercial operation: 1.10.2011) at GIS sub-station at Gurgaon (New) along with associated bays under Transmission System associated with Northern Region System Strengthening Scheme-VI (NRSS-VI) for tariff block 2009-14 period in Northern Region

And

In the matter of:

Power Grid Corporation of India Limited, Gurgaon

...Petitioner

Vs

Haryana Power Purchase Centre, Panchkula

...Respondent

The following were present:

1. Shri S S Raju, PGCIL
2. Shri A.M. Pavgi, PGCIL
3. Shri K. Rathore, PGCIL
4. Shri T.P.S. Bawa, PSPCL



ORDER

This petition has been filed by Power Grid Corporation of India Limited (PGCIL) for determination of transmission tariff of Combined Elements of 315 MVA 400 kV/220 kV ICT-I (date of commercial operation: 1.7.2010) & ICT-II (Projected date of commercial operation: 1.10.2011) at GIS sub-station at Gurgaon (New) along with associated bays under Transmission System associated with Northern Region System Strengthening Scheme-VI (hereinafter referred to as “the transmission system) for tariff block 2009-2014 period under Regulation 86 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 Tariff Regulations”).

2. The administrative approval and expenditure sanction to the project was accorded by the Board of Directors of the petitioner vide Memorandum No. C/CP/NRSSS-VI, dated 22.1.2007 at a total cost of ₹18695 lakh, including interest during construction of ₹1236 lakh, based on 2nd Quarter 2006 price level. The petitioner has submitted Revised Cost Estimate of ₹26587 lakh approved by the Board dated 16.8.2011, including an IDC of ₹1953 lakh based on 3rd Quarter, 2010 price level.

3. The scope of work covered under the project broadly includes following transmission lines and sub-stations:-

Northern Region System Strengthening Scheme-VI

Transmission Line

a) LILO of Ballabgarh-Bhiwadi 400 kV S/C line at Gurgaon-27 Km

Sub-station

b) 400/220 kV GIS Sub-station at Gurgaon (New) - 2x 315 MVA, 400/220 kV transformer

4. The petitioner initially claimed transmission tariff for combined assets of 315 MVA 400/220 kV ICT-I (actual date of commercial operation: 1.7.2010) at GIS Sub-station at Gurgaon (New) along with associated bays and ICT-II (projected date of commercial operation: 1.10.2011) at GIS Sub-station at Gurgaon (New) along with associated bays with 1.10.2011 as notional anticipated date of commercial operation, based on estimated capital expenditure incurred up to notional anticipated date of commercial operation and estimated additional capital expenditure projected to be incurred from notional anticipated date of commercial operation to 31.3.2014. The petitioner, vide affidavit dated 14.2.2012, has submitted that the asset "315 MVA 400/220 kV ICT-II at GIS Sub-station at Gurgaon (New) along with associated bays" has been put under commercial operation on 1.2.2012. The petitioner has vide affidavit dated 13.9.2012 submitted that transmission tariff for 315 MVA, 400/220 kV ICT-I at GIS sub-station at Gurgaon, now claimed in Petition No. 343/2010, has already been allowed by the Commission vide its order dated 30.8.2012. The petitioner has requested the Commission to determine the transmission tariff of 315 MVA 400/220 kV ICT-II at GIS Sub-station at Gurgaon (New) along with associated bays (hereinafter referred to as "Asset") in the instant petition and submitted revised management certificates for capital expenditure as per revised date of commercial operation and also revised tariff forms pertaining to this asset.

5. The details of original and revised apportioned approved cost as on the date of commercial operation, and estimated additional capital expenditure to be incurred for the asset covered in the instant petition, claimed by the petitioner, are summarized below:-

(₹ in lakh)

Apportioned approved cost as per FR	Revised Apportioned approved cost	Actual cost incurred as on DOCO*	Projected additional capital expenditure		Total Estimated Completion cost
			2011-12	2012-13	
5212.00	7234.00	5454.60	1417.61	183.08	7055.29

*Inclusive of initial spares amounting to ₹ 156.68 lakh pertaining to sub-station (including land, building and PLCC) which falls within the ceiling limit specified in Regulation 8 of the 2009 Tariff Regulations.

