

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 203/TT/2012

Coram:

**Shri S. Jayaraman, Member
Shri V.S. Verma, Member
Shri Deena Dayalan, Member**

Date of Hearing: 06.12.2012

Date of Order : 09.05.2013

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations' 1999, and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations' 2009, from actual date of commercial operation to 31.3.2014 for 400 kV 80 MVAR Bus Reactor at Neemrana Sub-station (actual date of commercial operation 1.4.2012) under the transmission system associated with Northern Region System Strengthening Scheme-XV (NRSS-XV) for tariff block 2009-14 period in Northern Region .

And

In the matter of:

Power Grid Corporation of India Limited, Gurgaon

.....**Petitioner**

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited
2. Ajmer Vidyut Vitran Nigam Limited, Jaipur
3. Jaipur Vidyut Vitran Nigam Limited, Jaipur
4. Jodhpur Vidyut Vitran Nigam Limited, Jaipur
5. Himachal Pradesh State Electricity Board, Shimla
6. Punjab State Electricity Board, Patiala
7. Haryana Power Purchase Centre, Panchkula
8. Power Development Department, J&K, Jammu
9. Uttar Pradesh Power Corporation Ltd., Lucknow
10. Delhi Transco Limited, New Delhi
11. BSES Yamuna Power Limited, New Delhi
12. BSES Rajdhani Power limited, New Delhi
13. North Delhi Power Limited, 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 S.S Raju, PGCIL
2. Shri R.B. Sharma, Advocate, BRPL

ORDER

This petition has been filed by Power Grid Corporation of India Limited (PGCIL) seeking approval of transmission tariff for 400 kV 80 MVAR Bus Reactor at Neemrana sub-station (actual date of commercial operation 1.4.2012) under the transmission system associated with Northern Region System Strengthening Scheme-XV (NRSS-XV) in Northern Region for 2009-14 tariff period (anticipated date of commercial operation 1.2.2011) based on 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 transmission project was accorded by Board of Directors of PGCIL vide C/CP/NRSS-XV dated 20.2.2009 for `52048 lakh, including IDC of `3445 lakh, based on 4th Qtr 2008 price level.

3. The scope of work covered under the project broadly includes construction of following transmission line and sub-station:-



Transmission Line

- i) Manesar – Neemrana 400 kV D/C line -90 km
- ii) Bhiwadi-Neemrana 400 kV D/C line- 60 km
- iii) LILO of Bhiwadi – Bassi (Jaipur) 400 kV S/C line at new 400/200 kV Kotputli substation -15 km

Substation:

- i) New 2x315 MVA, 400/220 kV Substation at Neemrana
- ii) New 2x315 MVA, 400/220 kV Substation at Kotputli
- iii) Extension of Bhiwadi 400/220 kV substation.
- iv) Extension of Manesar 400/220 kV Gas Insulated Substation.
- v) Extension of Jaipur (Bassi) 400/220 kV substation.

Reactive compensation:

- i) 80 MVAR bus reactor at Neemrana
- ii) 80 MVAR bus reactor at Kotputli
- iii) LILO of Bhiwadi-Bassi (Jaipur) 400 kV S/C line at new 400/200 kV Kotputli substation

4. The detail of assets covered in the petition and their date of commercial operation are as under:-

Assets	Date of commercial operation
400/ 220 kV Neemrana Sub-station	
400 kV bay:	
80 MVAR Bus Reactor Bay	1.4.2012

5. The details of capital cost as on date of commercial operation and estimated additional capital expenditure projected to be incurred for the asset covered in this petition are summarized below:-

(` in lakh)

Apportioned approved cost	Estimated capital expenditure incurred up to date of commercial operation	Projected additional capital expenditure from date of commercial operation to 31.3.2013	Total estimated completion cost
1374.29	1066.53	214.01	1280.54

*Inclusive of initial spares amounting to `16.55 lakh pertaining to Sub-station which is within the ceiling limits of Regulation 8 of 2009 Tariff Regulation.

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

(` in lakh)

Particulars	2012-13	2013-14
Depreciation	46.36	51.81
Interest on Loan	72.66	75.03
Return on equity	61.54	67.15
Interest on Working Capital	7.58	8.08
O & M Expenses	61.92	65.46
Total	250.06	267.53

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

(` in lakh)

Particulars	2012-13	2013-14
Maintenance Spares	9.29	9.82
O & M expenses	5.16	5.46
Receivables	41.68	44.59
Total	56.12	59.86
Interest	7.58	8.08
Rate of Interest	13.50%	13.50%

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. The reply has been filed by Respondent No. 12 BSES Rajdhani Power Limited (BRPL), vide affidavit dated 3.12.2012. The petitioner has filed the rejoinder to the reply of BRPL. The objections raised by the respondent and their clarifications are dealt 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.

