

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 94/TT/2012

Coram:

**Shri Gireesh B. Pradhan, Chairperson
Shri M. Deena Dayalan, Member
Shri A. K. Singhal, Member
Smt. Neerja Mathur, Member (EO)**

Date of Hearing : 04.03.2014

Date of Order : 25.06.2014

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 125 MVAR Bus Reactor at 400/220 kV Rajgarh Sub-station along with associated bays at Rajgarh Sub-station (anticipated date of commercial operation : 1.5.2012) under 125 MVAR Bus Reactor at 400/220 kV Rajgarh Sub-station scheme of Western Region from date of commercial operation to 31.3.2014.

And in the matter of:

Power Grid Corporation of India Limited
"Saudamani", Plot No.2,
Sector-29, Gurgaon -122 001.

.....**Petitioner**

Vs

1. Madhya Pradesh Power Trading Company Ltd.,
Shakti Bhawan, Rampur
Jabalpur-482 008.
2. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, 4th floor
Andehri (East), Mumbai-400 052.
3. Gujarat Urja Vikas Nigam Ltd.,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara-390 007.
4. Electricity Department, Government of Goa,
Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa-403 001.



5. Electricity Department,
Administration of Daman and Diu,
Daman-396 210.
6. Electricity Department,
Administration of Dadra Nagar Haveli,
U.T., Silvassa-396 230.
7. Chhattisgarh State Electricity Board,
P.O. Sunder Nagar, Dangania, Raipur
Chhattisgarh-492 013.
8. Madhya Pradesh Audyogik Kendra
Vikas Nigam (Indore) Ltd.,
3/54, Press Complex, Agra-Bombay Road
Indore -452 008.

....Respondents

For petitioner : Shri M. M. Mondal, PGCIL
Shri S.K. Venkatesan, PGCIL,
Shri P.Saraswat, PGCIL
Shri S.S Raju, PGCIL
Ms. Sangeeta Edwards, PGCIL

For respondent : None

ORDER

The petition has been filed by Power Grid Corporation of India Limited (PGCIL) seeking approval of the transmission charges for 125 MVAR Bus Reactor at 400/220 kV Rajgarh Sub-station along with associated bays at Rajgarh Sub-station (anticipated date of commercial operation : 1.5.2012) under 125 MVAR Bus Reactor at 400/220 kV Rajgarh Sub-station scheme in Western Region for tariff block 2009-14 period based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations").



2. The Investment Approval (I.A.) to the transmission project was accorded by the Board of directors of the petitioner, vide Memorandum ref C/CP/Rajgarh Ext dated 7.7.2010 at an estimated cost of ₹937 lakh including IDC of ₹56 lakh (based on 1st quarter, 2010 price level). The project was scheduled to be commissioned within 22 months from the date of investment approval i.e. 1.6.2012. The scope of works covered under the scheme broadly includes:-

Sub-station:-

Extension of 400/220 kV Rajgarh Sub-station

420 kV 125 MVAR Bus Reactor

The project scope includes single asset i.e. Extension of 400/220 kV Rajgarh Sub-station under 420 kV 125 MVAR Bus Reactor (hereinafter referred as "transmission asset") which is covered in the instant petition.

3. The petitioner has claimed tariff on the basis of anticipated date of commercial operation of the instant asset, which is 1.5.2012. Accordingly, it has submitted the Auditor's Certificate and tariff forms alongwith the petition on the basis of anticipated date of commercial operation. Later, the petitioner vide affidavit dated 31.7.2012, has submitted that asset has been put under commercial operation on 1.6.2012. Subsequently, vide affidavit dated 27.9.2013 the petitioner has submitted revised management certificate and tariff form.

4. The transmission charges claimed by the petitioner are given overleaf:-

(` in lakh)

Particulars	2012-13	2013-14
Depreciation	23.47	35.67
Interest on Loan	27.06	38.96
Return on Equity	23.31	35.43
Interest on working capital	4.55	6.15
O & M Expenses	51.60	65.46
Total	129.99	181.67

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

(` in lakh)

Particulars	2012-13	2013-14
Maintenance Spares	9.29	9.82
O & M Expenses	5.16	5.46
Receivables	26.00	30.28
Total	40.45	45.56
Rate of Interest	13.50%	13.50%
Interest	4.55	6.15

6. 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. None of the respondent has filed the reply.

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

Capital cost

8. Regulation 7 of the 2009 Tariff Regulations provides as follows:-

“(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; and

(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.

(2) The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that in case of the thermal generating station and the transmission system, prudence check of capital cost may be carried out based on the benchmark norms to be specified by the Commission from time to time:

Provided further that in cases where benchmark norms have not been specified, prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff.”