6. Details of the transmission charges claimed by the petitioner are as under:-

(₹ in lakh)

Particulars	2011-12 (Pro-rata)	2012-13	2013-14
Depreciation	48.34	331.73	335.98
Interest on Loan	64.78	423.14	398.50
Return on equity	53.87	365.20	370.00
Interest on Working Capital	4.79	31.57	31.79
O & M Expenses	30.26	191.94	202.92
Total	202.04	1343.58	1339.19

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

(₹ in lakh)

Particulars	2011-12 (Pro-rata)	2012-13	2013-14
Maintenance Spares	27.23	28.79	30.44
O & M expenses	15.13	16.00	16.91
Receivables	202.04	223.93	223.20
Total	244.40	268.72	270.55
Interest	4.79	31.57	31.79
Rate of Interest	11.75%	11.75%	11.75%

8. No comments or suggestions have been received from the general public in response to the notices published by the petitioner under section 64 of the Electricity Act, 2003. Punjab State Power Corporation Ltd. (PSPCL), has filed an affidavit dated 14.12.2012 wherein it has raised the issue of declaration of date of commercial operation, IDC for the period of delay, O&M charges, etc. The petitioner has filed rejoinder to the reply of PSPCL vide affidavit dated 28.2.2013. The objections have been dealt with in relevant paragraphs of this order.

9. Having heard the representatives of the parties and perused the material on records, we proceed to dispose of the petition. While doing so, we also take care of the submissions of the respondents in their replies and address them in the relevant paragraphs.

Capital cost

10. Regulation 7(1) (a) of the 2009 Tariff Regulations provides as under:-

"(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 fund deployed, - up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;"

11. The petitioner has claimed capital cost of ₹ 5454.60 lakh as on the date of commercial operation for the Asset vide Management certificate dated 2.7.2012.

Cost variation

12. Estimated completion cost is lower than the revised approved cost in spite of delay of 30 months. The cost estimates of the petitioner are not realistic not only in this petition but also in other similar petitions. In our view the petitioner should adopt a prudent procedure to make cost estimates of different elements of the transmission projects more realistic.

Time over-run

13. As per investment approval, the project is to be commissioned within 30 months from the date of issue of first letter of award. The date of first letter of award is 22.1.2007 and accordingly, the schedule of completion works out to 1.8.2009. As against this, the asset has been put under commercial operation on 1.2.2012. Thus there is delay of 30 months in the commissioning of the Asset.

14. The petitioner vide affidavit dated 14.2.2012 has submitted reasons for delay in commissioning the asset. The petitioner has submitted that 315 MVA, 400/220 kV auto-transformers are used in various sub-stations. Over a period it was noticed that these are subjected to various types of faults during operation including short circuit resulting in failure of these transformers. In order to increase reliability and minimize failures on account of these faults, the petitioner has started Short Circuit Test on Transformers to further strengthen the Short Circuit Capability of the Transformer. As per the contractual conditions of the petitioner, the manufacturer has to subject such transformers for their design validation for clearance of short circuit tests.

since BHEL make 315 MVA was not subjected to short circuit test, the ICT supplied by BHEL under this proposal was identified for short circuit test. The short circuit testing facilities are not available in India, and are only available at KEMA, Netherlands. Thus, the petitioner had to depend on the testing facilities abroad. This took considerable time in getting schedule/ test bed availability at KEMA, Netherlands and then physical movement to and from test lab took further time.

15. The petitioner has further submitted that during the short circuit testing in KEMA, Netherlands, in unforeseen circumstances, the transformer failed causing delay in commissioning of the transformer. To meet requirement of the transformer at Gurgaon, a new transformer of another make which had already qualified the short circuit test was diverted to Gurgaon sub-station. The petitioner has requested that the delay in commissioning of ICT-II was beyond the control of the petitioner and may be condoned. It has further submitted that the details of amount of Liquidated Damages, if any, shall be submitted and the amount recovered on account of Liquidated Damages is credited against the cost of the Project. PSPCL in its affidavit dated 14.12.2012 has submitted that IDC for the period of delay should not be allowed.

