

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

PETITION NO. 307/TT/2013

Coram:

**Shri A.S. Bakshi, Member
Dr. M. K. Iyer, Member**

**Date of Hearing: 21.12.2015
Date of Order : 31.12.2015**

In the matter of:

Approval under Regulation 86 of CERC (Conduct of Business) Regulations 1999 and CERC (Terms and Conditions of Tariff) Regulations 2009 for determination of transmission tariff for (i) 765/400kV, 3*500 MVA ICT-2 at Raigarh PS (Near Tamnar) along with associated bays, (ii) 765/400 kV, 3*500 MVA ICT-3 at Raigarh PS (near Tamnar) along with associated bays and (iii) 765 kV S/C Champa Pooling Station-Dharamjaygarh S/s TL and bays at Dharamjaygarh S/s only under establishment of pooling stations at Champa and Raigarh (Near Tamnar) for IPP generation projects in Chhattisgarh (Set "B"/WRI-IPPB) in Western region for 2009-14 tariff period.

And in the matter of:

Power Grid Corporation of India Ltd,
SAUDAMINI, Plot No.-2, Sector-29,
Gurgaon-122001 (Haryana)

.....Petitioner

Versus

1. Madhya Pradesh Power Management 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
9. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur - 302 005.
10. Ajmer Vidyut Vitran Nigam Ltd. (AVVNL),
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
11. Jaipur Vidyut Vitran Nigam Ltd.(JVVNL),
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
12. Jodhpur Vidyut Vitran Nigam Ltd.(JDVVNL),
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur
13. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla - 171 004.
14. Punjab State Electricity Board,
The Mall, Patiala - 147 001.
15. Haryana Power Purchase Centre,
Shakti Bhawan, Sector - 6



Panchkula (Haryana) - 134 109

16. Power Development Department,
Govt. of Jammu and Kashmir
Mini Secretariat, Jammu .
17. Uttar Pradesh Power Corporation Ltd.,
Shakti Bhawan, 14, Ashok Marg,
Lucknow - 226 001.
18. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi - 110 002
19. BSES Yamuna Power Ltd.,
Shakti Kiran Building, Karkardooma,
Delhi – 110 092.
20. BSES Rajdhani Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi.
21. North Delhi Power Ltd.,
Power Trading & Load Dispatch Group,
Cennet Building,
Adjacent to 66/11kV Pitampura - ,
Grid Building,
Near PP Jewellers,
Pitampura, New Delhi - 110 034
22. Chandigarh Administration,
Sector - 9, Chandigarh
23. Uttarakhand Power Corporation Ltd.,
Urja Bhawan, Kanwali Road,
Dehradun
24. North Central Railway,
Allahabad
25. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi - 110 002
26. Karnataka Power Transmission Corporation Ltd.,
(KPTCL), Kaveri Bhavan, Bangalore – 560009
27. Transmission Corporation of Andhra Pradesh Ltd.
(APTRANSCO), Vidyut Soudha, Hyderabad- 500082



28. Kerala State Electricity Board, Thiruvananthapuram
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram - 695 004
29. Tamil Nadu Generation and Distribution Corporation Ltd
(Formerly Tamilnadu Electricity Board -TNEB)
NPKRR Maaligai, 800, Anna Salai Chennai - 600 002
30. Electricity Department
Govt of Pondicherry, Pondicherry – 605001
31. Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL)
P&T Colony, Seethmmadhara Vishakhapatnam,
Andhra Pradesh
32. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL)
Srinivasasa Kalyana Mandapam Backside, Tiruchanoor Road,
Kesavayana Gunta, Tirupati-517 501,
Chittoor District, Andhra Pradesh
33. Central Power Distribution Company of Andhra Pradesh limited (APCPDCL)
Corporate Office, Mint Compound,
Hyderabad- 500 063, Andhra Pradesh
34. Northern Power Distribution Company of Andhra Pradesh Limited (APNPDCL)
Opp. NIT Petrol Pump Chaitanyapuri, Kazipet,
Warangal - 506 004 Andhra Pradesh
35. Bangalore Electricity Supply Company Ltd.,(BESCOM),
Corporate Office, K.R.Circle Bangalore - 560 001 Karnataka
36. Gulbarga Electricity Supply Company Ltd., (GESCOM)
Station Main Road, Gulbarga, Karnataka
37. Hubli Electricity Supply Company Ltd., (HESCOM)
Navanagar, PI3 Road Hubli, Karnataka
38. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle
Mangalore - 575 001, Karnataka
39. Chamundeswari Electricity Supply Corporation Ltd., (CESC)
927,L J Avenue Ground Floor,
New Kantharaj Urs Road Saraswatipuram,
Mysore – 570009, Karnataka
40. R. K. M. Power Ltd., 147, Gitanjali Nagar,
Avanti Vihar, Sector-I, Raipur-492 004



