

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

PETITION NO.13/TT/2015

Coram:

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

**Date of Hearing : 20.01.2016
Date of Order : 14.03.2016**

In the Matter of:

Truing up of transmission tariff for 2009-14 tariff block under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 and determination of transmission tariff for 2014-19 tariff block under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for transmission system associated with enhancement of transmission capacity of East-West Corridor (Combined Assets) of Northern Region under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999.

And in the Matter of:

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

.....Petitioner

Versus

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur - 302 005.
2. Ajmer Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
3. Jaipur Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
4. Jodhpur Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,



Heerapura, Jaipur

5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla - 171 004.
6. Punjab State Electricity Board,
The Mall, Patiala - 147 001.
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector - 6
Panchkula (Haryana) - 134 109
8. Power Development Department,
Govt. of Jammu and Kashmir
Mini Secretariat, Jammu .
9. Uttar Pradesh Power Corporation Ltd.,
Shakti Bhawan, 14, Ashok Marg,
Lucknow - 226 001.
10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi - 110 002
11. BSES Yamuna Power Ltd.,
Shakti Kiran Building, Karkardooma,
Delhi – 110 092.
12. BSES Rajdhani Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi.
13. 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
14. Chandigarh Administration,
Sector - 9, Chandigarh
15. Uttarakhand Power Corporation Ltd.,
Urja Bhawan, Kanwali Road,
Dehradun
16. North Central Railway,
Allahabad



17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi - 110 002

.....Respondents

The following were present:

For Petitioner: Shri Rakesh Prasad, PGCIL
Shri M.M. Mondal, PGCIL
Shri S.S. Raju, PGCIL
Shri S.C. Taneja, PGCIL
Shri S.K. Venkatasan, PGCIL
Smt. Sangeeta Edwards, PGCIL
Shri Jasbir Singh, PGCIL
Shri. Y.K. Sehgal, PGCIL
Shri. Nitish Kumar, PGCIL
Shri. G.C. Dhal, PGCIL
Shri. Amit Yadav, PGCIL
Shri. Anshul Garg, PGCIL

For Respondents: Vinod Kumar Yadav, Rajasthan Discom

ORDER

The petition has been preferred by Power Grid Corporation of India Limited (hereinafter referred to as “the petitioner”) for revision of tariff under Regulation 6 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 Tariff Regulations”) based on truing up of capital expenditure from the date of commercial operation to 31.3.2014 and for determination of tariff under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) for the period from 1.4.2014 to 31.3.2019 for transmission system associated with enhancement of transmission capacity of



East-West Corridor (Combined Assets) of Northern Region (hereinafter referred to as "the transmission asset").

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

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

a) The administrative approval for the transmission scheme was accorded by the Board of Directors of the petitioner's company vide C/CP/East-West Corridor-NR dated 27.10.2006 at an estimated cost of ₹10380 lakh, including IDC of ₹427 lakh based on 2nd quarter, 2006 price level. The details of assets covered in the instant petition and the date of commercial operations are given hereunder :-

Asset	Name of Asset	COD	Delay
Asset-1	1(a): 30% FSC on 400 kV Bareilly-Mandola CKT-1 &CKT-2 at Bareilly	1.4.2010	8 months
	1(b): 45% FSC on 400 kV D/C Unnao-Bareilly CKT-1 & CKT-2 at Unnao		
	1(c): 30% FSC on 400 kV Gorakhpur-Lucknow CKT-1 at Lucknow		
Asset-2	30% FSC on 400 kV Gorakhpur-Lucknow CKT-2 at Lucknow	1.7.2010	11 months

As per the investment approval the COD for the assets was scheduled on 1.8.2009, accordingly there was delay of 8 months and 11 months in commissioning of Asset-1 and Asset-2 respectively. In previous order dated 23.10.2013 in Petition No. 314/2010 has disallowed the IDC /IEDC for both the assets as given under:



(₹ lakh)

Asset	IDC/IEDC Disallowed in previous order
Asset-1	90.86
Asset-2	3.05
Combined Asset	93.91

b) For the determination of annual transmission charges for 2009-14 tariff period for the transmission assets capital cost for Asset-1 was considered from COD to 1.7.2010 and from 1.7.2010 to 31.3.2014 capital cost of Combined Asset was considered vide order dated 23.10.2013 in Petition No. 314/2010 based on capital cost given as under:

(₹ in lakh)

Asset	Capital Cost Approved as on COD as per order 314/2010	Excess initial spares disallowed
Asset 1	6111.84*	0.00
Combined Asset	7116.32*	176.04

*Capital Cost after deducting disallowed IDC/IEDC and excess Initial Spares.