16. We observe that the delay is due to short circuit testing at KEMA, Netherlands and the failure of transformer during testing. Since the award of contract, it was clear that short circuit testing had to be done by the supplier. The petitioner has not submitted any document to show that it was pressing

the supplier for timely delivery of equipment. There is also no evidence that the petitioner had made effort to get it tested at KEMA facility on time. The petitioner has not produced any documentary evidence to show that the delay was due to delay in testing. Thus, we are of the view that the time over-run cannot be attributed to delay in conducting the tests. The failure of transformer due to design deficiency is entirely the responsibility of supplier. This burden cannot be passed to the respondent. Hence delay of 30 months due to failure of transformer is not being condoned. Accordingly, IDC and IEDC for the period of time over-run is disallowed. Details of disallowed IDC and IEDC are as follows:-

(₹ in lakh)

Details of IDC and IEDC as per Auditor's Certificate dated 2.7.2012		
	IEDC	IDC
Total IDC and IEDC Claimed up to 31.3.2011	187.29	401.62
Expenditure from 1.4.2011 to 31.1.2012 (DOCO: 1.2.2012)	6.79	159.99
Total IEDC and IDC claimed	194.08	561.61
Details of IEDC & IDC Disallowed for 30 months		
From August 2010 to March 2011 (for 20 months)*	74.92	160.65
From 1.4.2011 to 31.1.2012 (for 10 months)**	6.79	159.99
Total Disallowed IEDC and IDC (for 30 months)	81.71	320.64

*IEDC and IDC for balance disallowed period (20 months) has been calculated on pro-rata basis from the IEDC and IDC claimed up to 31.3.2011.

**IEDC and IDC for 10 months has been considered from April 2011 to January 2012 as per Management certificate dated 2.7.2012.

17. Disallowed IEDC and IDC have been proportionately deducted from the cost of elements as on date of commercial operation (excluding Land). The capital cost amounting to ₹5052.26 lakh (excluding disallowed IEDC and IDC) has been considered for the purpose of determination of transmission tariff.

Additional capital expenditure

18. Regulation 9 (1) of the 2009 Tariff Regulations provides as under:-

Additional Capitalisation: (1) The capital expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (i) Undischarged liabilities;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, subject to the provisions of regulation 8;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
- (v) Change in law”.

19. Further, the 2009 Tariff Regulations defines cut-off date as follows:-

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

Based on the above definition, cut-off date for the Asset is 31.3.2015.

20. The petitioner has claimed additional capital expenditure as below:-

(₹ in lakh)

Year	Work proposed to be added after COD upto cut- off date	Amount to be capitalized /proposed to be capitalized	Justification
DOCO to 31.3.2012	Building & civil works	0.02	Balance/ Retention Payments
	Sub station	1417.59	
	Sub Total	1417.61	
1.4.2012 to 31.3.2013	Building & civil works	60.55	
	Sub station	122.53	
	Sub Total	1546.29	

The additional capital expenditure claimed by the petitioner is within the cut-off date. Hence, the same has been considered for the purpose of determination of tariff.

Debt- equity ratio

21. Regulation 12 of the 2009 Tariff Regulations provides as under:-

"(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."

22. Details of the debt-equity in respect of the transmission assets as on date of commercial operation is given hereunder:-

Particulars	Capital cost as on 1.2.2012	
	Amount (₹ in lakh)	%
Debt	3536.58	70.00
Equity	1515.68	30.00
Total	5052.26	100.00

23. Details of debt-equity ratio of the asset as on 31.3.2014 is as follows:-

Particulars	Capital cost as on 31.3.2014	
	Amount (₹ in lakh)	%
Debt	4657.06	70.00
Equity	1995.88	30.00
Total	6652.95	100.00

Return on equity

24. Regulation 15 of the 2009 Tariff Regulations provides as under:-

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% for thermal generating stations, transmission system and run of the river generating station, and 16.5% for the storage type generating stations including pumped storage hydro generating stations and run of river generating station with pondage and shall 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 Minimum Alternate/Corporate Income Tax Rate for the year 2008-09, as per the Income Tax Act, 1961, as applicable to the concerned generating company or the transmission licensee, as the case may be:

(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.

(5) The generating company or the transmission licensee as the case may be, shall recover the shortfall or refund the excess Annual Fixed charge on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax Rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission.

Provided further that Annual Fixed charge with respect to the 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 financial year during the tariff period shall be trued up in accordance with Regulation 6 of these regulations."

