

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 7/TT/2011

Coram:

Shri S. Jayaraman, Member

Shri V.S. Verma, Member

Shri M. Deena Dayalan, Member

Date of Hearing : 06.03.2012

Date of Order : 22.04.2013

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 for determination of transmission tariff for tariff block 2009-14 for (i) **Combined assets of (Asset-I)** 220/132kV, 100 MVA ICT-I at Sitarganj alongwith associated bays (date of commercial operation-1.8.2009), **(Asset-II)** 220/132kV, 100 MVA ICT-I at Pithoragarh alongwith associated bays (date of commercial operation-1.9.2010) and **(Asset-III)** 220/132kV, 100 MVA ICT-II at Pithoragarh alongwith associated bays (date of commercial operation-1.12.2010) and (ii) **(Asset-IV)** LILO of one ckt of Dhauliganga- Bareilly at Pithoragarh with associated bays (date of commercial operation-1.8.2010) under system strengthening in Uttaranchal in Northern Region.

And

In the matter of:

Power Grid Corporation of India Limited, Gurgaon

.....**Petitioner**

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur
2. Ajmer Vidyut Vitran Nigam Ltd, Jaipur
3. Jaipur Vidyut Vitran Nigam Ltd., Jaipur
4. Jodhpur Vidyut Vitran Nigam Ltd., Jaipur
5. Himachal Pradesh State Electricity Board, Shimla
6. Punjab State Electricity Board, Patiala



7. Haryana Power Purchase Centre, Haryana
8. Power Development Deptt., Jammu
9. Uttar Pradesh Power Corporation Ltd., Lucknow
10. Delhi Transco Ltd., New Delhi
11. BSES Yamuna Power Ltd., 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 S.S. Raju, PGCIL
2. Shri Mukesh Khanna, PGCIL
3. Shri M.M. Mondal, PGCIL
4. Shri T.P.S. Bawa, PSPCL
5. Shri R.B. Sharma, Advocate for BRPL
6. Shri Sanjay Srivastava, BRPL

ORDER

This petition has been filed by Power Grid Corporation of India Limited (PGCIL) for determination of transmission tariff for Combined assets of Asset-I: 220/132kV, 100 MVA ICT-I at Sitarganj alongwith associated bays, Asset-II: 220/132kV, 100 MVA ICT-I at Pithoragarh alongwith associated bays, Asset-III: 220/132kV, 100 MVA ICT-II at Pithoragarh alongwith associated bays and (ii) (Asset-IV) LILO of one ckt of Dhauliganga- Bareilly at Pithoragarh with associated bays (hereinafter referred to as "transmission assets") under system strengthening in Uttaranchal in Northern Region, from the date of commercial operation to 31.3.2014 for tariff block 2009-14 period under Regulation 86 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2009 (hereinafter referred to as "2009 Tariff Regulations")



2. The administrative approval and expenditure sanction to the transmission project was accorded by the Board of directors of the petitioner, vide memorandum ref. C/CP/N799-00 dated 13.7.2004, for estimated completion cost of `7642 lakh including an IDC of `305 lakh (based on 4th Quarter, 2003 price level). The revised cost estimate has been approved by the Board of Directors, vide letter dated 20.12.2010 at an estimated cost of `14258 lakh including IDC of `779 lakh at 2nd quarter price level.

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

Transmission Lines

- (a) LILO of one circuit of Dhauliganga-Bareilly 400kV D/C (Charged at 220kV) at Pithoragarh.
- (b) LILO of one circuit of Tanakpur-Bareilly 220kV D/C at Sitarganj

Sub-stations

- (i) 220/132 kV Pithoragarh-New sub-station-6X33.3 MVA
- (ii) 220/132 kV Sitarganj-New sub-station 2X100 MVA

4. The following assets are covered in the instant petition for the determination of transmission tariff:-



Sr. No.	Name of the Asset	Actual date of commercial operation	Remarks
1.	220/132 kV 100 MVA ICT-II at Sitarganj along with associated bays (hereinafter referred to as Asset-I)	1.8.2009	Covered under Petition No. 117/2010
2.	220/132 kV 100 MVA ICT-I at Pithoragarh along with associated bays (hereinafter referred to as Asset-II)	1.9.2010	Covered under the instant petition
3.	220/132 kV 100 MVA ICT-II at Pithoragarh along with associated bays (hereinafter referred to as Asset-III)	1.12.2010	
4.	LILO of one circuit of Dhauliganga-Bareilly at Pithoragarh along with associated bays (hereinafter referred to as Asset-IV)	1.8.2010	

5. The transmission tariff for Asset-I has already been approved by the Commission vide order dated 16.3.2012 in Petition No. 117/2010 and the capital cost admitted in the said order has been considered in the instant petition. The tariff for the transmission assets covered in the instant petition has been worked as detailed under:-

(a) Combined Asset I: It includes Asset-I & Asset-II (notional date of commercial operation: 1.9.2010) and tariff would be applicable for the period 1.9.2010 to 30.11.2010

(b) Combined Asset II: It includes Combined Asset I and Asset-III (notional date of commercial operation: 1.12.2010) and tariff would be applicable for the period 1.12.2010 to 31.3.2014.

(c) Asset IV: Date of commercial operation: 1.8.2010 and tariff would be applicable from 1.8.2010 to 31.3.2014

6. The instant petition covers determination of transmission tariff based on the actual expenditure incurred up to the date of commercial operation and the estimated additional capital expenditure projected to be incurred from date of commercial operation to 31.3.2014. The details of apportioned approved cost as on the date of commercial operation and estimated additional capital expenditure projected to be incurred for the transmission assets are summarized below:-

(` in lakh)

Name of the asset	Apportioned approved cost (RCE)	Actual cost incurred as on date of commercial operation	Projected additional capital expenditure			Total estimated completion cost
			Date of commercial operation to 31.3.2010	2010-11	2011-12	
Asset-I	2326.69	1867.40	384.15	69.79	-	2321.34
Asset-II	1897.20	1337.98	-	413.48	137.26	1888.72
Asset-III	2280.59	1742.43	-	422.33	106.83	2271.59
Asset-IV	1834.15	1288.70	-	403.40	134.18	1826.28
TOTAL	8338.63	6236.51	384.15	1309.00	378.27	8307.93

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

(` in lakh)

Combined Asset I	
Particulars	2010-11 (pro-rata for 7 months)
Depreciation	42.15
Interest on Loan	57.83
Return on equity	50.23
Interest on Working Capital	5.26
O & M Expenses	47.09
Total	202.55

(` in lakh)

Combined Asset II				
Particulars	2010-11 (pro-rata for 4 months)	2011-12	2012-13	2013-14
Depreciation	84.71	282.21	288.20	288.20
Interest on Loan	116.04	367.67	349.21	322.84
Return on equity	101.12	333.52	339.92	339.92
Interest on Working Capital	11.87	38.17	39.11	39.721
O & M Expenses	121.88	386.52	408.66	432.03
Total	435.62	1408.09	1425.10	1422.70

(` in lakh)