9. The details of apportioned approved cost, capital expenditure as on date of commercial operation and additional capital expenditure projected to be incurred for the instant asset are summarized below:-

(` in lakh)

Apportioned approved cost	Actual cost incurred as on DOCO	Projected Expenditure		Estimated capital expenditure up to 31.3.2014	Projected expenditure for 2014-15	Total estimated completion cost
		2012-13	2013-14			
936.52	477.78	111.10	173.45	762.33	41.04	803.37

*Inclusive of initial spares amounting to ₹13.00 lakh pertaining to sub-station which fall within the ceiling limit specified under Regulation 8 of 2009 Tariff Regulations.

10. The petitioner has claimed capital cost of ₹477.78 lakh as on the date of commercial operation vide management certificate dated 26.9.2013 as per affidavit dated 27.9.2013. The same capital cost as on date of commercial operation has been considered for the purpose of determination of transmission tariff.

Time over-run

11. As per investment approval the asset was scheduled to be commissioned by 1.6.2012. The petitioner vide affidavit dated 27.9.2013 has submitted that the asset has been commissioned on 1.6.2012. Hence there is no time over-run.

Cost variation

12. The cost of the asset as on date of commercial operation is ₹629.92 lakh. After taking into account the additional capital expenditure of ₹225.85 lakh, the total estimated expenditure for the asset is expected to be ₹855.77 lakh against the approved FR cost of ₹936.52 lakh. Hence there is no cost over-run. However, it is noticed that there is cost variation in switchgear (CT, PT, CB, isolator etc):29.27%, control, relay & protection panel: 72.46%, bus bars/ conductors/ insulators: 114.33% and auxiliary system: 86%. In response to query of the Commission regarding cost variation, the petitioner in its affidavit dated 31.7.2012 has clarified that the estimates are prepared as per well defined procedure for cost estimates. The cost estimate is broad indicative cost worked out generally on the basis of average unit rates of recently awarded contracts. For procurement, open competitive bidding route is followed and by providing equal opportunity to 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 may happen to be lower or higher than the cost estimate depending upon prevailing market conditions. In the instant case the awarded price was above the estimated FR rates in Sub-station items like Switchgear (CT, PT, Circuit Breaker, and Isolators) and auxiliary system. The petitioner has submitted that the overall estimated expenditure of ₹855.77 lakh is within the approved cost as per FR of ₹936.52 lakh. We have considered the submission made by the petitioner regarding cost-variation and we are of the view that the cost variation is beyond the petitioner's control and hence the cost variation is allowed.

13. The completion cost is lower than the estimated cost. As it has been observed by us in other petitions, the cost estimates of the petitioner are not realistic. We direct the petitioner to adopt a prudent procedure to make cost estimates of different elements of the transmission projects more realistic.

Projected additional capital expenditure

14. Clause (1) of Regulation 9 of the 2009 Tariff Regulations provides as follows:-

“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.”

15. Clause (11) of Regulation 3 of the 2009 Tariff Regulations defines “cut-off” date as under:-

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

Accordingly, the cut-off date for the instant assets is 31.3.2015.

16. The petitioner has claimed projected additional capital expenditure of ₹ 111.10 lakh, ₹173.45 lakh for FY 2012-13 (date of commercial operation to 31.3.2013) and FY 2013-14 respectively pertaining to Sub-station. Projected additional capital expenditure claimed by the petitioner is mainly on account of balance/retention money and falls within the cut-off date. Hence, the same has been considered for the purpose of determination of transmission tariff.

Debt- equity ratio

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

“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.”

18. The detail of opening debt-equity considered for the purpose of tariff calculation is as follows:-

(` in lakh)

Particulars	Financial package as apportioned/approved for asset		Capital cost as on date of commercial operation	
	Amount	%	Amount	%
Debt	655.56	70.00	334.45	69.05
Equity	280.96	30.00	143.33	30.95
Total	936.52	100.00	477.78	100.00

19. The detail of debt-equity as 31.3.2014 is as follows:-

(` in lakh)

As on 31.3.2014		
Particulars	Amount	%
Debt	533.63	70.00
Equity	228.70	30.00
Total	762.33	100.00

20. Details of projected additional capital expenditure are as follows:-

(` in lakh)

Particulars	Add-Cap for 2012-13		Add-Cap for 2013-14	
	Amount	%	Amount	%
Debt	77.77	70.00	121.42	70.00
Equity	33.33	30.00	52.04	30.00
Total	111.10	100.00	173.45	100.00

Return on equity

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

“15. (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 12.

(2) Return on equity shall be computed on pre-tax basis at the base rate of 15.5% for thermal generating stations, transmission system and run of the river generating station, and 16.5% for the storage type generating stations including pumped storage hydro generating stations and run of river generating station with pondage and shall be grossed up as per clause (3) of this regulation:

Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in **Appendix-II**:

Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.