Capital cost

10. As regards the capital cost, 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 `1066.53 lakh as on date of commercial operation vide Auditor's certificate dated 3.7.2012. Capital cost of `1035.04 lakh (excluding IDC and IEDC which has been disallowed) has been considered as on date of commercial operation for the purpose of tariff calculation.

Time over-run

12. As per the investment approval, the project scope was scheduled to be commissioned within 33 months from the date of Investment Approval. The date of Investment approval was 20.2.2009 and accordingly the schedule of completion works out to be 20.11.2011 i.e. 1.12.2011, against which the asset covered in the petition was put under commercial operation on 1.4.2012, thus there was a delay of 4 months in commissioning the asset.

13. The petitioner has submitted, vide affidavit dated 5.12.2012, that there was initially delay in acquisition of land which caused the delay in commissioning of the asset. The petitioner has submitted that the land was to be available during early 2010 but due to delay in land acquisition the land was handed over by revenue authorities during June 2010. Further, the delay is due to prioritization of supply of reactors, to commission the priority projects of the petitioner. The Bus Reactor was received at the site in Neemrana in February 2012 and the asset was commissioned on 1.4.2012. The petitioner has prayed to condone the delay in commissioning of the asset.

14. BRPL, in its reply has requested not to condone the time over-run of 4 months and to disallow the IDC and IEDC for the time over-run of 4 months. In response, the petitioner in its rejoinder has reiterated the submissions made in affidavit dated 5.12.2012 and requested to condone the delay of 4 months. The petitioner has submitted, vide affidavit dated 25.2.2013, that the delay of 4 months has not resulted in increase of cost (actual IDC and IEDC also are within the approved limits). The petitioner has further submitted, vide affidavit dated 20.3.2013, that request for requirement of land for Neemrana sub-station with the land Authorities in 2008. Rigorously followed for land acquisition and requested Authorities for acquisition of land for Neemrana sub-station invoking Urgency Clause and prayed to condone the delay in commissioning of the asset.

15. The petitioner has submitted that time over-run was basically due to delay in acquisition of land and prioritization of supply of reactors. We are of the view that the delay in commissioning of the asset could have been condoned if the delay was just due to delay in acquisition of land. However, it is observed that the petitioner has commissioned the 2X315 MVA 400/220 kV ICT-II at Neemrana of NRSS XV was commissioned on 1.1.2012, as submitted by the petitioner in Petition No.69/TT/2012. This shows that the land was available to the petitioner before hand and that the petitioner could have commissioned the asset as scheduled on 1.12.011. Thus, the time over-run cannot be attributed to the delay in acquisition of land. Due to prioritization of work by the petitioner, the Bus Reactor was

received at site in Neemrana in February, 2012 and the asset was commissioned on 1.4.2012. Thus, the time over-run appears to be due to delayed receipt of the Bus Reactor because of the prioritization of the work done by the petitioner. Therefore, the plea that delay in commissioning of the asset is due to delay in land acquisition is not justified. Hence, the delay of 4 months in commissioning of the asset is not condoned. Accordingly, the IDC and IEDC for four months are disallowed.

16. The details of IEDC & IDC claimed by the petitioner and the IEDC & IDC disallowed are given hereunder:-

(` in lakh)

Detail of IDC and IEDC as per Chartered Accountant certificate dated 3.7.2012		
	IDC	IEDC
Up to 31.03.2012	89.17	22.57
Total IDC and IEDC Claimed	89.17	22.57
Detail of IDC & IEDC Disallowed for 4 months		
Disallowed IDC (for 4 months) (Submitted vide affidavit dt 31.10.2012)	24.32	7.16
Total	24.12	7.16

Cost over-run

17. The respondent, BRPL has submitted that the apportioned approved cost of the asset is `1374.29 lakh and the estimated completion cost of the asset is expected to be `1280.54 lakh resulting in large savings. This shows over-estimation in the approval of the cost estimates of the asset and thus the cost over-run is not possible to determine in this case.

18. It is observed that there is no cost over-run in commissioning of the asset. However, there is cost variation under the sub-head "Control Room & office building (315.98%) ", Township & Colony (37.89%), Misc. Civil works (87.28%) and Control relay & protection panel (20.44%) in Form 5B , due to higher awarded price.