41. Athena Chhattisgarh Power Pvt. Ltd.,
7-1-24 B Block, 5th Floor, "Roxana Towers", Greenlands,
Begumpet, Hyderabad-500 016
42. Jindal Power Limited, Post Box No.-16, Kharsia Road,
Raigarh-496 001
43. SKS Power Generation (Chhattisgarh) Ltd., 501 B, Elegant Business Park,
Andheri Kurla Road, J. B. Nagar,
Andheri (E), Mumbai-400 059.
44. Korba West Power Co. Ltd., 2nd Floor, Centrum Plaza, Golf Course Road,
Sector-53, Gurgaon-122 002.
45. KSK Mahanadi Power Company Ltd., 8-2/293/82/A/431/A,
Road No. 22, Jubilee Hills, Hyderabad-500 033.
46. Visa Power Ltd., HUL Building, 2nd Floor, 9,
Shakespeare Sarani, Kolkata-700 071
47. D. B. Power Ltd., Plot No.-813, Phase-V,
Udyog Vihar, Gurgaon-122 016.
48. TRN Energy Pvt. Ltd., 4735/22, Ground Floor,
Prakashdeep Building, Ansari Road, Darya Ganj,
New Delhi-110 002
-Respondent(s)**

The following were present:

For Petitioner: Shri SS Raju
 Shri Rakesh Prasad
 Shri MM Mondal
 Shri SK Venkatesan
 Shri Avinash M. Pavgi
 Shri Piyush Awasthi
 Shri Anshul Garg
 Shri Mohd. Mohsin
 Shri SK Niranjana

For Respondents: None



ORDER

The petition has been preferred by Power Grid Corporation of India Limited (hereinafter referred to as “the petitioner”), a transmission licensee, for determination of tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 Tariff Regulations”) in respect of (i) Asset- I: 765/400kV, 3*500 MVA ICT-2 at Raigarh PS (Near Tamnar) along with associated bays, (ii) Asset II: 765/400 kV, 3*500 MVA ICT-3 at Raigarh PS (near Tamnar) along with associated bays and (iii) Asset III: 765 kV S/C Champa Pooling Station-Dharamjaygarh S/s TL and bays at Dharamjaygarh S/s only under establishment of pooling stations at Champa and Raigarh (Near Tamnar) for IPP generation projects in Chhattisgarh (Set “B”/WRI-IPPB) in Western region for the period from date of commercial operation to 31.3.2014.

2. The respondents are distribution licensees, who are procuring transmission service from the petitioner, mainly beneficiaries of Northern, Southern and Western Region.

3. The brief facts of the case are as follows:-

- a) The transmission system associated with establishment of pooling stations at Raigarh Champa and Raigarh (near Tamnar) for IPP generation projects in Chhattisgarh (Set “B”/WRI-IPPB) in Western Region was agreed for implementation by the petitioner in the 14th WRPC held on 19.8.2010. The Investment Approval (IA) and expenditure sanction for the transmission system was accorded by



the Board of Directors of the petitioner vide Memorandum No C/CP/Chhattisgarh- IPP dated 31.5.2011 at an estimated cost of ₹196187 lakh including IDC of ₹12572 lakh (based on 4th Quarter, 2010 price level). The transmission system was scheduled to be commissioned within 36 months from the date of investment approval. Thus, the scheduled date of commissioning of the transmission system was 1.6.2014.