The debt:equity ratio is 70:30 as on COD for all the assets. The estimated additional capital expenditure approved was towards balance and retention payments for determination of tariff for 2009-14 tariff period is as follows:

(₹ in lakh)

Asset	Apportioned approved cost	Approved cost as on COD	Allowed Additional capital expenditure during 2009-14				Cost as on 31.3.2014
			2010-11	2011-12	2012-13	2013-14	
Combined Asset	10380.49	7116.32*	178.94	730.58	149.10	156.75	8331.69

*Capital cost after adjusting the disallowed IDC/IEDC and excess initial spares.

c) The annual fixed charges were determined vide order dated 23.10.2013 in Petition No. 314/2010 based the above capital cost and estimated additional capital expenditure for the transmission assets during 2009-14 as given below:-



(₹ in lakh)

Asset 1	
Particulars	2010-11 (pro-rata)
Depreciation	80.72
Interest on Loan	18.23
Return on Equity	80.18
Interest on Working Capital	6.90
O & M Expenses	69.25
Total	255.28

(₹ in lakh)

Combined Asset				
Particulars	2010-11 (pro-rata)	2011-12	2012-13	2013-14
Depreciation	285.35	404.48	427.70	435.78
Interest on Loan	62.19	82.46	80.60	75.01
Return on Equity	283.42	401.74	424.81	432.83
Interest on Working Capital	22.96	32.35	34.08	35.23
O & M Expenses	249.30	351.42	371.52	392.76
Total	903.21	1272.45	1338.71	1371.60

4. As per Regulation 6 of the 2009 Tariff Regulations, the Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2014, as admitted by the Commission after prudence check at the time of truing up. Further, as per Regulation 15 of the 2009 Tariff Regulations, the petitioner is required to adjust the yearly impact of MAT rate in the truing up petition for 2009-14 tariff period. In this context, the petitioner has filed the instant petition for revision of tariff for the tariff period 2009-14 in accordance with Regulation 6 of the 2009 Tariff Regulations.

5. 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. No comments/objections have been received from the public in



response to the notice in newspaper. None of the respondents have filed the reply in the matter. The hearing in this matter was held on 20.1.2016. The Commission had directed the petitioner to submit the details in respect of the actual equity infused during 2009-14 and 2014-19 tariff periods, details of balance and payment and un-discharged liabilities and clarifications related to discrepancies in the capital cost mentioned in the petition. The petitioner vide affidavit dated 11.2.2016 has filed the reply to the queries and submitted the revised tariff forms for 2009-14 and 2014-19 tariff period. The submission of petitioner has been considered in the instant order.

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

TRUING UP OF ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD:-

7. Clause (3) of the Regulation 6 of the 2009 Tariff Regulations provides as under:-

“(3) The generating company or the transmission licensee, as the case may be, shall submit for the purpose of truing up, details of capital expenditure and additional capital expenditure incurred for the period from 1.4.2009 to 31.3.2014, duly audited and certified by the auditors”.

8. The petitioner has submitted the information as required under the 2009 Tariff Regulations for truing up of annual fixed charges for 2009-14 tariff period. The tariff for 2009-14 tariff period has been trued up in the subsequent paragraphs.