19. The petitioner was directed to furnish the reasons for significant increase in some of the items. In response, the petitioner has submitted, vide affidavit dated 5.12.2012, that the estimates are prepared by the petitioner as per well defined procedures for cost estimate. The cost estimate is broad indicative cost worked out generally on the basis of average unit rates of recently awarded contacts. For procurement, open competitive bidding route is followed and by providing equal opportunity all eligible firms, lowest possible market prices for required product/services is obtained and contracts are awarded on the basis of lowest evaluated eligible bidder. The best competitive bid prices against tenders are lower as compared to the cost estimate depending upon prevailing market conditions.

20. The reasons furnished by the petitioner for cost variation in individual items appears to be justified and accordingly the cost variation in those items is allowed. However, the cost estimates of the petitioner in this petition, besides a few other petitions, are not realistic. In our view, the petitioner should adopt a prudent procedure to make cost estimates of different elements of the transmission projects more realistic.

Projected additional capital expenditure

21. With regard to additional capital expenditure, clause 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;
- (i) Works deferred for execution;
- (ii) Procurement of initial capital spares within the original scope of work, subject to the provisions of Regulation 8;
- (iii) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
- (iv) Change in Law.”

22. The 2009 Tariff Regulations further defines cut-off date as-

“cut-off date means 31st march of the year closing after 2 years of the year of commercial operation of the project, and incase of 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”.

23. As per the above definition, cut-off date in respect of the transmission asset whose transmission tariff is being approved vide this order is 31.3.2014.

24. The petitioner has claimed projected additional capital expenditure for the year 2012-2013. Additional capital expenditure claimed falls within the cut-off date. Hence, it has been considered for the purpose of tariff calculation.

25. Element wise detail of Projected additional capital expenditure is as follows:-

(` in lakh)

Year	Element	Amount
2012-13	Building	20.12
	Sub-Station	193.89
Total		214.01

Debt- equity ratio

26. Regulation 12 of the 2009 Tariff Regulations provides that:-

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

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

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

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

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

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

27. Details of debt-equity in respect of the transmission assets as on the date of commercial operation are given overleaf:-

(` in lakh)

	Apportioned approved cost		Admitted as on date of commercial operation	
	Amount	%	Amount	%
Debt	962.00	70.00	724.53	70.00
Equity	412.29	30.00	310.51	30.00
Total	1374.29	100.00	1035.04	100.00

28. Debt- equity ratio as on 31.3.2014 is as under:-

(` in lakh)

Particulars	Capital cost as on 31.3.2014	
	Amount	%
Debt	874.34	70.00
Equity	374.72	30.00
Total	1249.06	100.00

29. Debt-equity ratio for projected additional capital expenditure considered in the calculation is given hereunder:-

(` in lakh)

Particulars	Additional capital expenditure for 2012-13	
	Normative	
	Amount	%
Debt	149.81	70.00
Equity	64.20	30.00
Total	214.01	100.00

Return on equity

30. Regulation 15 of the 2009 Tariff 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% 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 year during the tariff period shall be trued up in accordance with Regulation 6 of these regulations."

31. Based on the above, the following return on equity has been allowed:-

Particulars	(` in lakh)	
	2012-13	2013-14
Opening Equity	310.51	374.72
Addition due to Additional capital expenditure	64.20	0.00
Closing Equity	374.72	374.72
Average Equity	342.61	374.72
Return on Equity (Base Rate)	15.50%	15.50%
Tax rate for the year 2008-09	11.33%	11.33%
Rate of Return on Equity (Pre Tax)	17.481%	17.481%
Return on Equity (Pre Tax)	59.89	65.50

32. The petitioner's prayer to allow grossing up the base rate of return with the applicable tax rate as per relevant Finance Act and direct settlement of tax liability between the generating company/transmission licensee and the beneficiaries/long term transmission customers on year to year basis, shall be settled in accordance with the provisions of Regulation 15 of 2009 regulations.

Interest on loan

33. Regulation 16 of the 2009 Tariff 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.”

34. In these calculations, interest on loan has been worked out as detailed hereunder:-

- (a) Gross amount of loan, repayment of instalments and rate of interest weighted average rate of interest on actual average loan have been considered as per the petition;
- (b) Tariff is worked out considering normative loan and normative repayments. Yearly depreciation allowed has been taken as

respective years normative repayment for the tariff period 2009-14;
and

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

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

36. Details of the interest on loan worked on the above basis are as under:-

Particulars	(` in lakh)	
	2012-13	2013-14
Gross Normative Loan	724.53	874.34
Cumulative Repayment upto Previous Year	0.00	44.82
Net Loan-Opening	724.53	829.52
Addition due to Additional capital expenditure	149.81	0.00
Repayment during the year	44.82	50.27
Net Loan-Closing	829.52	779.25
Average Loan	777.02	804.38
Weighted Average Rate of Interest on Loan	9.1022%	9.1045%
Interest	70.73	73.24

Depreciation

37. Regulation 17 of the 2009 Tariff 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.

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

(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.”