25. The petitioner has computed return on equity 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%.

26. The following amount of equity has been considered for calculation of return of equity:-

(₹ in lakh)

Particulars	2011-12 (Pro-rata)	2012-13	2013-14
Opening Equity	1515.68	1940.96	1995.88
Addition due to additional capital expenditure	425.28	54.92	0.00
Closing Equity	1940.96	1995.88	1995.88
Average Equity	1728.32	1968.42	1995.88
Return on Equity (Base Rate)	15.50%	15.50%	15.50%
Tax rate for the year 2008-09 (MAT)	11.330%	11.330%	11.330%
Rate of Return on Equity (Pre Tax)	17.481%	17.481%	17.481%
Return on Equity (Pre Tax)	50.35	344.10	348.90

27. The petitioner's request to allow grossing up the base rate of return on equity based on the tax rates viz. , MAT, surcharge, any other cess, charges, levies etc., as per the relevant Finance Act, shall be settled in accordance with the provisions of Regulation 15 of the 2009 Tariff Regulations as amended from time to time.

Interest on loan

28. Regulation 16 of the 2009 Tariff Regulations provides as under:-

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

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

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

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

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

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

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

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

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

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

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

Provided that the beneficiary or the transmission customers shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan.”

29. In these calculations, interest on loan has been worked out as per details given hereunder:-

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

(b) The repayment for the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that period;

(c) Notwithstanding moratorium period availed by the transmission licensee, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed;

(d) Weighted average rate of interest on actual average loan worked out as per (a) above is applied on the notional average loan during the year to arrive at the interest on loan.

30. Detailed calculation of the weighted average rate of interest has been given in the Annexure to this order.

31. Details of the interest on loan worked on the above basis is as under:-

Particulars	(₹ in lakh)		
	2011-12 (Pro-rata)	2012-13	2013-14
Gross Normative Loan	3536.58	4528.91	4657.06
Cumulative Repayment upto Previous Year	0.00	45.03	356.88
Net Loan-Opening	3536.58	4483.88	4300.18
Addition due to additional capital expenditure	992.33	128.16	0.00
Repayment during the year	45.03	311.85	316.10
Net Loan-Closing	4483.88	4300.18	3984.08
Average Loan	4010.23	4392.03	4142.13
Weighted Average Rate of Interest on Loan	9.06%	9.08%	9.08%
Interest	60.55	398.77	375.95

Depreciation

32. Regulation 17 (4) of the 2009 Tariff Regulations provides as under:-

(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.

33. The Asset was put on commercial operation on 1.2.2012, and will complete 12 years beyond 2013-14. Hence, depreciation has been calculated annually based on Straight Line Method and at rates specified in Appendix-III to the 2009 Tariff Regulations. Details of the depreciation worked out are as under:-

Particulars	(₹ in lakh)		
	2011-12 (Pro-rata)	2012-13	2013-14
Opening Gross Block (As on date of commercial operation)	5052.26	6469.87	6652.95
Addition during 2009-14 due to projected additional capital expenditure	1417.61	183.08	0.00
Closing Gross Block	6469.87	6652.95	6652.95
Average Gross Block	5761.06	6561.41	6652.95
Rate of Depreciation	4.6898%	4.7528%	4.7513%
Depreciable Value	5184.95	5905.27	5987.65
Remaining Depreciable Value	5184.95	5860.23	5630.77
Depreciation	45.03	311.85	316.10

Operation & maintenance expenses

34. Clause (g) of Regulation 19 of the 2009 Tariff Regulations prescribes the norms for operation and maintenance expenses based on the type of sub-station and line. Norms prescribed in respect of the elements covered in the instant petition are as given hereunder:-

Elements	2011-12	2012-13	2013-14
400 kV bays (₹ lakh per bay)	58.57	61.92	65.46

35. In terms of Clause (g) of Regulation 19 of the 2009 Tariff Regulations which prescribes the norms for operation and maintenance expenses based on the type of sub-station and transmission line, the allowable O&M expenses for the elements covered in the instant petition are as given hereunder:-

(₹ in lakh)

315 MVA ICT-II at Gurgaon along with associated bays				
Element	Quantity	2011-12 (for 2 months)	2012-13	2013-14
400 kV bays	1	9.76	61.92	65.46
220 kV bays	3	20.50	130.02	137.46
Total O&M worked out		30.26	191.94	202.92

36. The petitioner has submitted that O & M expenses for the year 2009-14 had been arrived on the basis of normalized actual O & M expenses during the period 2003-04 to 2007-08. The wage hike of 50% on account of pay revision of the employees of public sector undertaking has also been considered while calculating the O & M expenses for the tariff period 2009-14. The petitioner has further submitted that it would approach the Commission for suitable revision in the norms for O & M expenses in case the impact of wage revision. PSPCL in its affidavit dated 14.12.2012 has submitted that O&M expenses should be allowed as per 2009 Tariff Regulations only and any excess claim may not be considered.