Asset IV				
Particulars	2010-11	2011-12	2012-13	2013-14
Depreciation	48.16	85.88	89.28	89.28
Interest on Loan	60.10	100.85	97.25	89.34
Return on equity	52.11	92.26	95.77	95.77
Interest on Working Capital	5.69	9.52	9.81	9.89
O & M Expenses	51.93	82.35	87.05	92.03
Total	217.99	370.86	379.16	376.31

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

(` in lakh)

Combined Asset I	
Particulars	2010-11 (pro-rata for 7 months)
Maintenance Spares	28.25
O & M expenses	15.70
Receivables	135.03
Total	178.98
Interest	5.26
Rate of Interest	11.75%



(` in lakh)

Combined Asset II				
Particulars	2010-11 (pro-rata for 4 months)	2011-12	2012-13	2013-14
Maintenance Spares	54.85	57.98	61.30	64.80
O & M expenses	30.47	32.21	34.06	36.00
Receivables	217.81	234.68	237.52	237.12
Total	303.13	324.87	332.88	337.92
Interest	11.87	38.17	39.11	39.71
Rate of Interest	11.75	11.75	11.75	11.75

(` in lakh)

Asset-IV				
Particulars	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	11.68	12.35	13.06	13.80
O & M expenses	6.49	6.86	7.25	7.67
Receivables	54.50	61.81	63.19	62.72
Total	72.67	81.02	83.50	84.19
Interest	5.69	9.52	9.81	9.89
Rate of Interest	11.75%	11.75%	11.75%	11.75%

9. 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 replies have been filed by Respondent No.6 - Punjab State Power Corporation Limited (PSPCL) vide affidavit dated 2.5.2011, Respondent No.9 - Uttar Pradesh Power Corporation Limited (UPPCL) vide affidavit dated 27.12.2011, and Respondent No. 12 - BSES Rajdhani Power Limited (BRPL) vide affidavit dated 2.3.2012. The petitioner has filed rejoinder to the reply filed by BRPL. Respondents have raised the issue of time over-run, cost over-run, service tax, licence fee and publication fee, etc. The objections raised by the respondents and the clarifications given by the petitioner have been dealt with in relevant paragraphs of this order.



10. Having heard the representatives of the parties and perused the material on records, we proceed to dispose of the petition.

Capital cost

11. As per proviso of Regulation 7(1) of the 2009 Tariff Regulations,

“(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;
- (b) Capitalised initial spares subject to the ceiling rates specified in regulation 8;
- (c) Additional capital expenditure determined under regulation 9;

Provided that the assets forming part of the project, but not in use shall be taken out of the capital cost”

12. The details of the capital cost claimed by the petitioner are hereunder:-

(` in lakh)

Name of the Asset	Capital cost as on the date of commercial operation considered by the petitioner for tariff
Asset -I (covered in Petition No. 117/2010)	1867.40
Asset-II	1337.98
Asset-III	1742.43
Asset-IV	1288.70

Time over-run

13. As per investment approval dated 13.7.2004, the transmission assets were scheduled to be commissioned within 24 months from the date of first letter of award for transformer package, i.e. March, 2005. Accordingly, the scheduled date of commissioning works out to 1.4.2007. However, the Assets-II, III and IV were commissioned on 1.9.2010, 1.12.2010 and 1.8.2010 respectively. Thus, there was a delay of 41, 44 and 40 months in case of Assets II, III and IV respectively.

14. The petitioner has submitted the following reasons for delay in commissioning Pithoragarh Sub-station i.e. Asset-II and Asset-III, vide affidavit dated 20.4.2011.

(a) The Pithoragarh sub-station is situated in hilly area. The work of site leveling and grading work was awarded to M/s. Dinesh Chandra on 22.3.2005, the party started work but left it unfinished. The work of site leveling and grading work was again awarded to M/s. Ideal on 6.3.2006. Due to heavy rain and slope of site, the leveling work which was executed was washed away.

(b) The finished ground level of Pithoragarh sub-station land is situated in seven different terraces varying from 1767 m to 1799 m. The seven terraces are situated at MSL of 1799, 1797, 1794, 1790, 1783, 1774 and 1767. Hence, it was considered prudent to do the slope protection work before the start of the construction work of sub-station, which was not envisaged during the preparation of Feasibility Report as the exact location of the sub-station is not known at that stage. The geotechnical and geological features of the land could not be ascertained beforehand at the time of preparation of Feasibility Report.



(c) The petitioner awarded the slope protection work in control room building areas on 23.1.2008 and the work was completed on 10.3.2008. The construction of control room building, erection, testing and commissioning work was to be undertaken and completed by BHEL.

(d) During civil works geological surprises like huge cavities and hard rock were encountered. Non-measurable huge rock blasting obstructed and constrained with work fronts and therefore caused delays in completing civil works. Hard rocky stratum was encountered in cable trench and equipment foundation. The matter was serious and it was taken up with IIT, Delhi experts and in consultation with them it was decided to provide necessary treatment for the cavity. The work was further delayed as the road towards Pithoragarh was blocked due to heavy rains and land slide. Extreme weather conditions affected delivery of material to the site.

(e) It was also submitted that there was delay in supply of transformers. The transformers were supplied in May, 2010 against the scheduled delivery in August, 2006, due to shortage of CRGO core lamination and condenser bushing in international market. Due to geographical surprises at Pithoragarh sub-station, the sub-station work along with LILo line could be progressively completed during July, 2010 and November, 2010.

15. As regards the reasons for delay in commissioning of Asset IV, LILo of one ckt of Dhauliganga-Bareilly at Pithoragarh, the petitioner has submitted that the contract was awarded to M/s Utkal Galvanizers Limited on 10.8.2005 and it was anticipated to be

commissioned in November, 2006. The contractor completed detailed survey work and submitted the report for approval on 8.12.2005. Since the quantum of work was very small i.e. stringing/erection of 4-5 towers and as the work at Pithoragarh sub-station was taking time, the LILO of the line was delayed in order to avoid theft. The contractor reported at site on 16.6.2009, after the sub-station work was ready and completed erection of LILO line on 31.3.2010. The line was put under commercial operation on 1.8.2010 after completion of associated sub-station bays. The LILO of one ckt. of Dhauliganga-Bareilly at Pithoragarh was not a constraint.

16. The petitioner, vide affidavit dated 1.9.2011 and 4.6.2012, has reiterated the reasons for delay submitted in its affidavit dated 20.4.2011. The petitioner, along with the affidavit dated 4.6.2012 has submitted a copy of the letter dated 2.5.2007 from M/s Transformer & Rectifiers (India) Ltd. regarding supply of transformers to Pithoragarh and Sitarganj sub-station. In the said letter it has been mentioned that due to CRGO Lamination and Condenser Bushings shortage, the manufacturing of 4 nos. of single phase 33.3 MVA transformers for Pithoragarh has been rescheduled for July to October, 2007.

17. UPPCL has submitted in its reply that there has been a delay of 4 months in supply of structures, 14 months delay in starting slope works, other than control room and civil and switch yard erection works and 4 months in the case of construction of RCC road.



18. During the hearing on 6.3.2012, the petitioner was directed to submit the details of period of delay due to landslide and road blockage and how it led to the delay in commissioning of the assets. The petitioner was also directed to clearly show on a PERT chart at what stage the delay took place. The petitioner, in its affidavit dated 20.11.2012, has submitted the difficulties related to location of Pithorgarh sub-station. Though the petitioner has furnished newspaper cuttings showing incidents of heavy rains, landslides, road blockages, etc, the details like duration of delay and at what stage the delay took place have not been furnished.