38. The transmission asset in the petition were put under commercial operation on 1.4.2012 and accordingly will complete 12 years beyond 2013-14 and thus depreciation has been calculated annually based on Straight Line Method and at rates specified in Appendix-III of 2009 Tariff Regulation.

39. Details of the depreciation worked out are given overleaf:-

(` in lakh)		
Particulars	2012-13	2013-14
As on date of commercial operation	1035.04	1249.05
Addition during 2009-14 due to Projected additional capital expenditure	214.01	0.00
Gross Block	1249.05	1249.05
Average Gross Block	1142.05	1249.05
Rate of Depreciation	3.9241%	4.0246%
Depreciable Value	819.13	915.44
Remaining Depreciable Value	819.13	870.62
Depreciation	44.82	50.27

Operation & maintenance expenses

40. 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 given hereunder:-

(` in lakh)					
Element	2009-10	2010-11	2011-12	2012-13	2013-14
400 kV Bays (` lakh/ bay)	52.40	55.40	58.57	61.92	65.46

41. Based on the above norms, the following amount of operation and maintenance expenses are allowed:-

(` in lakh)		
Element	2012-13	2013-14
1 no. 400 kV bay	61.92	65.46
Total O&M expenses	61.92	65.46

42. The petitioner has submitted that O & M expenses for the year 2009-14 had been arrived at 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 hike with effect from 1.1.2007 is more than 50%.

43. BSEB has submitted that the Commission has already covered the increase in employee cost on account of pay revision of the employee cost on account of pay revision of the employees of PSUs by rationalizing the O&M expenses by 50% increase in employee cost. Any further increase in the employee cost should be taken care by the petitioner by improving their productivity levels and the beneficiaries should not be unduly burdened over and above the provisions made in the 2009 Tariff Regulations. The petitioner has clarified that per Ckt Km and per bay O&M rates considered in the instant petition are base on 2009 Tariff Regulations. While framing the 2009 Tariff Regulations, the petitioner had furnished the actual O&M cost, line and bay details of its transmission system for the 5 years period i.e; 2003-04,2004-05, 2005-06, 2006-07 and 2007-08, without taking into account expected manpower cost implications on account of wage revision due with effect from

1.1.2007. The commission has considered 50% in the wage hike so as to stipulate the norms for 2009-10.

44. 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 employee 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

45. The 2009 Tariff Regulations provides for the components of the working capital and the interest thereon as under:-

(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 of annual 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 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. 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

Interest rate of 11.75% (SBI Base Rate 10.00% as on 14.02.2011 plus 350 bps) has been considered for calculating interest on working capital.

46. Details of interest on working capital allowed are given hereunder:-

(` in lakh)		
Particulars	2012-13	2013-14
Maintenance Spares	9.29	9.82
O & M expenses	5.16	5.46
Receivables	40.80	43.74
Total	55.25	59.01
Interest	7.46	7.97

Transmission Charges

47. The transmission charges allowed for the transmission assets are given hereunder:-

(` in lakh)

Particulars	2012-13	2013-14
Depreciation	44.82	50.27
Interest on Loan	70.73	73.24
Return on equity	59.89	65.50
Interest on working Capital	7.46	7.97
O & M Expenses	61.92	65.46
Total	244.81	262.44

Filing fee and the publication expenses

48. The petitioner has sought reimbursement of fee paid by it for filing the petition and expenses related to publication of notices. BRPL has submitted that the petitioner's prayer for filing fee and publication expenses should be governed as per the Commission's order dated 11.9.2008 in Petition No.129/2005. The petitioner has clarified that reimbursement of expenditure has been claimed in terms of Regulation 42 of 2009 Tariff Regulations. We would like to clarify that order dated 11.9.2008 in Petition No. 129/2005 pertains to 2004-09 period. In accordance with the Commission's order dated 11.1.2010 in Petition No. 109/2009, 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

49. The petitioner has submitted that in O&M norms for tariff block 2009-14 the cost associated with license fees had not been captured and the license fee may be allowed to be recovered separately from the respondents. BRPL has submitted that the petitioner's request for reimbursement for licence fee

should be rejected. The petitioner has clarified that the licence fee shall be recoverable as per Regulation 42A (1)(b) of the 2009 Tariff Regulations. The petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 42A (1)(b) of the 2009 Tariff Regulations.