- b) Transmission tariff in respect of the assets covered in the instant petition were initially claimed in Petition No. 307/TT/2013 dated 12.11.2013 based on anticipated date of commercial operation.
- c) The Commission approved the provisional transmission tariff in respect of the transmission assets for 2013-14 vide order dated 16.12.2013 in Petition no. 307/TT/2013.
- d) Subsequently, the Asset I and Asset II were commissioned on 1.12.2013 and 1.3.2014 and the petitioner filed the revised forms vide Petition No.307/TT/2013 on 11.9.2015 for tariff determination of the above transmission assets for 2009-14 period.
- e) Further, the petitioner, vide its affidavit dated 11.9.2015, has submitted that a separate petition is being filed for Asset III, i.e. 765 kV S/C Champa Pooling Station-Dharamjaygarh S/S TL and bays at Dharamjaygarh S/S along with other assets commissioned/anticipated to be commissioned during 2014-19 tariff period under the instant project.



- f) The petitioner has served the petition to the respondents and notice of this application has been published in the newspaper in accordance with Section 64 of the Electricity Act 2003. In response to the instant petition, replies were filed by Respondent No. 10, AVVNL, Respondent No. 11, JVVNL and Respondent No.12, JDVVNL vide a common affidavit dated 25.10.2013, by Respondent No. 1, MPPMCL and Respondent No. 2, MSEDCL vide affidavit dated 2.12.2013 and 4.1.2014 respectively. The petitioner has not filed any rejoinder to the reply filed by above respondents. No comments/objections have been received from the public in response to the notice in newspaper. The hearing in this matter was held on 21.12.2015.
- g) The objections of the respondents, wherever relevant to the instant petition, have been dealt with subsequently in this order. Having heard the representatives of the petitioner and perused the material on record, we proceed to dispose of the petition.

DETERMINATION OF ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD

4. The transmission charges claimed by the petitioner based on the actual date of commercial operation are as below:-

(₹ in lakh)

Particulars	2013-14	
	Asset I	Asset II
Depreciation	74.46	17.91
Interest on Loan	78.92	19.58
Return on Equity	84.83	20.55



Particulars	2013-14	
	Asset I	Asset II
Interest on Working Capital	8.19	2.01
O & M Expenses	52.37	13.09
Total	298.77	73.14

5. The Interest on Working Capital has been claimed by the petitioner as below:-

(₹ in lakh)

Particulars	2013-14	
	Asset I	Asset II
Operation and Maintenance	13.09	13.09
Maintenance Spares	23.57	23.56
Receivables	149.38	146.29
Total working capital	186.04	182.94
Rate of Interest (%)	13.20	13.20
Interest of working capital	24.56	24.15
Pro rate Interest on working capital	8.19	2.01

6. Annual Fixed charges for 2009-14 tariff period is being determined in the succeeding paragraphs.

Capital Cost

7. Regulation 7 of the 2009 Tariff Regulations provides that:-

“(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”

8. The details of apportioned approved cost, actual expenditure incurred as on date of commercial operation and additional capital expenditure incurred/projected to be incurred for the period from COD to 31.3.2014 for the transmission asset as submitted by the petitioner are as follows:-

(₹ in lakh)

Assets as commissioned (Actual-COD)	Apportioned approved cost as per FR	Exp. up to COD	Exp. for FY 2013-14	Exp. for FY 2014-15	Exp. for FY 2015-16	Total estimated capital expenditure
Asset-I (1.12.2013)	6055.26	4069.45	513.11	423.53	141.97	5148.06
Asset-II (1.3.2014)	6081.19	3653.34	1078.48	48.56	283.34	5063.72

9. The petitioner, vide Auditor’s Certificate dated 24.7.2015, has submitted the capital cost as on the date of commercial operation as ₹4069.45 lakh and ₹3653.34 lakh for Asset I and Asset II respectively, with additional capital expenditure for ₹513.11 lakh in 2013-14, ₹423.53 lakh in 2014-15, ₹141.97 lakh in 2015-16 for Asset I and ₹1078.48 lakh in 2013-14, ₹48.56 lakh in 2014-15, ₹283.34 lakh in 2015-16 for Asset II respectively. Since the petition is for 2009-14 tariff period, the additional capital expenditure and capital cost till 31.3.2014 is considered in the instant petition