(3) The rate of return on equity shall be computed by grossing up the base rate with the Minimum Alternate/Corporate Income Tax Rate for the year 2008-09, as per the Income Tax Act, 1961, as applicable to the concerned generating company or the transmission licensee, as the case may be:

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where t is the applicable tax rate in accordance with clause (3) of this regulation.

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

Provided further that Annual Fixed charge with respect to the tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective financial year during the tariff period shall be trued up in accordance with Regulation 6 of these regulations".

22. The petitioner has submitted that the transmission assets covered in the instant petition, i.e. 125 MVAR Bus Reactor at 400/220 kV Rajgarh Sub-station along with associated bays at Rajgarh Sub-station has been completed within 24 months, which is the qualifying timeline for additional return on equity of 0.5% under Regulation 15(2) of the 2009 Tariff Regulations and requested to accordingly allow additional return on equity.

23. In response to a query, the petitioner, vide affidavit dated 31.7.212, has submitted that the Bus Reactor is part of 400 kV Sub-station and hence the timeline of 24 months for 400 kV AC Sub-station for additional return of equity of 0.5% is applicable for the instant transmission assets and requested to allow additional return of 0.5%.

24. We have considered the submissions of the petitioner regarding the additional return on equity. The timeline of 24 months specified in the 2009 Tariff Regulations for additional return on equity is for a new 400 kV AC Sub-station and not for a part of a sub-station. There is no provision for additional return of equity for a Reactor and accordingly the petitioner's claim for additional return on equity is not allowed.

25. Based on the above, the return on equity has been considered as given hereunder:-

Particulars	(` in lakh)	
	2012-13 (pro-rata)	2013-14
Opening Equity	143.33	176.66
Addition due to Additional Capitalisation	33.33	52.04
Closing Equity	176.66	228.70
Average Equity	160.00	202.68
Return on Equity (Base Rate)	15.50%	15.50%
Tax rate for the year 2008-09 (MAT)	11.330%	11.330%
Rate of Return on Equity (Pre Tax)	17.481%	17.481%
Return on Equity (Pre Tax)	23.31	35.43

26. The petitioner's prayer to recover the shortfall or refund the excess Annual Fixed Charges, on account on return on equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 of the respective financial year directly without making any application before the Commission shall be dealt under Regulation 15(3) as state above. Return on equity

has been computed as per Regulation 15 of the 2009 Tariff Regulations. Pre-tax return on equity of 17.481% has been considered.

Interest on loan

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

“16. **Interest on loan capital** (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.”

28. In keeping with the provisions of Regulation 16 of the 2009 Tariff Regulations, the petitioner’s entitlement to interest on loan has been calculated on the following basis:-

(a) Gross amount of loan, repayment of instalments and rate of interest on actual loan have been considered as per the affidavit dated 25.4.2013.

(b) The repayment for the tariff period 2009-14 has been considered to be equal to the depreciation allowed for that period.

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

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

29. Further, the petitioner has considered "Proposed Loan 2013-14 (7.93%)" in Form -13 i.e. calculation of weighted average rate of interest on Actual Loans. As per Regulation 16 of the 2009 Tariff Regulations, only actual loans are to be considered for the calculation of weighted average rate of interest, accordingly, proposed loan

has not been taken into consideration while computing weighted average rate of interest on actual loans. The interest on Normative Loan has been calculated on the basis of prevailing rate available as on the date of commercial operation. Any change in rate of interest subsequent to date of commercial operation will be considered at the time of truing up.

30. Detailed calculations in support of the weighted average rates of interest have been given in Annexure to this order.

31. Based on the above, interest on loan has been calculated are given hereunder:-

(` in lakh)

Particulars	2012-13 (pro-rata)	2013-14
Gross Normative Loan	334.45	412.22
Cumulative Repayment upto previous year	0.00	23.47
Net Loan-Opening	334.45	388.75
Addition due to additional capital expenditure	77.77	121.42
Repayment during the year	23.47	35.67
Net Loan-Closing	388.75	474.49
Average Loan	361.60	431.62
Weighted Average Rate of Interest on Loan	8.98%	9.04%
Interest	27.06	39.02

Depreciation

32. Regulation 17 of the 2009 Tariff Regulations provides as follows:-

“17. **Depreciation** (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.”