37. The Commission has given effect to the impact of pay revision in the 2009 Tariff Regulations by factoring 50% on account of pay revision of the employees of PSUs after extensive stakeholders' consultation. We do not see any reason why the admissible amount is inadequate to meet the requirement

of the employees cost. However, in case the petitioner approaches with any such application, the same shall be dealt with in accordance with law.

Interest on working capital

38. As per the 2009 Tariff 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 Tariff Regulations, receivables will be equivalent to two months of fixed cost. The petitioner has claimed the receivables on the basis of 2 months' transmission charges 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 Tariff 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 Tariff Regulations provides for operation and maintenance expenses for one month as a component of working capital. O&M expenses for 1 month of the respective year in the petition has been considered in the working capital.

(iv) Rate of interest on working capital

SBI Base Rate of 8.25% on 1.4.2011 plus 350 basis points, i.e., 11.75% is considered as the rate of interest on working capital for the Asset.

39. Necessary computations in support of interest on working capital are given hereunder:-

Particulars	(₹ in lakh)		
	2011-12 (Pro-rata)	2012-13	2013-14
Maintenance Spares	27.23	28.79	30.44
O & M expenses	15.13	16.00	16.91
Receivables	190.77	212.82	212.40
Total (Annual)	233.13	257.61	259.75
Rate of Interest	11.75%	11.75%	11.75%
Interest	4.57	30.27	30.52

Transmission charges

40. The transmission charges being allowed for the transmission asset are summarized hereunder:-

Particulars	(₹ in lakh)		
	2011-12 (Pro-rata)	2012-13	2013-14
Depreciation	45.03	311.85	316.10
Interest on Loan	60.55	398.77	375.95
Return on equity	50.35	344.10	348.90
Interest on Working Capital	4.57	30.27	30.52
O & M Expenses	30.26	191.94	202.92
Total	190.77	1276.93	1274.39

Filing fee and publication expenses

41. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. In accordance with the Commission's order dated 11.1.2010 in Petition No. 109/2009 applicable for the tariff period 2009-

14, the petitioner shall be entitled to recover the filing fee directly from the beneficiaries on *pro-rata* basis. The petitioner shall also be entitled for reimbursement of the publication expenses in connection with the present petition, directly from the beneficiaries on *pro-rata* basis.

Licence fee

42. The petitioner has submitted that in O&M expenses norms for tariff block 2009-14, the cost associated with licence fees had not been captured and the licence fee may be allowed to be recovered separately from the respondents. We have considered the submissions of the petitioner. The petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 42 A (1) (b) of the 2009 Tariff Regulations.

Service tax

43. The petitioner has made a prayer to be allowed to bill and recover the service tax on transmission charges separately from the respondents, if it is subjected to such service tax in future. We consider petitioner's prayer premature and accordingly this prayer is rejected.

Sharing of transmission charges

44. The petitioner has submitted that the transmission tariff for block 2009-14 shall be borne by the respondent Haryana only as per Notification dated 26.3.2004 issued by the Commission, being the downstream asset. PSPCL in its affidavit dated 14.12.2012 has submitted that the sharing of transmission charges should be as per the provisions of the Central Electricity Regulatory

Commission (Sharing of inter-state transmission charges and losses) Regulations, 2010.

45. We have considered the submissions of the petitioner and PSPCL. The billing, collection and disbursement of the transmission charges shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of inter-state transmission charges and losses) Regulations, 2010 as amended from time to time.