10. The total capital cost of ₹5148.06 lakh and ₹5063.72 lakh as on 31.3.2016, in Asset I and Asset II respectively includes the cost of initial spares amounting to ₹1.11 lakh in both the assets. The petitioner, vide affidavit dated 11.9.2015, has submitted that the initial spares procured upto COD is nil for both the assets. The initial spares of ₹1.11 lakh will be procured during 2015-16 as estimated by the petitioner. Thus the entire liability against initial spares of ₹1.11 lakh is estimated to be discharged as additional capital expenditure during 2015-16 and has not been considered in the instant petition.

11. We have considered the submissions of the petitioner. The objections of Respondent No. 10, 11 and 12 regarding cost overrun and additional RoE claims of the petitioner are not relevant at present juncture as the petition was revised since the original submission dated 12.11.2013. The capital cost of both the assets is within the apportioned approved cost.

12. Against the scheduled COD (SCOD) of 1.6.2014, Asset I and Asset II were commissioned on 1.12.2013 and 1.3.2014 respectively. Thus, there is no time overrun in the commissioning of the transmission asset.

13. In response to a query of the Commission regarding detailed justification of the IDC and IEDC capitalised for Asset I and Asset II, the petitioner, vide its affidavit dated 11.9.2015, has submitted the details as below:-



(₹ in lakh)

Details of IDC & IEDC (As per Auditor Certificate)		
Period	IDC	IEDC
Asset I		
Discharged up to COD 1.12.2013	227.76	51.57
Discharged during 2013-14	46.99	-
Discharged during 2014-15	38.30	-
Total	313.05	51.57
Asset II		
Discharged up to COD 1.3.2014	126.85	51.83
Discharged during 2013-14	7.84	-
Discharged during 2014-15	84.22	-
Total	218.91	51.83

14. Thus, IDC amounting to ₹85.29 lakh and ₹92.06 lakh are deducted from the capital cost of Asset I and Asset II respectively. Based on the above, capital cost of ₹3984.16 lakh ((₹4069.45-₹313.05+₹227.76) lakh and ₹3561.28 lakh ((₹3653.34- ₹218.91+₹126.85) lakh on cash basis as on COD is considered for the purpose of tariff determination of Asset I and Asset II respectively.

(₹ in lakh)

Asset	Capital cost excluding IDC, IEDC as on COD (As per Auditor's Certificate dated 11.9.2015)	IDC and IEDC discharge till COD (cash basis) (As per affidavit dated 11.9.2015)	Capital cost as on COD
Asset I	3704.83	279.33	3984.16
Asset II	3382.60	178.68	3561.28

15. Tariff is being determined in this order based on the above capital cost as on date of commercial operation.



Additional Capital Expenditure

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

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

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

17. Further, 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”.

18. As per the above definition, the cut-off date in respect of Asset I is 31.3.2016 and in respect of Asset II is 31.3.2017.

19. The petitioner has claimed additional capital expenditure of ₹513.11 lakh and ₹1078.48 lakh during 2013-14 for Asset I and Asset II respectively.

20. The actual additional capital expenditure is towards balance and retention payments within the cut-off date and the same have been supported by Auditor Certificate dated 24.7.2015. As the additional capital expenditure claimed by the petitioner is towards balance payments the claim made by the petitioner is allowed as shown hereunder:



Asset	Capital cost as on COD after deducting IDC/ IEDC on cash basis	Additional capital expenditure	Capital cost as on 31.3.2014
		2013-14	
Asset I	3984.16	560.10*	4544.26
Asset II	3561.28	1086.32*	4647.60

*includes the IDC of ₹46.99 lakh and ₹7.84 lakh discharged during 2013-14 after COD for Asset I and Asset II respectively

21. The completion cost of ₹4544.26 lakh and ₹4647.60 lakh of Asset I and Asset II is within the approved apportioned cost of ₹6055.26 and ₹6081.19 lakh respectively. The petitioner has submitted that the variation is based on actual and the same has been considered for the purpose of tariff.