33. The assets covered in the current petition were put under commercial operation as on 1.6.2012. The assets will complete 12 years beyond 2013-14. Accordingly, depreciation has been calculated annually based on Straight Line Method and at rates specified in Appendix-III to the 2009 Tariff Regulations, as per details given hereunder:-

(` in lakh)

Particulars	2012-13 (pro-rata)	2013-14
Opening Gross Block	477.78	588.88
Addition due to Projected Additional Capitalisation	111.10	173.45
Closing Gross Block	588.88	762.33
Average Gross Block	533.33	675.61
Rate of Depreciation	5.28%	5.28%
Depreciable Value	480.00	608.04
Remaining Depreciable Value	480.00	584.58
Depreciation	23.47	35.67

Operation & maintenance expenses

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

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

35. As per the 2009 Tariff Regulations, allowable O&M expenses for the transmission assets covered in the instant petition are given hereunder:-

(` in lakh)

Elements	2009-10	2010-11	2011-12	2012-13 (pro-rata for 10 months)	2013-14
1 no., 400 kV bay	----	----	---	51.60	65.46
Total O&M	--	---	---	51.60	65.46

36. The petitioner has submitted that 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 charges for tariff period 2009-14. The petitioner has also submitted that it would approach the Commission for suitable revision in the norms for O&M expenses due to impact of wage revision.

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

38. The petitioner is entitled to claim interest on working capital as per the 2009 Tariff Regulations. The components of the working capital and the petitioner's entitlement to interest thereon are discussed hereunder:-

(i) Receivables

As per Regulation 18(1) (c) (i) of the 2009 Tariff Regulations, receivables as a component of working capital 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 as part of the working capital 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 to be included in the working capital. The petitioner has claimed O&M expenses for 1 month of the respective year. This has been considered in the working capital.

(iv) Rate of interest on working capital

In accordance with clause (3) of Regulation 18 of the 2009 Tariff Regulations, as amended, rate of interest on working capital shall be on normative basis and shall be equal to State Bank of India Base Rate of 10.00% plus 350 bps as on 1.4.2012 (13.50%). The interest on working capital for the assets covered in the petition has been worked out accordingly.

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

Particulars	(` in lakh)	
	2012-13 (pro-rata)	2013-14
Maintenance Spares	9.29	9.82
O & M Expenses	5.16	5.46
Receivables	26.00	30.29
Total	40.45	45.56
Interest	4.55	6.15

Transmission charges

40. The transmission charges being allowed for the assets are summarized overleaf:-

(` in lakh)

Particulars	2012-13 (pro-rata)	2013-14
Depreciation	23.47	35.67
Interest on Loan	27.06	39.02
Return on Equity	23.31	35.43
Interest on Working Capital	4.55	6.15
O & M Expenses	51.60	65.46
Total	129.99	181.74

Filing fee and the publication expenses

41. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. The petitioner shall be entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly from the beneficiaries on *pro-rata* basis in accordance with Regulation 42A (1) (a) of the 2009 Tariff Regulations.

Licence fee

42. 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. The petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 42A (1) (b) of the 2009 Tariff Regulations

Service tax

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

Sharing of Transmission Charges

44. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time.

45. This order disposes of Petition No. 94/TT/2012.

sd/-

(Neerja Mathur)
Member (EO)

sd/-

(A. K. Singhal)
Member

sd/-

(M. Deena Dayalan)
Member

sd/-

(Gireesh B. Pradhan)
Chairperson

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(₹ in lakh)

	Details of Loan	2012-13	2013-14
1	Bond XXXIII		
	Gross loan opening	150.00	150.00
	Cumulative Repayment upto DOCO/ previous year	0.00	0.00
	Net Loan-Opening	150.00	150.00
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	150.00	150.00
	Average Loan	150.00	150.00
	Rate of Interest	8.64%	8.64%
	Interest	12.96	12.96
	Rep Schedule	12 Annual instalments from 8.7.2014	
2	Bond XXXVIII		
	Gross loan opening	100.00	100.00
	Cumulative Repayment upto DOCO/ previous year	0.00	0.00
	Net Loan-Opening	100.00	100.00
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	100.00	100.00
	Average Loan	100.00	100.00
	Rate of Interest	9.25%	9.25%
	Interest	9.25	9.25
	Rep Schedule	Bullet payment 9.3.2027	
3	Bond XL (AddCap for 2012-13 Rs 84.45 Lakh & Rs 66.55 Lakh)		
	Gross loan opening	0.00	151.00
	Cumulative Repayment upto DOCO/ previous year	0.00	0.00
	Net Loan-Opening	0.00	151.00
	Additions during the year	151.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	151.00	151.00
	Average Loan	75.50	151.00
	Rate of Interest	9.30%	9.30%
	Interest	7.02	14.04
	Rep Schedule	12 Annual instalments from 28.6.2016	

Total Loan		
Gross loan opening	250.00	401.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00
Net Loan-Opening	250.00	401.00
Additions during the year	151.00	0.00
Repayment during the year	0.00	0.00
Net Loan-Closing	401.00	401.00
Average Loan	325.50	401.00
Weighted Average Rate of Interest	8.9805%	9.0406%
Interest	29.23	36.25