Capital Cost

9. The petitioner has submitted the actual capital cost as on COD for assets, as certified vide Auditor's Certificates dated 1.10.2014. However, the petitioner had



claimed capital cost on COD after deducting IDC/IEDC and excess initial spares for the purpose of tariff determination. Details of capital cost claimed is as under:

(₹ in lakh)

Asset	Capital Cost as on COD as per auditor certificate	IDC/IEDC Disallowed	Excess initial spares as per petitioner's submission	Claimed capital cost as on COD	Initial Spares SS(Actual)
	(a)	(b)	(c)	(c)=(a)-(b)-(c)	
Asset-1	6202.70	90.86	0.00	6111.84	395.60
Combined Asset	7457.76	93.91	163.03	7200.82	462.34

IDC and IEDC

10. The commission in its previous order dated in petition no. 314/2010 had disallowed IDC and IEDC for Asset-1 and Asset-2 as under:

(₹ in lakh)

Asset	IDC/IEDC Disallowed in previous order
Asset-1	90.86
Asset-2	3.05
Combined Asset	93.91

However, the IDC and IEDC values for Asset-2, as submitted vide Auditor's certificate dated 1.10.2014 has changed to ₹4.96 lakh and ₹11.93 lakh respectively. Accordingly, the disallowed IDC and IEDC values for Asset-2 have changed to ₹3.39 lakh as shown below:

(₹ in lakh)

Asset	IDC/IEDC Disallowed
Asset-1	90.86
Asset-2	3.39
Combined Asset	94.25

11. Regulation 7(1) 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 funds 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.”

12. The capital cost of the transmission asset as on COD for the purpose of computation of tariff for 2009-14 tariff period is worked out in the subsequent paragraph after the treatment of initial spares.

Treatment of Initial Spares

13. The petitioner has submitted the actual initial spares of ₹395.60 lakh and ₹66.74 lakh pertaining to sub-station`s capital cost of ₹7182.86 lakh and ₹1453.34 lakh as on the cut-off date of 31.3.2013 for Asset-1 and Asset-2 respectively as submitted vide Auditor`s Certificates dated 1.10.2014. We have worked out the admissible initial spares by considering capital cost as per Auditor`s Certificate in accordance with the 2009 Tariff Regulations.

14. Regulation 8 of the 2009 Tariff Regulations provide for ceiling norms for capitalization of initial spares in respect of series compensation device and HVDC station is 3.50% of the project cost. Accordingly, the initial spares have been allowed as under:-

(₹ in lakh)



Particulars	Logical Formula	Substation	
		Asset 1	Asset 2
Capital cost as on cut off date	(a)	7182.86	1453.34
Capital Cost after deducting disallowed IDC/IEDC	(b)	7092.00	1449.95
Initial Spares as per Auditor`s Certificate	(c)	395.60	66.74
Proportionate Initial Spares claimed after deducting IDC	(d) = (c)/(a) * (b)	390.60	66.58
Ceiling limit as per Regulation 8 of 2009 regulations(%)	(e)	3.50	3.50
Initial spares worked out	(f)= ((b-d)*e)/(100%-e)	243.06	50.17
Excess initial spares	(g)=(d)-(f)	147.54	16.41

15. Accordingly, the capital cost as on COD for tariff computation of 2009-14 tariff period is considered as below:-

Particulars	(₹ in lakh)		
	Asset 1	Asset 2	Combined Asset
Capital cost as on COD	6202.70	1178.09	7457.76
Less IDC/IEDC disallowed	90.86	3.39	94.25
Less Excess initial spares	147.54	16.41	163.95
Capital cost as on COD considered for tariff determination	5964.30	1158.29	7199.56

Additional Capital Expenditure

16. Regulation 6(1) of the 2009 Regulations provides that:-

“The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2014”

17. The petitioner has submitted the actual additional capital expenditure of ₹980.16 lakh, ₹275.25 lakh, and ₹1178.44 lakh for Asset-1, Asset-2 and Combined Asset respectively during 2009-14 towards balance and retention payments for the works completed before the cut-off date, as depicted below:-



(₹ in lakh)

Name of Asset	Apportio ned approved cost		Capital cost as on COD	Additional capital expenditure					Capital cost as on 31.3.2014
				1.4.10 to 30.6.10	2010-11	2011-12	2012-13	2013-14	
Asset-1	8691.61	Claimed by the petitioner	6111.84	76.97	0.00	730.58	172.61	0.00	7092.00
		Allowed in this Order	5964.30	76.97	0.00	730.58	172.61	0.00	6944.46
Asset-2	1688.88	Claimed by the petitioner	1175.04	30.10	86.65	158.50	0.00	1450.29	
		Allowed in this Order	1158.63	30.10	86.65	158.50	0.00	1433.88	
Combin ed Asset	10380.49	Approved in Order dated 23.10.2013	7116.32	178.94	730.58	149.10	156.75	8331.69	
		Claimed by the petitioner	7200.82	30.10	817.23	331.11	0.00	8379.26	
		Allowed in this Order	7199.56	30.10	817.23	331.11	0.00	8378.00	