22. The debt-equity ratio 70:30 as claimed by the petitioner is in accordance with the Regulation 12 (3) of 2009 Tariff Regulations and hence, same has been considered towards financing of the additional capital expenditure.

Debt: Equity

23. 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:

(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.”

24. The debt:equity ratio of 70:30 has been considered as on the date of commercial operation for determination of tariff in accordance with the Regulation 12 of the 2009 Tariff Regulations.

25. The details of the debt:equity considered for the purpose of tariff for 2009-14 tariff period is as follows:-

(₹ in lakh)

Funding	Capital cost as on COD	(%)	Additional capital expenditure during 2009-14	(%)	Total cost as on 31.3.2014
Asset I					
Debt	2788.91	70.00	392.07	70.00	3180.98
Equity	1195.25	30.00	168.03	30.00	1363.28
Total	3984.16	100.00	560.10	100.00	4544.26
Asset II					
Debt	2492.90	70.00	760.42	70.00	3253.32
Equity	1068.38	30.00	325.90	30.00	1394.28
Total	3561.28	100.00	1086.32	100.00	4647.60

Return on Equity (ROE)

26. Clause (3), (4) and (5) of the Regulation 15 of the 2009 Tariff Regulations provide that

“(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:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$



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

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

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

27. Regulation 15 of the 2009 Tariff Regulations provides for grossing up of ROE with the actual tax rate for the purpose of ROE. The petitioner has submitted the rate of Return on Equity applicable for the year 2013-14 as 19.61%. The ROE has been worked out by considering actual MAT rate for 2013-14 in accordance with Regulation 15 of the 2009 Tariff Regulations as follows:-

(₹ in lakh)

Return on Equity	2013-14 (Pro rata)	
	Asset I	Asset II
Opening Equity	1195.25	1068.38
Additions	168.03	325.90
Closing Equity	1363.28	1394.28
Average Equity	1279.26	1231.33
Return on Equity (Base Rate) (%)	15.500	15.500
MAT Rate for respective year (%)	20.961	20.961
Rate of Return on Equity (%)	19.610	19.610
Return on Equity	83.62	20.12

Interest on Loan (“IoL”)

28. Clause (5) and (6) of Regulation 16 of the 2009 Tariff Regulations provide the methodology for working out weighted average rate of IoL as under:-



“(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.”

29. The weighted average rate of IoL has been considered on the basis of actual loan portfolio and the rate of interest submitted by the petitioner. MSEDCL has stated that there is a need to conduct prudence check on the loans availed by the petitioner and the average interest rate considered for calculation of interest on long term loans. This objection is already taken care of by considering the actual rates. The IoL has been worked out in accordance with Regulation 16 of the 2009 Tariff Regulations. The details of weighted average rate of interest for 2009-14 tariff period are placed at Annexure-1 and Annexure-2 in respect of Asset I and Asset II respectively. IoL allowed is as follows:-

(₹ in lakh)

Interest on Loan	2013-14 (Pro-rata)	
	Asset I	Asset II
Gross Normative Loan	2788.91	2492.90
Cumulative Repayment upto Previous Year	0.00	0.00
Net Loan-Opening	2788.91	2492.90
Additions	392.07	760.42
Repayment during the year	73.40	17.54
Net Loan-Closing	3107.58	3235.78
Average Loan	2948.25	2864.34

Interest on Loan	2013-14 (Pro-rata)	
	Asset I	Asset II
Weighted Average Rate of Interest on Loan (%)	7.9158	8.0307
Interest on Loan	77.79	19.17

Depreciation

30. The depreciation has been worked out as per the methodology provided in the Regulation 17 of the 2009 Tariff Regulations. The depreciation has been worked out and allowed as follows:-

Particulars	2013-14 (Pro-rata)	
	Asset 1	Asset 2
Opening Gross Block	3984.16	3561.28
Additional Capitalisation	560.10	1086.32
Closing Gross Block	4544.26	4647.60
Average Gross Block	4264.21	4104.44
Freehold Land (Av. Cost)	0.00	0.00
Rate of Depreciation (%)	5.16	5.13
Depreciable Value	3837.79	3694.00
Balance useful life of the asset	25	25
Elapsed life	0	0
Remaining Depreciable Value	3837.79	3694.00
Depreciation during the year	73.40	17.54
Depreciation upto previous year	0.00	0.00
Cumulative depreciation (incl. of AAD)	73.40	17.54