19. We have considered the submissions of the petitioner and UPPCL regarding time over-run. The reasons for time over-run have been attributed to (a) abandoning of leveling and grading work by the contractor, (b) heavy rains and landslides which washed away the leveling work (c) delay in supply of transformers and (d) cavity and geographical surprises. The leveling and grading work was delayed on account abandonment of the work by M/s. Dinesh Chandra, contractor. It is the responsibility of the petitioner to choose a responsible contractor to undertake the work and periodically review the work for timely completion. Therefore, delay on account of abandonment of work on the part of the contractor is attributable to the petitioner and the time over-run on this account cannot be condoned. Though the petitioner has claimed that the leveling work was washed away by rains and landslides, the delay due to this reason cannot be condoned because the petitioner was expected to carry out proper survey/study about the soil and weather conditions before starting the work. The petitioner has not provided the exact time period of delay due to heavy rains and landslides even after specific

query in this regard. Therefore, the delay due to this reason has not been condoned. Geological surprises like deep cavities/uncertain holes in the strata might have affected the progress of work and the delay attributable to this reason could have been condoned. But, the petitioner has not submitted the duration of delay on this account and hence it has not been condoned.

20. The delay in supply of transformers is a bilateral contractual matter between the supplier and petitioner and it may be dealt in accordance with the provisions of the contract entered into between the petitioner and the supplier. Hence, the time over-run on account of delay due to supply of transformers is not condoned. Liquidated damages, if any, recovered may be retained by the petitioner.

21. The main reason for delay was delay has been attributed to the time taken for the slope protection work, which was carried out on the basis of the report of IIT, Delhi, submitted on 18.7.2007. The slope protection work in case of control room started in January, 2008 and in case of other areas it started in April, 2008, which is 6 months and 8 months after the report of the IIT, Delhi. The slope protection work was executed from January, 2008 and April, 2008 till February, 2009. Keeping in view, the complexity of situation due to topography of the sub-station, as mentioned in the report of IIT, Delhi, the time taken for slope protection work from February, 2008 to February, 2009 i.e. 13 months is condoned, since the slope protection work is over and above the scope of work, due to the peculiar location of sub-station and geographical factors.



22. In view of the above, the delay of 13 months from February, 2008 to February, 2009 is condoned and the IDC and IEDC for the period have been allowed. The delay of 28 months, 31 months and 27 months in case of Assets -II, III and IV respectively, is not condoned and IDC and IEDC for this period have not been allowed. On account of non-submission of the PERT chart and relevant details, we are unable to find the justification for further condonation of delay. The details of the time over-run condoned and not condoned for the transmission assets covered in the instant petition are given hereunder:-

Asset	Actual date of commercial operation	Delay	Period of delay condoned	Period of delay not condoned	Remarks
Asset-I	1.8.2009	28 months	-	-	Covered in Petition No.117/2010
Asset-II	1.9.2010	41 months	13 months	28 months	Covered in instant petition
Asset-III	1.12.2010	44 months	13 months	31 months	
Asset-IV	1.8.2010	40 months	13 months	27 months	

23. The IEDC & IDC amounting to `120.35 lakh has been disallowed in respect of Asset-I, vide order dated 16.3.2012 in Petition No. 117/2010. The petitioner has claimed IEDC and IDC amounting to `21.54 lakh, `15.48 lakh and `8.69 lakh for Assets -II, III and IV respectively. IEDC and IDC amounting to `9.28 lakh, `7.06 lakh and `3.67 lakh has been deducted in case of Assets -II, III and IV respectively. The details of IEDC & IDC claimed by the petitioner and disallowed are given overleaf:-

(` in lakh)

Asset	Claimed			Disallowed		
	IEDC	IDC	Total	IEDC	IDC	Total
Asset II	2.86	18.68	21.54	1.23	8.05	9.28
Asset III	6.86	8.62	15.48	3.13	3.93	7.06
Asset IV	1.56	7.13	8.69	0.66	3.01	3.67

24. The petitioner has claimed capital cost claimed of `6481.64 lakh and `1826.28 lakh for Combined Asset II and Asset-IV respectively, as on the cut-off date. The capital cost for the Combined Asset II and Asset-IV as on the cut-off date have been restricted to `6344.96 lakh and `1822.61 lakh respectively. The details are given hereunder:-

(` in lakh)

Particulars (a)	Capital cost claimed up to cut-off date (b)	Total IEDC/IDC deducted (c)	Capital cost considered up to cut-off date after deducting IDC and IEDC (d)=(b)-(c)
Asset I	2321.34	120.34	2201.00
Asset II	1888.72	9.28	1879.44
Asset III	2271.58	7.06	2264.52
Combined Asset II	6481.64	136.68	6344.96*
Asset IV	1826.28	3.67	1822.61**

*Inclusive of additional capital expenditure up to cut-off date i.e. `1149.69 lakh

**Inclusive of additional capital expenditure up to cut-off date i.e. `537.58 lakh

Cost over-run

25. There has been an increase in the cost of the project. The cost increase in case of Assets-II, III and IV was 110%, 63%, and 86% respectively of the original estimated cost. The petitioner has submitted that the reasons for cost variation are mainly higher



price and higher awarded rates. The contracts for various packages under this project were awarded to the lowest evaluated and responsive bidder, on the basis of domestic competitive bidding, after publication of NITs in leading newspapers. Thus, the award price represents the lowest prices available at the time of bidding of various packages. Further, it has been submitted that during December, 2003 (project approval date) and March 2009 (major supplies have been completed by then) there was inflationary trend in the prices of various inputs of the project. The price variation during execution of the project is attributable to the inflationary trend prevailing during execution of project and market forces prevailing at the time of bidding process of various packages awarded for execution of project. Due to unforeseen technical requirements like slope protection work, cavity filling was required to provide stability to the foundations and structures to be erected at sub-station site and it has resulted in increase in cost. The petitioner has also submitted that no special care was taken while preparing the cost estimate of sub-station other than cost of leveling and site surfacing of the sub-station, which was considered 15% extra than the normal cost considered for plain terrain.

26. PSPCL, vide affidavit dated 2.5.2011, has submitted that the cost of ₹105.06 lakh for control room and office building for a LILO arrangement with only two numbers 220 kV circuit breakers is on higher side. The cost of the switch gears has increased by nearly three times. UPPCL has submitted that the cost over-run is to the tune of ₹987.72 lakh, which is 109.62% of the original estimate. The cost over-run is a consequence of time over run and it is due to lack of planning and supervision by the petitioner. UPPCL



has also requested to disallow the cost over-run as the beneficiaries are not required to bear the burden of the cost over-run due to the lapses of the petitioner.

27. We have considered the submissions of the petitioner and the respondents regarding cost over-run. It is observed that the increase in cost was mainly due to increase in price of various inputs during execution of the project and cost incurred in slope protection work, cavity filling work etc. However, the estimated cost is within the revised cost estimate. As the cost increase is mainly due to higher price and higher awarded rates and the cost incurred on slope protection work, the cost over-run is allowed.