18. The petitioner has claimed the admissibility of additional capital expenditure before the cut-off date under Regulation 9(1)(i) of 2009 Tariff Regulations. We have considered the submissions of the petitioner with regard to the actual capital expenditure during 2009-14. The above mentioned Additional capital expenditure is towards balance and retention payments and the same has been certified by the Auditor vide certificate dated 1.10.2014. Further, the total capital expenditure during 2009-14 is within the limits of the total approved capital expenditure and the total cost as on 31.3.2014 is within the approved cost of the project. Thus, the same is allowed for the purpose of revision of tariff in accordance with Regulation 9(1)(i) and Regulation 6 of the 2009 Tariff Regulations.

Debt: Equity

19. 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.”

20. The debt:equity ratio considered by the Commission vide order dated 23.10.2013 in Petition No. 314/2010 as on COD was 70:30, for determination of tariff in accordance with the Regulation 12 of the 2009 Tariff Regulations. The petitioner was directed to confirm that actual equity corresponding to additional capital expenditure is not less than 30%. In response, the petitioner vide affidavit dated 11.2.2016, has submitted that the actual debt:equity ratio of the Capital Cost on COD and Additional Capital Expenditure as hereunder:

(₹ in lakh)

Asset-1					
			Debt	Equity	Debt:Equity
Capital Cost as on COD (1.4.2010)		6111.84	4683.92	1427.92	76.64:23.36
Additional Capital Expenditure	2010-11	76.97	76.97	0.00	100:00

(₹ in lakh)

Combined Asset					
			Debt	Equity	Debt:Equity
Capital Cost as on COD(1.7.2010)		7200.82	5536.05	1664.77	76.88:23.12
Additional Capital Expenditure	2010-11	30.10	30.09	0.01	99.97:0.03
	2011-12	817.23	817.20	0.03	100:00
	2012-13	331.11	331.05	0.06	99.98:0.02
	2013-14	0.00	0.00	0.00	NIL



21. The details of the debt:equity considered for the purpose of tariff for 2009-14 tariff period is on normative basis and as per regulations. The debt:equity considered 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 1						
Debt	4571.04	76.64	76.97	100.00	4648.01	76.94
Equity	1393.26	23.36	0.00	0.00	1393.26	23.06
Total	5964.30	100.00	76.97	100.00	6041.27	100.00
Combined Asset						
Debt	5535.02	76.88	1178.34	99.99	6713.36	80.13
Equity	1664.54	23.12	0.10	0.01	1664.64	19.87
Total	7199.56	100.00	1178.44	100.00	8378.00	100.00

Return on Equity (“ROE”)

22. 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.”



23. The variation in the tax rate during the 2009-14 tariff period applicable to the petitioner as per the Finance Act of the relevant year for the purpose of grossing up of return on equity (ROE) has been furnished as follows:-

Year	MAT Rate claimed in the current petition (%)	Grossed up ROE (Base Rate/(1-t)) claimed in the current petition (%)
2009-10	16.995	18.674
2010-11	19.931	19.358
2011-12	20.008	19.377
2012-13	20.008	19.377
2013-14	20.961	19.610

24. The ROE as trued up and allowed is as follows:-

(₹ in lakh)

Asset 1	
Return on Equity	2010-11 (pro-rata)
Approved in Order dated 23.10.2013	80.18
Claimed by the petitioner	69.10
Allowed in this Order	67.43

(₹ in lakh)

Combined Asset 1				
Return on Equity	2010-11 (pro-rata)	2011-12	2012-13	2013-14
Approved in Order dated 23.10.2013	283.42	401.74	424.81	432.83
Claimed by the petitioner	241.70	322.59	322.60	326.48
Allowed in this Order	241.67	322.54	322.55	326.44

The difference in the approved ROE and that allowed after truing up is on account of actual grossed up ROE based on actual MAT rate and increase due to actual additional capital expenditure.