Service tax

50. 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. The BRPL has objected to recovery of service tax from the beneficiaries in future as CBEC has exempted service tax on transmission, vide notification No. 11/2010-service tax dated 20.7.2010. The petitioner clarified that if notifications regarding granting of exemption to transmission service are withdrawn at a later date, the beneficiaries shall have to share the service tax paid by the petitioner. We consider the prayer of the petitioner pre-mature and accordingly the petitioner's prayer is rejected.

Sharing of transmission charges

51. The billing, collection & disbursement of the transmission charges shall be governed by the provision of Central Electricity Regulatory Commission (Sharing of inter-state transmission charges and losses) Regulations, 2010 as amended from time to time.

52. This order disposes of Petition No. 203/TT/2012.

sd/-
(M. Deena Dayalan)
Member

sd/-
(V. S. Verma)
Member

sd/-
(S. Jayaraman)
Member

Annexure

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(` in lakh)

	Details of Loan	2012-13	2013-14
1	Bond XXX		
	Gross loan opening	46.50	46.50
	Cumulative Repayment upto DATE OF COMMERCIAL OPERATION/previous year	0.00	0.00
	Net Loan-Opening	46.50	46.50
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	3.88
	Net Loan-Closing	46.50	42.63
	Average Loan	46.50	44.56
	Rate of Interest	8.80%	8.80%
	Interest	4.09	3.92
	Rep Schedule	12 annual installments from 29.09.2013	
2	Bond XXXI		
	Gross loan opening	139.50	139.50
	Cumulative Repayment upto DATE OF COMMERCIAL OPERATION/previous year	0.00	0.00
	Net Loan-Opening	139.50	139.50
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	11.63
	Net Loan-Closing	139.50	127.88
	Average Loan	139.50	133.69
	Rate of Interest	8.90%	8.90%
	Interest	12.42	11.90
	Rep Schedule	12 annual installments from 25.02.2014	
3	Bond XXXIII		
	Gross loan opening	127.87	127.87



	Cumulative Repayment upto DATE OF COMMERCIAL OPERATION/previous year	0.00	0.00
	Net Loan-Opening	127.87	127.87
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	127.87	127.87
	Average Loan	127.87	127.87
	Rate of Interest	8.64%	8.64%
	Interest	11.05	11.05
	Rep Schedule	12 annual installments from 08.07.2014	
4	Bond XXXIV		
	Gross loan opening	63.94	63.94
	Cumulative Repayment upto DATE OF COMMERCIAL OPERATION/previous year	0.00	0.00
	Net Loan-Opening	63.94	63.94
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	63.94	63.94
	Average Loan	63.94	63.94
	Rate of Interest	8.84%	8.84%
	Interest	5.65	5.65
	Rep Schedule	12 annual installments from 21.10.2014	
5	Bond XXXV		
	Gross loan opening	151.12	151.12
	Cumulative Repayment upto DATE OF COMMERCIAL OPERATION/previous year	0.00	0.00
	Net Loan-Opening	151.12	151.12
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	151.12	151.12
	Average Loan	151.12	151.12
	Rate of Interest	9.64%	9.64%
	Interest	14.57	14.57
	Rep Schedule	12 annual installments from 31.05.2015.	
6	Bond XXXVI		
	Gross loan opening	46.50	46.50
	Cumulative Repayment upto DATE OF COMMERCIAL OPERATION/previous year	0.00	0.00
	Net Loan-Opening	46.50	46.50
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00

	Net Loan-Closing	46.50	46.50
	Average Loan	46.50	46.50
	Rate of Interest	9.35%	9.35%
	Interest	4.35	4.35
	Rep Schedule	12 annual installments from 29.08.2016.	
7	Bond XXXVIII		
	Gross loan opening	171.14	171.14
	Cumulative Repayment upto DATE OF COMMERCIAL OPERATION/previous year	0.00	0.00
	Net Loan-Opening	171.14	171.14
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	171.14	171.14
	Average Loan	171.14	171.14
	Rate of Interest	9.25%	9.25%
	Interest	15.83	15.83
	Rep Schedule	Bullet payment 09.03.2027	
	Total Loan		
	Gross loan opening	746.57	746.57
	Cumulative Repayment upto DATE OF COMMERCIAL OPERATION/previous year	0.00	0.00
	Net Loan-Opening	746.57	746.57
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	15.50
	Net Loan-Closing	746.57	731.07
	Average Loan	746.57	738.82
	Rate of Interest	9.1022%	9.1045%
	Interest	67.95	67.27