Treatment of initial spares

28. The petitioner has claimed initial spares `37.45 lakh, `47.57 lakh, `47.57 lakh and `47.57 lakh for Asset-I, Asset- II, Asset- III and Asset- IV respectively. BRPL has requested to allow initial spares element-wise in accordance with the norms prescribed in the 2009 Tariff Regulations. The petitioner in its rejoinder has clarified that the initial spares have been claimed @ of 1.5% of the capital cost as per the 2004 Tariff Regulations, prevailing at the time of conceptualization of the project and limiting the same by applying the 2009-14 norms would put the petitioner in disadvantage. We would like to clarify that initial spares are allowed as per the 2009 Tariff Regulations.

29. The Commission while determining the capital cost relating to Asset-I in order dated 16.3.2012 in Petition No. 117/2010 has observed as follows:-

"Capital cost as on date of commercial operation is inclusive of initial spares of ₹37.45 lakh which falls within the ceiling limit specified in Regulation 8 of 2009 Tariff Regulations."

30. Initial spares in respect of Asset-I, Asset-II and Asset-III is being combined and adjusted while determining tariff of Combined Asset II and initial spares are not calculated individually for each asset. Accordingly, initial spares have been restricted and details of the same are given overleaf:-

(` in lakh)							
Name of Asset	Capital cost claimed up to cut-off date	Initial spares claimed	Capital cost considered up to cut-off date after deducting IDC and IEDC	Proportionate initial spares claimed (e)={{(d)*(c)/(b)}	Ceiling limits as per Regulation 8 2009 Tariff Regulation	Initial spares worked out	Excess initial spares claimed
(a)	(b)	(c)	(d)		(f)	(g)= {(d)- (e)}*(f)/(100%- (f)	(h)= (e)- (g)
Combined Asset II	6481.64	132.59	6344.96	129.79	2.50%	159.36	(29.57)
Asset-IV	1826.28	47.57	1822.61	47.47	2.50%	45.52	1.96

31. The petitioner has claimed excess initial spares of ₹1.96 lakh in case of Asset-IV and it has been disallowed. Initial spares claimed in case of Combined Asset II are within the prescribed limits and hence it is allowed.

32. The cost data for Asset-I and Asset-II for the period from 1.4.2010 to 31.8.2010 and from 1.9.2010 to 30.11.2010 are not available. Accordingly, the capital cost as on date of commercial operation/notional date of commercial operation has been considered for the purpose of tariff calculations. The capital cost considered for the purpose of tariff calculations are as follows:-

(` in lakh)

Tariff assets	Date of commercial operation/Notional date of commercial operation	Capital cost considered for tariff
Combined Asset I	1.9.2010	3459.91
Combined Asset II	1.12.2010	5195.27
Asset IV	1.8.2010	1283.08

Projected additional capital expenditure

33. As per Regulation 9(1) of the 2009 Tariff Regulations-

“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.”

34. As per 2009 Tariff Regulations

“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”.

Therefore, cut-off date for transmission assets is 31.3.2013.



35. PSPCL has submitted that additional capital expenditure of ₹57.77 lakh for a transmission line of just 1.166 km (LILo) and ₹252.94 lakh for a sub-station with 2 numbers of 220 kV circuit breakers is not justified.

36. The additional capital expenditure claimed by petitioner is as follows:-

(₹ in lakh)

	Actual date of commercial operation	Expenditure from date of commercial operation to 31.3.2010	Expenditure from 1.4.2010 to 31.3.2011	Expenditure from 1.4.2011 to 31.3.2012	2012-13	2013-14	Total
Asset I	1.8.2009	384.15	69.79	0.00	0.00	0.00	453.94
Asset II	1.9.2010	0.00	413.48	137.26	0.00	0.00	550.74
Asset III	1.12.2010	0.00	422.33	106.83	0.00	0.00	529.16
Asset IV	1.8.2010	0.00	403.40	134.18	0.00	0.00	537.58
Total		384.15	1309.00	378.27	0.00	0.00	2071.42

37. The additional capital expenditure claimed by petitioner falls within the cut-off date and hence the same has been considered for the purpose of tariff calculations.

Debt- equity ratio

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

"(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.”

39. The details of opening debt-equity considered for the purpose of tariff calculation as on the notional date of commercial operation/date of commercial operation is as follows:-

(` in lakh)

Combined Asset I				
Particulars	Apportioned approved cost		Cost as on date of commercial operation	
	Amount	%	Amount	%
Debt	2512.67	70.00	2421.94	70.00
Equity	1076.86	30.00	1037.97	30.00
Total	3589.53	100.00	3459.91	100.00

(` in lakh)

Combined Asset II				
Particulars	Apportioned approved cost		Cost as on date of commercial operation	
	Amount	%	Amount	%
Debt	3732.36	70.00	3636.69	70.00
Equity	1599.59	30.00	1558.59	30.00
Total	5331.95	100.00	5195.27	100.00

(` in lakh)

Asset-IV				
Particulars	Apportioned approved cost		Cost as on date of commercial operation	
	Amount	%	Amount	%
Debt	902.10	70.00	898.16	70.00
Equity	386.60	30.00	384.91	30.00
Total	1288.70	100.00	1283.08	100.00

Return on equity

40. 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) Provided that in case of projects commissioned on or after 1st April, 2009, an 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:

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.

(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"

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

42. 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%.

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

Combined Asset I	
Particulars	2010-11 (pro-rata for 13 months)
Opening Equity	1037.97
Addition due to additional capital expenditure	144.98
Closing Equity	1182.95
Average Equity	1110.46
Return on Equity (Base Rate)	15.50%
Tax rate for the year 2008-09 (MAT)	11.33%
Rate of Return on Equity (Pre Tax)	17.481%
Return on Equity (Pre Tax)	48.53

(` in lakh)



(` in lakh)

Combined Asset II				
Particulars	2010-11(pro-rata for 4 months)	2011-12	2012-13	2013-14
Opening Equity	1558.59	1830.27	1903.49	1903.49
Addition due to additional capital expenditure	271.68	73.23	0.00	0.00
Closing Equity	1830.27	1903.49	1903.49	1903.49
Average Equity	1694.43	1866.88	1903.49	1903.49
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09 (MAT)	11.33%	11.33%	11.33%	11.33%
Rate of Return on Equity (Pre Tax)	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax)	98.73	326.35	332.75	332.75

(` in lakh)

Asset-IV				
Particulars	2010-11	2011-12	2012-13	2013-14
Opening Equity	384.91	505.93	546.19	546.19
Addition due to additional capital expenditure	121.02	40.25	0.00	0.00
Closing Equity	505.93	546.19	546.19	546.19
Average Equity	445.42	526.09	546.19	546.19
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09 (MAT)	11.33%	11.33%	11.33%	11.33%
Rate of Return on Equity (Pre Tax)	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax)	51.91	91.96	95.48	95.48

Interest on loan

44. 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.”

45. In these calculations, interest on loan has been worked out as follows:-
- (i) Gross amount of loan, repayment of instalments and rate of interest and weighted average rate of interest of actual average loan have been considered as per the petition;
 - (ii) Tariff is worked out considering normative loan and normative repayments, Depreciation allowed has been taken as normative repayment for the tariff period 2009-14; and
 - (iii) Weighted average rate of interest on actual average loan worked out as per (i) above is applied to the notional average loan during the year to arrive at the interest on loan.