Interest on Loan (“IoL”)

25. Regulation 16 of the 2009 Tariff Regulations provide the methodology for working out weighted average rate of IoL. The Commission in its earlier order dated 8.6.2011 in Petition No. 238/2010 has dealt with similar issue and held that:-

“...in case of floating rate of interest, any change in the rates of interest during the tariff period will be considered at the time of true up”.

26. The petitioner has submitted the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. Accordingly, the IoL has been calculated based on actual interest rate submitted by the petitioner, in accordance with the Regulation 16 of the 2009 Tariff Regulations. The details of weighted average rate of interest are placed in Annexure-1. The IoL worked out is as follows:-

(₹ in lakh)

Asset 1	
Interest on Loan	2010-11 (pro-rata)
Approved in Order dated 23.10.2013	18.23
Claimed by the petitioner	22.55
Allowed in this Order	21.93

(₹ in lakh)

Combined Asset				
Interest on Loan	2010-11 (pro-rata)	2011-12	2012-13	2013-14
Approved in Order dated 23.10.2013	62.19	82.46	80.60	75.01
Claimed by the petitioner	79.46	102.48	117.49	99.67
Allowed in this Order	76.71	102.43	117.57	99.69

The difference in the approved IoL and that allowed after trueing up is on account of change in the weighted average rate of interest which is computed based on actual loan portfolio and rate of interest.



Depreciation

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

(₹ in lakh)

Asset 1	
Depreciation	2010-11 (pro-rata)
Approved in Order dated 23.10.2013	80.72
Claimed by the petitioner	81.18
Allowed in this Order	79.24

(₹ in lakh)

Combined Asset				
Depreciation	2010-11 (pro-rata)	2011-12	2012-13	2013-14
Approved in Order dated 23.10.2013	285.35	404.48	427.70	435.78
Claimed by the petitioner	285.75	403.37	433.68	442.42
Allowed in this Order	285.70	403.30	433.62	442.36

The difference in the approved depreciation and that allowed after truing up is on account of change in gross block during the 2009-14 tariff period.

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

28. Clause (g) of Regulation 19 of the 2009 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. The normative O&M Expenses are not required to be trued up. Accordingly, the total allowable O&M expenses for the instant assets have been worked out based on norms of O&M Expenses and the details are as follows:-

(₹ in lakh)

Asset 1	
O&M Expenses	2010-11 (pro-rata)
Approved in Order dated 23.10.2013	69.25
Claimed by the petitioner	69.25
Allowed in this Order	69.25

(₹ in lakh)

Combined Asset				
O&M Expenses	2010-11 (pro-rata)	2011-12	2012-13	2013-14
Approved in Order dated 23.10.2013	249.30	351.42	371.52	392.76
Claimed by the petitioner	249.30	351.42	371.52	392.76
Allowed in this Order	249.30	351.42	371.52	392.76

Interest on Working Capital (“IWC”)

29. The IWC has been worked out as per the methodology provided in the Regulation 18 of the 2009 Tariff Regulations and allowed as under:-

(₹ in lakh)

Asset 1	
Interest on Working Capital	2010-11 (pro-rata)
Approved in Order dated 23.10.2013	6.90
Claimed by the petitioner	6.77
Allowed in this Order	6.69

(₹ in lakh)

Combined Asset				
Interest on Working Capital	2010-11 (pro-rata)	2011-12	2012-13	2013-14
Approved in Order dated 23.10.2013	22.96	32.35	34.08	35.23
Claimed by the petitioner	22.51	31.22	32.97	33.82
Allowed in this Order	22.46	31.22	32.97	33.82

The difference in the approved IWC and that allowed after truing up is on account of change in the receivables during the 2009-14 tariff period.