46. This order disposes of Petition No. 147/TT/2011.

(M. Deena Dayalan)
Member

(V.S. Verma)
Member

(S. Jayaraman)
Member

(Dr. Pramod Deo)
Chairperson

Annexure

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN				
(₹ in lakh)				
	Details of Loan	2011-12	2012-13	2013-14
1	Bond XXXIII			
	Gross loan opening	205.00	205.00	205.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	205.00	205.00	205.00
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00
	Net Loan-Closing	205.00	205.00	205.00
	Average Loan	205.00	205.00	205.00
	Rate of Interest	8.64%	8.64%	8.64%
	Interest	17.71	17.71	17.71
	Rep Schedule	12 annual installments from 8.7.2014		
2	Bond XXXVIII (Drawl on 9.3.2012)			
	Gross loan opening	0.00	116.74	116.74
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00
	Net Loan-Closing	116.74	116.74	116.74
	Average Loan	58.37	116.74	116.74
	Rate of Interest	9.25%	9.25%	9.25%
	Interest	5.40	10.80	10.80
	Rep Schedule	Bullet payment as on 8.3.2027		
3	Bond XXIX			
	Net Loan-Opening	869.00	869.00	796.58
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	72.42	72.42
	Net Loan-Closing	869.00	796.58	724.17
	Average Loan	869.00	832.79	760.38
	Rate of Interest	9.20%	9.20%	9.20%
	Interest	79.95	76.62	69.95
	Rep Schedule	12 annual installments from 12.3.2013		
4	Bond XXVIII			
	Gross loan opening	715.00	715.00	715.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	59.58
	Net Loan-Opening	715.00	715.00	655.42
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	59.58	59.58
	Net Loan-Closing	715.00	655.42	595.83
	Average Loan	715.00	685.21	625.63
	Rate of Interest	9.33%	9.33%	9.33%
	Interest	66.71	63.93	58.37
	Rep Schedule	12 annual installments from 15.12.2012		

5	Bond XXXIV			
	Gross loan opening	765.00	765.00	765.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	765.00	765.00	765.00
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00
	Net Loan-Closing	765.00	765.00	765.00
	Average Loan	765.00	765.00	765.00
	Rate of Interest	8.84%	8.84%	8.84%
	Interest	67.63	67.63	67.63
	Rep Schedule	12 annual installments from 21.10.2014		
6	Bond XXXI			
	Gross loan opening	858.05	858.05	858.05
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	858.05	858.05	858.05
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	71.50
	Net Loan-Closing	858.05	858.05	786.55
	Average Loan	858.05	858.05	822.30
	Rate of Interest	8.90%	8.90%	8.90%
	Interest	76.37	76.37	73.18
	Rep Schedule	12 Annual installments from 25.2.2014		
7	Bond XXXVI			
	Gross loan opening	85.42	85.42	85.42
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	85.42	85.42	85.42
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00
	Net Loan-Closing	85.42	85.42	85.42
	Average Loan	85.42	85.42	85.42
	Rate of Interest	9.35%	9.35%	9.35%
	Interest	7.99	7.99	7.99
	Rep Schedule	Annual installments from 29.8.2016		
8	Bond XXX			
	Gross loan opening	204.00	204.00	204.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
	Net Loan-Opening	204.00	204.00	204.00
	Additions during the year	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	17.00
	Net Loan-Closing	204.00	204.00	187.00
	Average Loan	204.00	204.00	195.50
	Rate of Interest	8.80%	8.80%	8.80%
	Interest	17.95	17.95	17.20
	Rep Schedule	Annual installments from 29.9.2013		
9	Bond XXXVIII (Drawl on			

9.3.2012)			
Gross loan opening	0.00	992.33	992.33
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	0.00	992.33	992.33
Additions during the year	992.33	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	992.33	992.33	992.33
Average Loan	496.17	992.33	992.33
Rate of Interest	9.25%	9.25%	9.25%
Interest	45.90	91.79	91.79
Rep Schedule	Bullet payment as on 8.3.2027		
Total Loan			
Gross loan opening	3701.47	4810.54	4810.54
Cumulative Repayment upto DOCO/previous year	0.00	0.00	132.00
Net Loan-Opening	3701.47	4810.54	4678.54
Additions during the year	1109.07	0.00	0.00
Repayment during the year	0.00	132.00	220.50
Net Loan-Closing	4810.54	4678.54	4458.04
Average Loan	4256.01	4744.54	4568.29
Rate of Interest	9.0600%	9.0795%	9.0762%
Interest	385.60	430.78	414.63