Operation & Maintenance Expenses (“O&M Expenses”)

31. Clause (g) of Regulation 19 of the 2009 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. Normative O&M Expenses in respect of the transmission assets covered in the instant petition are as under:



(₹ in lakh)

Asset	Particulars	No. of Bays/Line length	O&M as per Norms	O&M allowed (Pro-rata)
Asset I	765 kV Bay	1	91.64	52.37
	400 kV Bay	1	65.46	
	Total		157.10	
Asset II	765 kV Bay	1	91.64	13.09
	400 kV Bay	1	65.46	
	Total		157.10	

Interest on Working Capital (“IWC”)

32. The IWC has been worked out as per the methodology provided in the Regulation 18 of the 2009 Tariff Regulations.

(₹ in lakh)

	2013-14 (Pro-rata)	
	Asset I	Asset II
Interest on Working Capital		
O & M expenses	13.09	13.09
Maintenance Spares	23.57	23.57
Receivables	147.64	143.81
Total	184.30	180.46
Rate of Interest (%)	13.20	13.20
Interest on Working Capital	8.11	1.99

APPROVED ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD

33. Based on the foregoing, the annual fixed charges for the transmission assets for the 2009-14 tariff period is summarised below:-



(₹ in lakh)

Particulars	2013-14	
	Asset I	Asset II
Depreciation		
Opening Gross Block	3984.16	3561.28
Additional Capitalisation	560.10	1086.32
Closing Gross Block	4544.26	4647.60
Average Gross Block	4264.21	4104.44
Rate of Depreciation (%)	5.16	5.13
Depreciable Value	3837.79	3694.00
Balance Useful life of the asset	25	25
Elapsed Life	0	0
Remaining Depreciable Value	3837.79	3694.00
Depreciation during the year	73.40	17.54
Cumulative Depreciation	73.40	17.54
Interest on Loan		
Gross Normative Loan	2788.91	2492.90
Cumulative Repayment upto Previous Year	0.00	0.00
Net Loan-Opening	2788.91	2492.90
Additions	392.07	760.42
Repayment during the year	73.40	17.54
Net Loan-Closing	3107.58	3235.78
Average Loan	2948.25	2864.34
Weighted Average Rate of Interest on Loan (%)	7.9158	8.0307
Interest on Loan	77.79	19.17
Return on Equity		
Opening Equity	1195.25	1068.38
Additions	168.03	325.90
Closing Equity	1363.28	1394.28
Average Equity	1279.26	1231.33
Return on Equity (Base Rate) (%)	15.500	15.500
MAT rate for the respective year (%)	20.961	20.961
Rate of Return on Equity (%)	19.610	19.610
Return on Equity	83.62	20.12



Particulars	2013-14	
	Asset I	Asset II
Interest on Working Capital		
O & M expenses	13.09	13.09
Maintenance Spares	23.57	23.57
Receivables	147.64	143.81
Total	184.30	180.46
Rate of Interest (%)	13.20	13.20
Interest on Working Capital	8.11	1.99
Annual Transmission Charges		
Depreciation	73.40	17.54
Interest on Loan	77.79	19.17
Return on Equity	83.62	20.12
Interest on Working Capital	8.11	1.99
O & M Expenses	52.37	13.09
Total	295.29	71.91

Filing Fee and the Publication Expenses

34. 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 instant petition, directly from the beneficiaries on pro-rata basis in accordance with Regulation 42 of the 2009 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

35. The petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 42A (1) (b) of the 2009 Tariff Regulations for 2009-14 tariff period. The petitioner shall also be entitled for recovery of RLDC fee & charges in accordance with Regulations 42A (1) (a) of the 2009 Tariff Regulations for 2009-14 tariff period.



Service Tax

36. The petitioner has prayed for reimbursement of service tax if it is subjected to such tax in future. We are of the view that the petitioner's prayer is premature.