46. The petitioner has prayed to allow to bill and adjust impact on interest on loan, if any due to change in interest rate on account of floating rate of interest applicable during 2009-14 period. UPPCL has submitted that the existing financial packages do not have any provision for floating rate of interest. However, 2009 Tariff Regulations provides for swapping of loans in the interest of consumers. UPPCL has submitted that the prayer of the petitioner is not tenable. The project has been funded only through bonds of fixed rate of interest. The petitioner seems to have made a prayer for floating rate of interest inadvertently. Hence, the issue of floating rate of interest does not arise.

47. Detailed calculations of the weighted revised average rate of interest are given in Annexure-I, Annexure-II and Annexure-III to this order.

48. Details of the interest on loan worked on the above basis are given overleaf:-

(` in lakh)

Combined Asset I	
Particulars	2010-11(pro-rata for 13 months)
Gross Normative Loan	2421.94
Cumulative Repayment upto Previous Year	101.39
Net Loan-Opening	2320.54
Addition due to Additional Capital expenditure	338.29
Repayment during the year	40.54
Net Loan-Closing	2618.30
Average Loan	2469.42
Weighted Average Rate of Interest on Loan	9.16%
Interest	56.56

(` in lakh)

Combined Asset II				
Particulars	2010-11 (pro-rata for 4 months)	2011-12	2012-13	2013-14
Gross Normative Loan	3636.69	4270.61	4441.47	4441.47
Cumulative Repayment upto Previous Year	141.93	224.39	499.83	781.27
Net Loan-Opening	3494.76	4046.22	3941.63	3660.20
Addition due to Additional Capital expenditure	633.92	170.86	0.00	0.00
Repayment during the year	82.46	275.45	281.44	281.44
Net Loan-Closing	4046.22	3941.63	3660.20	3378.76



Average Loan	3770.49	3993.93	3800.91	3519.48
Weighted Average Rate of Interest on Loan	9.03%	9.02%	9.01%	9.00%
Interest	113.44	360.28	342.44	316.69

(` in lakh)

Asset-IV				
Particulars	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	898.16	1180.54	1274.47	1274.47
Cumulative Repayment upto Previous Year	0.00	47.97	133.56	222.55
Net Loan-Opening	898.16	1132.57	1140.91	1051.92
Addition due to Additional Capital expenditure	282.38	93.93	0.00	0.00
Repayment during the year	47.97	85.59	88.99	88.99
Net Loan-Closing	1132.57	1140.91	1051.92	962.92
Average Loan	1015.37	1136.74	1096.41	1007.42
Weighted Average Rate of Interest on Loan	8.84%	8.84%	8.84%	8.84%
Interest	59.87	100.53	96.96	89.07

Depreciation

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

"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 31th 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 asset".



50. The petitioner has submitted that the petitioner be allowed to recover the full depreciation of the assets during its useful life recovering from the actual date of commercial operation of the assets. UPPCL has requested the Commission to issue guidelines for calculating depreciation in case of combining of assets. We have considered the submission of the petitioner and the respondent. Regulation 17(4) as quoted above provides that the depreciation shall be calculated as per the straight line method and as the rate specified in the Appendix-III for the first 12 years from the date of commercial operation and the remaining shall be depreciable value spread over the balance useful life of the asset. Since the notional date of commercial operation has been adopted for tariff in case of combining the assets, the notional date of commercial operation have been treated as the starting point for the calculation of depreciation.

51. BRPL in its reply has requested not to combine Asset-IV with Asset I, Asset II and Asset III, as proposed by the petitioner in the petition. The petitioner, in its rejoinder, has submitted that the transmission tariff has been combined in line with the sharing of the transmission tariff of the assets and tariff for Asset IV has been calculated separately. We would like to clarify that the Asset IV has not been combined with other transmission assets considered in the instant petition.

52. Details of the depreciation worked out are given hereunder:-

Combined Asset I		(` in lakh)
Particulars	2010-11(pro-rata for 13 months)	
Opening Gross Block (as per last order)	3459.91	

Addition during 2009-14 due to projected additional capital expenditure	483.27
Closing Gross Block	3943.18
Average Gross Block	3701.54
Rate of Depreciation	4.38%
Depreciable Value	2883.91
Remaining Depreciable Value	2782.52
Depreciation	40.54

(` in lakh)

Combined Asset II				
Particulars	2010-11 (pro-rata for 4 months)	2011-12	2012-13	2013-14
Opening Gross Block	5195.27	6100.87	6344.96	6344.96
Projected additional capital expenditure	905.60	244.09	0.00	0.00
Closing Gross Block	6100.87	6344.96	6344.96	6344.96
Average Gross Block	5648.07	6222.92	6344.96	6344.96
Rate of Depreciation	4.38%	4.43%	4.44%	4.44%
Depreciable Value	4764.63	5280.45	5390.29	5390.29
Remaining Depreciable Value	4622.70	5056.06	4890.46	4609.02
Depreciation	82.46	275.45	281.44	281.44

(` in lakh)

Asset-IV				
Particulars	2010-11	2011-12	2012-13	2013-14
As on date of commercial operation	1283.08	1686.48	1820.66	1820.66
Addition during 2009-14 due to Projected additional capital expenditure	403.40	134.18	0.00	0.00
Gross Block	1686.48	1820.66	1820.66	1820.66
Average Gross Block	1484.78	1753.57	1820.66	1820.66
Rate of Depreciation	4.85%	4.88%	4.89%	4.89%
Depreciable Value	1292.76	1534.67	1595.05	1595.05
Remaining Depreciable Value	1292.76	1486.70	1461.49	1372.50



Depreciation	47.97	85.59	88.99	88.99
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Operation & maintenance expenses

53. 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 transmission line. Norms prescribed in respect of transmission assets in the instant petition are given overleaf:-

Element	2009-10	2010-11	2011-12	2012-13	2013-14
400 kV D/C single conductor T/Line (` lakh/ kms)	0.269	0.284	0.301	0.318	0.336
220 kV Bays (` lakh/ bay.)	36.68	38.78	41.00	43.34	45.82
132 kV Bays (` lakh/ bay.)	26.20	27.70	29.28	30.96	32.73

54. As per the above mentioned norms the allowable O & M expenses for the assets covered in the petition works out are given hereunder:-

(` in lakh)

Combined Asset I				
	2010-11 (pro-rata for 3 months)	2011-12	2012-13	2013-14
2 Nos. 220 kV bays	19.39	-	-	-
4 No.s (2 no. ICT bays and 2 nos. line bays), 132 kV bays	27.7	-	-	-
Total O&M of combined asset of asset-I and asset-II	47.09	-	-	

(` in lakh)

Combined Asset II				
	2010-11 (pro-rata for 4 months)	2011-12	2012-13	2013-14



3 Nos. 220 kV bays	38.78	123.00	130.02	137.46
9 nos. (3 nos. ICT bays & 6 nos. line bays) 132 kV bay	83.10	263.52	278.64	294.57
Total O&M	121.88	386.52	408.66	432.03

(` in lakh)

Asset-IV				
Particulars	2010-11 (pro-rata for 8 months)	2011-12	2012-13	2013-14
53.4 kms. 400 kV D/C (triple conductor) T/Line	0.22	0.35	0.37	0.38
4 Nos. 400 kV bays	51.71	82.00	86.68	91.64
Total O&M	51.93	82.35	87.05	92.03

55. The petitioner has submitted that the O&M expenses for 2009-14 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 expenses for tariff period 2009-14. The petitioner has also submitted that it would approach 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%.