APPROVED ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD

30. The detailed computation of the various components of the trued up annual fixed charges for the instant transmission assets for the tariff period 2009-14 is summarised below:-

Asset 1:

(₹ in lakh)

Asset 1	
Particulars	2010-11 (pro-rata)
Depreciation	
Opening Gross Block	5964.30
Additional Capitalisation	76.97
Closing Gross Block	6041.27
Average Gross Block	6002.79
Freehold Land (Av. Cost)	0.00
Rate of Depreciation (%)	5.28
Depreciable Value	5402.51
Balance useful life of the asset	25.00
Elapsed life	0.00
Remaining Depreciable Value	5402.51
Depreciation during the year	79.24
Depreciation upto previous year	0.00
Cumulative depreciation (incl. of AAD)	79.24
Interest on Loan	
Gross Normative Loan	4571.04
Cumulative Repayment upto Previous Year	0.00
Net Loan-Opening	4571.04
Additions	76.97
Repayment during the year	79.24
Net Loan-Closing	4568.77
Average Loan	4569.91
Weighted Average Rate of Interest on Loan (%)	1.9196
Interest on Loan	21.93
Return on Equity	
Opening Equity	1393.26
Additions	0.00



Asset 1	
Particulars	2010-11 (pro-rata)
Closing Equity	1393.26
Average Equity	1393.26
Return on Equity (Base Rate) (%)	15.500
MAT rate for the respective year (%)	19.931
Rate of Return on Equity (%)	19.358
Return on Equity	67.43
Interest on Working Capital	
O & M expenses	23.08
Maintenance Spares	41.55
Receivables	163.02
Total	227.66
Rate of Interest(%)	11.75
Interest on Working Capital	6.69
Annual Transmission Charges	
Depreciation	79.24
Interest on Loan	21.93
Return on Equity	67.43
Interest on Working Capital	6.69
O & M Expenses	69.25
Total	244.53

Combined Asset :

(₹ in lakh)

Particulars	2010-11 (pro-rata)	2011-12	2012-13	2013-14
Depreciation				
Opening Gross Block	7199.56	7229.66	8046.89	8378.00
Additional Capitalisation	30.10	817.23	331.11	0.00
Closing Gross Block	7229.66	8046.89	8378.00	8378.00
Average Gross Block	7214.61	7638.27	8212.44	8378.00
Freehold Land (Av. Cost)	0.00	0.00	0.00	0.00
Rate of Depreciation (%)	5.28	5.28	5.28	5.28
Depreciable Value	6493.15	6887.99	7758.95	7689.20
Balance useful life of the asset	25.00	24.00	23.00	22.00
Elapsed life	0.00	1.00	2.00	3.00
Remaining Depreciable Value	6413.91	6509.51	6622.96	6338.35
Depreciation during the year	285.70	403.30	433.62	442.36
Depreciation upto previous year	79.24	364.94	768.24	1201.85
Cumulative depreciation (incl. of AAD)	364.94	768.24	1201.85	1644.21



Particulars	2010-11 (pro-rata)	2011-12	2012-13	2013-14
Interest on Loan				
Gross Normative Loan	5535.02	5565.11	6382.31	6713.36
Cumulative Repayment upto Previous Year	79.24	364.94	768.24	1201.85
Net Loan-Opening	5455.78	5200.18	5614.08	5511.51
Additions	30.09	817.20	331.05	0.00
Repayment during the year	285.70	403.30	433.62	442.36
Net Loan-Closing	5200.18	5614.08	5511.51	5069.15
Average Loan	5327.98	5407.13	5562.79	5290.33
Weighted Average Rate of Interest on Loan (%)	1.9196	1.8943	2.1134	1.8844
Interest on Loan	76.71	102.43	117.56	99.69
Return on Equity				
Opening Equity	1664.54	1664.55	1664.58	1664.64
Additions	0.01	0.03	0.06	0.00
Closing Equity	1664.55	1664.58	1664.64	1664.64
Average Equity	1664.54	1664.56	1664.61	1664.64
Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%
MAT rate for the respective year	19.931%	20.008%	20.008%	20.961%
Rate of Return on Equity	19.358%	19.377%	19.377%	19.610%
Return on Equity	241.67	322.54	322.55	326.44
Interest on Working Capital				
O & M expenses	27.70	29.27	30.95	32.72
Maintenance Spares	49.86	52.71	55.73	58.91
Receivables	194.63	201.82	213.04	215.85
Total	272.19	283.80	299.71	307.48
Rate of Interest	11.00%	11.00%	11.00%	11.00%
Interest on Working Capital	22.46	31.22	32.97	33.82
Annual Transmission Charges				
Depreciation	285.70	403.30	433.62	442.36
Interest on Loan	76.71	102.43	117.56	99.69
Return on Equity	241.67	322.54	322.55	326.44
Interest on Working Capital	22.46	31.22	32.97	33.82
O & M Expenses	249.30	351.42	371.52	392.76
Total	875.83	1210.91	1278.22	1295.07