Sharing of Transmission Charges

37. 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.

38. This order disposes of Petition No. 307/TT/2013.

Sd/-
(Dr. M.K. Iyer)
Member

Sd/-
(A.S. Bakshi)
Member



Asset I**DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO (2009-14)**

(₹in lakh)

Particulars	Interest Rate (%)	Loan deployed as on 1.4.2013	Additions during the tariff period	Total
BOND-XXXV-Loan 1-	9.64	5.00	0.00	5.00
BOND XXXVI-Loan 2-	9.35	35.00	0.00	35.00
BOND XXXVII-Loan 3-	9.25	250.00	0.00	250.00
BOND XXXIX-Loan 4-	9.40	400.00	0.00	400.00
SBI (21.03.2012)-Loan 5-	10.25	700.00	0.00	700.00
BOND XL-Loan 6-	9.30	140.00	0.00	140.00
BOND - XLI-Loan 7-	8.85	90.00	0.00	90.00
IFC (IFC - A LOAN) (31419-00)-Loan 10-62.87	3.28	108.59	0.00	108.59
FC - BOND (17.01.2013)-Loan 11-62.87	3.88	675.56	0.00	675.56
BOND -XLIII-Loan 8-	7.93	200.00	0.00	200.00
BOND - XLIV-ADDCAP FOR 2013-2014 ADDCAP FOR 2013-2014-	8.70	0.00	359.18	359.18
BOND - XLIV-Loan 9-	8.70	244.47	0.00	244.47
Total		2848.62	359.18	3207.80

WEIGHTED AVERAGE RATE OF INTEREST ON LOAN DURING 2009-14 TARIFF PERIOD

(₹in lakh)

Particulars	2013-14
Gross Opening Loan	2848.62
Cumulative Repayments of Loans upto Previous Year	0.00
Net Loans Opening	2848.62
Add: Draw(s) during the Year	359.18
Less: Repayments of Loan during the year	0.00
Net Closing Loan	3207.80
Average Net Loan	3028.21
Rate of Interest on Loan (%)	7.9160
Interest on Loan	239.71



Asset II**DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO (2009-14)**

(₹ in lakh)

Particulars	Interest Rate (%)	Loan deployed as on 1.4.2013	Additions during the tariff period	Total
BOND-XXXV-Loan 1-	9.64	5.00	0.00	5.00
BOND XXXVI-Loan 2-	9.35	20.00	0.00	20.00
BOND XXXVII-Loan 3-	9.25	50.00	0.00	50.00
BOND XXXIX-Loan 4-	9.40	80.00	0.00	80.00
SBI (21.03.2012)-Loan 5-	10.25	200.00	0.00	200.00
BOND XL-Loan 6-	9.30	400.00	0.00	400.00
BOND - XLI-Loan 7-	8.85	80.00	0.00	80.00
IFC (IFC - A LOAN) (31419-00)-Loan 11-62.65	3.26	59.56	0.00	59.56
FC - BOND (17.01.2013)-Loan 12-62.65	3.88	476.43	0.00	476.43
BOND -XLIII-Loan 8-	7.93	400.00	0.00	400.00
BOND - XLIV-ADDCAP FOR 2013-2014 Loan 13-	8.70	0.00	689.16	689.16
BOND - XLIV-Loan 9-	8.70	500.00	0.00	500.00
BOND - XLV-ADDCAP FOR 2013-2014 Loan 14-	9.65	0.00	65.78	65.78
BOND - XLV-ADDCAP FOR 2013-2014 Loan 14-	9.65	286.36	0.00	286.36
Total		2557.35	754.94	3312.29

WEIGHTED AVERAGE RATE OF INTEREST ON LOAN DURING 2009-14 TARIFF PERIOD

(₹ in lakh)

Particulars	2013-14
Gross Opening Loan	2557.35
Cumulative Repayments of Loans upto Previous Year	0.00
Net Loans Opening	2557.35
Add: Draw(s) during the Year	754.94
Less: Repayments of Loan during the year	0.00
Net Closing Loan	3312.29
Average Net Loan	2934.82
Rate of Interest on Loan (%)	8.0307
Interest on Loan	235.69