56. PSPCL has submitted, in its reply, that the O&M expenses may be allowed as per the regulations and any excess claim should not be allowed. UPPCL has submitted that O&M expenses should be allowed as per the norms specified in the 2009 Tariff Regulations. BRPL has submitted that any increase in the employee cost due to wage

revision must be taken care by improving the productivity levels of the petitioner company so that the beneficiaries are not unduly burdened over and above the provisions made in the 2009 Tariff Regulations.

57. The petitioner in its rejoinder to BRPL's reply has clarified that per ckt km and per bay O&M rates considered in the instant petition are based on the 2009 Tariff Regulations. The petitioner had furnished the actual O&M expenses, Line and Bay details of its transmission system for the 5 year 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% of the wage hike to specify the norms for 2009-10. The wage revision of the employees has already been done and it would approach the Commission for additional manpower cost on account of wage revision, if any, during the 2009-14 tariff block.

58. 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



59. As per the 2009 Tariff Regulations the components of the working capital and the interest thereon are discussed are given 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 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 been worked out accordingly.

(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 one month of the respective year. This has been considered in the working capital.

(i) **(iv) Rate of interest on working capital:** In the calculations, SBI Base Rate of 7.50% Plus 350Bps i.e. 11.00% has been considered as the rate of interest on working capital.

60. Necessary computations in support of interest on working capital are appended hereunder:-

(` in lakh)



Combined Asset I	
Particulars	2010- 11(pro-rata for 13 months)
Maintenance Spares	28.25
O & M expenses	15.70
Receivables	131.70
Total	175.65
Interest	4.83

(` in lakh)

Combined Asset II				
Particulars	2010- 11 (pro-rata for 4 months)	2011-12	2012-13	2013-14
Maintenance Spares	54.85	57.98	61.30	64.80
O & M expenses	30.47	32.21	34.06	36.00
Receivables	213.74	230.65	233.58	233.28
Total	299.05	320.84	328.93	334.08
Interest	10.97	35.29	36.18	36.75

(` in lakh)

Asset-IV				
Particulars	2010- 11	2011-12	2012-13	2013-14
Maintenance Spares	11.68	12.35	13.06	13.80
O & M expenses	6.49	6.86	7.25	7.67
Receivables	54.25	61.55	62.94	62.47
Total	72.42	80.77	83.25	83.94
Interest	5.31	8.88	9.16	9.23

Transmission charges

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

(` in lakh)

Combined Asset I

Particulars	2010-11(pro-rata for 03 months)
Depreciation	40.54
Interest on Loan	56.56
Return on equity	48.53
Interest on Working Capital	4.83
O & M Expenses	47.09
Total	197.55

(` in lakh)

Combined Asset II				
Particulars	2010-11 (pro-rata for 4 months)	2011-12	2012-13	2013-14
Depreciation	82.46	275.45	281.44	281.44
Interest on Loan	113.44	360.28	342.44	316.69
Return on equity	98.73	326.35	332.75	332.75
Interest on Working Capital	10.97	35.29	36.18	36.75
O & M Expenses	121.88	386.52	408.66	432.09
Total	427.48	1383.89	1401.47	1399.65

(` in lakh)

Asset-IV				
Particulars	2010-11	2011-12	2012-13	2013-14
Depreciation	47.97	85.59	88.99	88.99
Interest on Loan	59.87	100.53	96.96	89.07
Return on equity	51.91	91.96	95.48	95.48
Interest on Working Capital	5.31	8.88	9.16	9.23
O & M Expenses	51.93	82.35	87.05	92.03
Total	216.99	369.32	377.64	374.81

Filing fee and the publication expenses

62. The petitioner has requested by invoking Regulation 9, Power to Relax, of the Central Electricity Regulatory Commission (Payment of Fee Regulations), 2008, for



relaxation of Regulation 2(2) of the said Regulations and permit the petitioner to deposit the fees @ 0.05% of the annual transmission charges instead of minimum of 40,000/-, as it would be an unnecessary burden on the consumer. UPPCL has requested, to abolish the requirement of payment of minimum filing fee of `40,000/- for transmission tariff for every petition.

63. An application for determination of tariff for inter-State transmission system should be accompanied by an application fee at the rate of 0.05% of the total annual transmission charges per annum claimed in the application, subject to a minimum of `40,000/- as per Regulation 2(2) of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2008. Accordingly, the petitioner is required to pay the minimum prescribed fee of 40,000/- in instant petition. As such, the petitioner's request to invoke Regulation 9, of the Central Electricity Regulatory Commission (Payment of Fee Regulations), 2008, for relaxation of Regulation 2(2) of the said Regulations and permit the petitioner to deposit the fees @ 0.05% of the annual transmission charges instead of minimum of 40,000/- is rejected. The petitioner has deposited the filing fee of `13,200/- in the instant petition. The petitioner is directed to deposit the remaining `26,800/- within 30 days from the date of this order.

64. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. BRPL has requested to reject the petitioner's prayer for reimbursement of filing fee as per the Commission's order dated 11.9.2008 in Petition No129/2005. The petitioner in its rejoinder has clarified that the filing fee shall be as per



the directions of the Commission. We would like to clarify that the Commission's order of 11.9.2008 in Petition No.129/2005 pertains to 2004-09 tariff 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 beneficiary on *pro-rata* basis.

Licence fee

65. 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 in its reply has submitted that the licence fee is part of O&M expenses and the 2009 Tariff Regulations do not provide for recovery of licence fee from the petitioner and hence the petitioner's request should be rejected. UPPCL has submitted that the petitioner's request for reimbursement for licence fee should be rejected as license fee is the eligibility fee of a licence holder and it is the onus of the petitioner. The petitioner has submitted, in its rejoinder, that the licence fee has been a new component of cost to the transmission licence under O&M stage of the project and has become incidental to the petitioner only from 2008-09. We would like to clarify that 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



66. The petitioner has made a prayer to bill and recover the service tax on transmission charges separately from the respondents, if it is subjected to such service tax in future. UPPCL and BRPL have objected to levying of service tax on the beneficiaries. The petitioner has clarified that Government of India vide their notifications 11/2010 dated 27.2.2010 and 45/2012 dated 20.7.2010, has exempted transmission service from service tax. Further, in case the said 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 this prayer is rejected.

Sharing of transmission charges

67. The transmission charges allowed shall be recovered on monthly basis in accordance with Regulation 23 and shared by the beneficiaries in accordance with Regulation 33 of the 2009 regulation up to 30.6.2011. With effect from 1.7.2011, 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.