DETERMINATION OF ANNUAL FIXED CHARGES FOR 2014-19 TARIFF PERIOD

31. As the notional COD of Combined Asset is 1.7.2010 for the determination of tariff for 2014-19 tariff period capital cost of Combined Asset as on 1.4.2014 has been considered. The tariff charges claimed for 2014-19 tariff period as under:-



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	446.98	451.53	451.53	451.53	451.53
Interest on Loan	97.04	89.34	80.41	71.48	62.54
Return on Equity	331.55	336.62	336.62	336.62	336.62
Interest on Working Capital	40.14	40.85	41.33	41.83	42.36
O & M Expenses	361.80	373.80	386.22	399.06	412.26
Total	1277.51	1292.14	1296.11	1300.52	1305.31

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

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O & M Expenses	30.15	31.15	32.19	33.26	34.36
Maintenance Spares	54.27	56.07	57.93	59.86	61.84
Receivables	212.92	215.36	216.02	216.75	217.55
Total	297.34	302.58	306.14	309.87	313.75
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	40.14	40.85	41.33	41.83	42.36

Capital Cost

33. Clause (3) and (6) of Regulation 9 of 2014 Tariff Regulation provide as follows:-

“(3) The Capital cost of an existing project shall include the following:

- (a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014;
- (b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 14; and
- (c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15.”

“(6) The following shall be excluded or removed from the capital cost of the existing and new project:

- (a) The assets forming part of the project, but not in use; (b) Decapitalisation of Asset;”

34. The petitioner has claimed the tariff during 2014-19 tariff period based on capital cost of ₹8379.26 lakh for combined assets as on 31.3.2014. However, we have considered the capital cost of ₹8378.00 lakh as opening capital cost as on 1.4.2014, as



was worked out on 31.3.2014, for determination of tariff in accordance with Regulation 9 of the 2014 Tariff Regulations.

Additional Capital Expenditure

35. Clause (3) of Regulation 14 of the 2014 Tariff Regulations provides as under:-

“(3) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts after the cut-off date, may be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;
- (ii) Change in law or compliance of any existing law;
- (iii) Any expenses to be incurred on account of need for higher security and safety of the plant as advised or directed by appropriate Government Agencies of statutory authorities responsible for national security/internal security;
- (iv) Deferred works relating to ash pond or ash handling system in the original scope of work;
- (v) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;
- (vi) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments.”

36. Clause 13 of Regulation 3 of the 2014 Tariff Regulations defines “cut-off” as follows:-

“Cut - off Date” means 31st March of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of a year, the cut - off date shall be 31st March of the year closing after three years of the year of commercial operation.”

37. The cut-off date for all the assets works out to be 31.3.2013. The petitioner has claimed additional capital expenditure for 2014-19 tariff period given as under

(₹ in lakh)

Name of Asset	AppORTIONED approved cost	Capital cost as on 1.3.2014	Additional capital expenditure	Capital cost as on 31.3.2019
			2014-19	
Combined Asset	10380.49	8378.00	172.35	8550.35

Debt: Equity

38. Clause (1) and (3) of Regulation 19 of the 2014 Tariff Regulations provide as under:-

“19. Debt-Equity Ratio: (1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:”

“(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2014, debt equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2014 shall be considered.”

“(5) Any expenditure incurred or projected to be incurred on or after 1.4.2014 as maybe 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 normative debt:equity ratio has been considered to work out the tariff in accordance with the 2014 Tariff Regulations as given below:-

(₹ in lakh)

Funding	Capital cost as on 31.3.2014	(%)	Additional capital expenditure during 2014-19	(%)	Total Cost as on 31.3.2019	(%)
Debt	6713.36	80.13	120.65	70.00	6834.01	79.93
Equity	1664.64	19.87	51.70	30.00	1716.34	20.07
Total	8378.00	100.00	172.35	100.00	8550.35	100.00



Return on Equity (“ROE”)

40. Clause (1) and (2) of Regulations 24 and Clause (2) of Regulation 25 of the 2014 Tariff Regulations specify as under:-

“24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.
(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system”

“25. Tax on Return on Equity:

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

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

Where “t” is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.”