68. This order disposes of Petition No. 7/TT/2011.

sd/-
(M. Deena Dayalan)
Member

sd/-
(V.S. Verma)
Member

sd/
(S. Jayaraman)
Member



CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(` in lakh)

	Details of Loan	2010-11	2011-12	2012-13	2013-14
1	Bond XXI				
	Gross loan opening	13.00	13.00	13.00	13.00
	Cumulative Repayment upto DOCO/previous year	0.00	1.08	2.17	3.25
	Net Loan-Opening	13.00	11.92	10.83	9.75
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	1.08	1.08	1.08	1.08
	Net Loan-Closing	11.92	10.83	9.75	8.67
	Average Loan	12.46	11.38	10.29	9.21
	Rate of Interest	8.73%	8.73%	8.73%	8.73%
	Interest	1.09	0.99	0.90	0.80
	Rep Schedule	12 Annual instalments from 11.10.2010			
2	Bond XXII				
	Gross loan opening	33.00	33.00	33.00	33.00
	Cumulative Repayment upto DOCO/previous year	0.00	2.75	5.50	8.25
	Net Loan-Opening	33.00	30.25	27.50	24.75
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	2.75	2.75	2.75	2.75
	Net Loan-Closing	30.25	27.50	24.75	22.00
	Average Loan	31.63	28.88	26.13	23.38
	Rate of Interest	8.68%	8.68%	8.68%	8.68%
	Interest	2.75	2.51	2.27	2.03
	Rep Schedule	12 Annual instalments from 07.12.2010			
3	Bond XXIV				
	Gross loan opening	73.00	73.00	73.00	73.00
	Cumulative Repayment upto DOCO/previous year	0.00	6.08	12.17	18.25
	Net Loan-Opening	73.00	66.92	60.83	54.75
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	6.08	6.08	6.08	6.08
	Net Loan-Closing	66.92	60.83	54.75	48.67
	Average Loan	69.96	63.88	57.79	51.71
	Rate of Interest	9.95%	9.95%	9.95%	9.95%
	Interest	6.96	6.36	5.75	5.14

Rep Schedule		12 Annual Instalments from 26.03.2011			
4	Bond XXVII				
	Gross loan opening	700.00	700.00	700.00	700.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	58.33	116.67
	Net Loan-Opening	700.00	700.00	641.67	583.33
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	58.33	58.33	58.33
	Net Loan-Closing	700.00	641.67	583.33	525.00
	Average Loan	700.00	670.83	612.50	554.17
	Rate of Interest	9.47%	9.47%	9.47%	9.47%
	Interest	66.29	63.53	58.00	52.48
Rep Schedule		12 Annual instalments from 31.03.2012			
5	Bond XXVIII				
	Gross loan opening	427.00	427.00	427.00	427.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	35.58
	Net Loan-Opening	427.00	427.00	427.00	391.42
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	35.58	35.58
	Net Loan-Closing	427.00	427.00	391.42	355.83
	Average Loan	427.00	427.00	409.21	373.63
	Rate of Interest	9.33%	9.33%	9.33%	9.33%
	Interest	39.84	39.84	38.18	34.86
Rep Schedule		12 Annual instalments from 15.12.2012			
6	Bond XXIX				
	Gross loan opening	80.35	80.35	80.35	80.35
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	6.70
	Net Loan-Opening	80.35	80.35	80.35	73.65
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	6.70	6.70
	Net Loan-Closing	80.35	80.35	73.65	66.96
	Average Loan	80.35	80.35	77.00	70.31
	Rate of Interest	9.20%	9.20%	9.20%	9.20%
	Interest	7.39	7.39	7.08	6.47
Rep Schedule		12 Annual instalments from 12.03.2013			
7	Bond XXX				
	Gross loan opening	272.00	272.00	272.00	272.00



	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	272.00	272.00	272.00	272.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	22.67
	Net Loan-Closing	272.00	272.00	272.00	249.33
	Average Loan	272.00	272.00	272.00	260.67
	Rate of Interest	8.80%	8.80%	8.80%	8.80%
	Interest	23.94	23.94	23.94	22.94
	Rep Schedule	12 Annual instalments from 29.09.2013			
8	Bond XXXI				
	Gross loan opening	422.00	422.00	422.00	422.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	422.00	422.00	422.00	422.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	35.17
	Net Loan-Closing	422.00	422.00	422.00	386.83
	Average Loan	422.00	422.00	422.00	404.42
	Rate of Interest	8.90%	8.90%	8.90%	8.90%
	Interest	37.56	37.56	37.56	35.99
	Rep Schedule	12 Annual instalments from 25.02.2014			
9	Bond XXXIII				
	Gross loan opening	223.60	223.60	223.60	223.60
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	223.60	223.60	223.60	223.60
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	0.00
	Net Loan-Closing	223.60	223.60	223.60	223.60
	Average Loan	223.60	223.60	223.60	223.60
	Rate of Interest	8.64%	8.64%	8.64%	8.64%
	Interest	19.32	19.32	19.32	19.32
	Rep Schedule	12 Annual instalments from 08.07.2014			
	Total Loan				
	Gross loan opening	2243.95	2243.95	2243.95	2243.95
	Cumulative Repayment upto DOCO/previous year	0.00	9.92	78.17	188.70
	Net Loan-Opening	2243.95	2234.03	2165.78	2055.25
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	9.92	68.25	110.53	168.36
	Net Loan-Closing	2234.03	2165.78	2055.25	1886.89
	Average Loan	2238.99	2199.91	2110.52	1971.07



Rate of Interest	9.1616%	9.1562%	9.1445%	9.1339%
Interest	205.13	201.43	193.00	180.04



CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(` in lakh)

	Details of Loan	2010-11	2011-12	2012-13	2013-14
1	Bond XXI				
	Gross loan opening	16.00	16.00	16.00	16.00
	Cumulative Repayment upto DOCO/previous year	1.33	1.33	2.66	4.00
	Net Loan-Opening	14.67	14.67	13.34	12.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	1.33	1.33	1.33
	Net Loan-Closing	14.67	13.34	12.00	10.67
	Average Loan	14.67	14.00	12.67	11.34
	Rate of Interest	8.73%	8.73%	8.73%	8.73%
	Interest	1.28	1.22	1.11	0.99
	Rep Schedule	12 Annual instalments from 11.10.2010			
2	Bond XXII				
	Gross loan opening	40.00	40.00	40.00	40.00
	Cumulative Repayment upto DOCO/previous year	0.00	3.33	6.67	10.00
	Net Loan-Opening	40.00	36.67	33.33	30.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	3.33	3.33	3.33	3.33
	Net Loan-Closing	36.67	33.33	30.00	26.67
	Average Loan	38.33	35.00	31.67	28.33
	Rate of Interest	8.68%	8.68%	8.68%	8.68%
	Interest	3.33	3.04	2.75	2.46
	Rep Schedule	12 Annual instalments from 07.12.2010			
3	Bond XXIV				
	Gross loan opening	83.00	83.00	83.00	83.00
	Cumulative Repayment upto DOCO/previous year	0.00	6.92	13.83	20.75
	Net Loan-Opening	83.00	76.08	69.17	62.25
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	6.92	6.92	6.92	6.92
	Net Loan-Closing	76.08	69.17	62.25	55.33
	Average Loan	79.54	72.63	65.71	58.79
	Rate of Interest	9.95%	9.95%	9.95%	9.95%
	Interest	7.91	7.23	6.54	5.85

Rep Schedule		12 Annual Instalments from 26.03.2011			
4	Bond XXVII				
	Gross loan opening	700.00	700.00	700.00	700.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	58.33	116.67
	Net Loan-Opening	700.00	700.00	641.67	583.33
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	58.33	58.33	58.33
	Net Loan-Closing	700.00	641.67	583.33	525.00
	Average Loan	700.00	670.83	612.50	554.17
	Rate of Interest	9.47%	9.47%	9.47%	9.47%
	Interest	66.29	63.53	58.00	52.48
	Rep Schedule	12 Annual instalments from 31.03.2012			
5	Bond XXVIII				
	Gross loan opening	427.00	427.00	427.00	427.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	35.58
	Net Loan-Opening	427.00	427.00	427.00	391.42
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	35.58	35.58
	Net Loan-Closing	427.00	427.00	391.42	355.83
	Average Loan	427.00	427.00	409.21	373.63
	Rate of Interest	9.33%	9.33%	9.33%	9.33%
	Interest	39.84	39.84	38.18	34.86
	Rep Schedule	12 Annual instalments from 15.12.2012			
6	Bond XXIX				
	Gross loan opening	80.35	80.35	80.35	80.35
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	6.70
	Net Loan-Opening	80.35	80.35	80.35	73.65
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	6.70	6.70
	Net Loan-Closing	80.35	80.35	73.65	66.96
	Average Loan	80.35	80.35	77.00	70.31
	Rate of Interest	9.20%	9.20%	9.20%	9.20%
	Interest	7.39	7.39	7.08	6.47
	Rep Schedule	12 Annual instalments from 12.03.2013			
7	Bond XXX				
	Gross loan opening	543.00	543.00	543.00	543.00



	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	543.00	543.00	543.00	543.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	45.25
	Net Loan-Closing	543.00	543.00	543.00	497.75
	Average Loan	543.00	543.00	543.00	520.38
	Rate of Interest	8.80%	8.80%	8.80%	8.80%
	Interest	47.78	47.78	47.78	45.79
	Rep Schedule	12 Annual instalments from 29.09.2013			
8	Bond XXXI				
	Gross loan opening	845.00	845.00	845.00	845.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	845.00	845.00	845.00	845.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	70.42
	Net Loan-Closing	845.00	845.00	845.00	774.58
	Average Loan	845.00	845.00	845.00	809.79
	Rate of Interest	8.90%	8.90%	8.90%	8.90%
	Interest	75.21	75.21	75.21	72.07
	Rep Schedule	12 Annual instalments from 25.02.2014			
9	Bond XXXIII				
	Gross loan opening	729.30	729.30	729.30	729.30
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	729.30	729.30	729.30	729.30
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	0.00
	Net Loan-Closing	729.30	729.30	729.30	729.30
	Average Loan	729.30	729.30	729.30	729.30
	Rate of Interest	8.64%	8.64%	8.64%	8.64%
	Interest	63.01	63.01	63.01	63.01
	Rep Schedule	12 Annual instalments from 08.07.2014			
	Total Loan				
	Gross loan opening	3463.65	3463.65	3463.65	3463.65
	Cumulative Repayment upto DOCO/previous year	1.33	11.58	81.50	193.69
	Net Loan-Opening	3462.32	3452.07	3382.15	3269.96
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	10.25	69.92	112.20	227.86
	Net Loan-Closing	3452.07	3382.15	3269.96	3042.10
	Average Loan	3457.20	3417.11	3326.06	3156.03



Rate of Interest	9.03%	9.02%	9.01%	9.00%
Interest	312.04	308.25	299.66	283.98



CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(` in lakh)

	Details of Loan	2010-11	2011-12	2012-13	2013-14
1	Bond XXI				
	Gross loan opening	4.00	4.00	4.00	4.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.33	0.67	1.00
	Net Loan-Opening	4.00	3.67	3.33	3.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.33	0.33	0.33	0.33
	Net Loan-Closing	3.67	3.33	3.00	2.67
	Average Loan	3.83	3.50	3.17	2.83
	Rate of Interest	8.73%	8.73%	8.73%	8.73%
	Interest	0.33	0.31	0.28	0.25
	Rep Schedule	12 annual installments from 11.10.2010			
2	Bond XXII				
	Gross loan opening	7.00	7.00	7.00	7.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.58	1.17	1.75
	Net Loan-Opening	7.00	6.42	5.83	5.25
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.58	0.58	0.58	0.58
	Net Loan-Closing	6.42	5.83	5.25	4.67
	Average Loan	6.71	6.13	5.54	4.96
	Rate of Interest	8.68%	8.68%	8.68%	8.68%
	Interest	0.58	0.53	0.48	0.43
	Rep Schedule	12 annual installments from 07.12.2010			
3	Bond XXIV				
	Gross loan opening	11.00	11.00	11.00	11.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.92	1.83	2.75
	Net Loan-Opening	11.00	10.08	9.17	8.25
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.92	0.92	0.92	0.92
	Net Loan-Closing	10.08	9.17	8.25	7.33
	Average Loan	10.54	9.63	8.71	7.79
	Rate of Interest	9.95%	9.95%	9.95%	9.95%

	Interest	1.05	0.96	0.87	0.78
	Rep Schedule	12 annual installments from 26.03.2011			
4	Bond XXX				
	Gross loan opening	302.00	302.00	302.00	302.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	302.00	302.00	302.00	302.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	25.17
	Net Loan-Closing	302.00	302.00	302.00	276.83
	Average Loan	302.00	302.00	302.00	289.42
	Rate of Interest	8.80%	8.80%	8.80%	8.80%
	Interest	26.58	26.58	26.58	25.47
	Rep Schedule	12 annual installments from 29.09.2013			
5	Bond XXXI				
	Gross loan opening	469.00	469.00	469.00	469.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	469.00	469.00	469.00	469.00
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	39.08
	Net Loan-Closing	469.00	469.00	469.00	429.92
	Average Loan	469.00	469.00	469.00	449.46
	Rate of Interest	8.90%	8.90%	8.90%	8.90%
	Interest	41.74	41.74	41.74	40.00
	Rep Schedule	12 annual installments from 25.02.2014			
6	Bond XXXIII				
	Gross loan opening	109.10	109.10	109.10	109.10
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	0.00
	Net Loan-Opening	109.10	109.10	109.10	109.10
	Additions during the year	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	0.00
	Net Loan-Closing	109.10	109.10	109.10	109.10
	Average Loan	109.10	109.10	109.10	109.10
	Rate of Interest	8.64%	8.64%	8.64%	8.64%
	Interest	9.43	9.43	9.43	9.43
	Rep Schedule	12 annual installments from 08.07.2014			



Total Loan				
Gross loan opening	902.10	902.10	902.10	902.10
Cumulative Repayment upto DOCO/previous year	0.00	1.83	3.67	5.50
Net Loan-Opening	902.10	900.27	898.43	896.60
Additions during the year	0.00	0.00	0.00	0.00
Repayment during the year	1.83	1.83	1.83	66.08
Net Loan-Closing	20.17	898.43	896.60	830.52
Average Loan	901.18	899.35	897.52	863.56
Rate of Interest	8.8449%	8.8440%	8.8430%	8.8413%
Interest	79.71	79.54	79.37	76.35