41. The petitioner has submitted that MAT rate is applicable to the petitioner's company. Accordingly, the MAT rate applicable during the 2013-14 has been considered for the purpose of ROE, which shall be trued up with actual tax rate in accordance with Clause (3) of Regulation 25 of the 2014 Tariff Regulations. The ROE has been worked out and allowed as follows:-

(₹ in lakh)

Return on Equity	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	1664.64	1716.34	1716.34	1716.34	1716.34
Additions	51.70	0.00	0.00	0.00	0.00
Closing Equity	1716.34	1716.34	1716.34	1716.34	1716.34
Average Equity	1690.49	1716.34	1716.34	1716.34	1716.34
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	20.961	20.961	20.961	20.961
Rate of Return on Equity (%)	19.610	19.610	19.610	19.610	19.610
Return on Equity	331.51	336.58	336.58	336.58	336.58



Interest on Loan (“IoL”)

42. Clause 5 and Clause 6 of Regulation 26 of the 2014 Tariff Regulations provides that:-

“(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

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.”

43. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2014. The petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during 2014-19 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up or next revision of tariff. By considering above, the IoL has been worked out in accordance with Regulation 26 of the 2014 Tariff Regulations. The details of weighted average rate of interest for 2014-19 tariff period are placed in Annexure 2. IoL has been worked out and allowed as follows:

(₹ in lakh)

Interest on Loan	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	6713.36	6834.01	6834.01	6834.01	6834.01
Cumulative Repayment upto Previous Year	1644.21	2091.12	2542.58	2994.04	3445.50
Net Loan-Opening	5069.15	4742.89	4291.43	3839.97	3388.52
Additions	120.65	0.00	0.00	0.00	0.00
Repayment during the year	446.91	451.46	451.46	451.46	451.46
Net Loan-Closing	4742.89	4291.43	3839.97	3388.52	2937.06
Average Loan	4906.02	4517.16	4065.70	3614.25	3162.79



Interest on Loan	2014-15	2015-16	2016-17	2017-18	2018-19
Weighted Average Rate of Interest on Loan (%)	1.9800	1.9800	1.9800	1.9800	1.9800
Interest on Loan	97.14	89.44	80.50	71.56	62.63

Depreciation

44. Clause (2), (5) and (6) of Regulation 27 of the 2014 Tariff Regulations provide as follows:-

"27. Depreciation:

...(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of transmission system, weighted average life for the generating station of the transmission system shall be applied. 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"

"(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-II 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 the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2014 from the gross depreciable value of the assets."

45. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2014 and accumulated depreciation up to 31.3.2014. depreciation up to 2014-19 tariff period has been calculated annually based on Straight Line Method and at rates specified in Appendix-II of the 2014 Tariff Regulations. The detailed calculations for depreciation for the transmission asset are worked out and allowed as follows:-



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation					
Opening Gross Block	8378.00	8550.35	8550.35	8550.35	8550.35
Additional Capitalisation	172.35	0.00	0.00	0.00	0.00
Closing Gross Block	8550.35	8550.35	8550.35	8550.35	8550.35
Average Gross Block	8464.17	8550.35	8550.35	8550.35	8550.35
Freehold Land (Av. Cost)	0.00	0.00	0.00	0.00	0.00
Rate of Depreciation (%)	5.28	5.28	5.28	5.28	5.28
Depreciable Value	7617.76	7772.87	7695.31	7695.31	7695.31
Balance useful life of the asset	21.00	20.00	19.00	18.00	17.00
Elapsed life	4.00	5.00	6.00	7.00	8.00
Remaining Depreciable Value	5973.55	5604.19	5152.74	4701.28	4249.82
Depreciation during the year	446.91	451.46	451.46	451.46	451.46
Depreciation upto previous year	1644.21	2091.12	2542.58	2994.04	3445.50
Cumulative depreciation (incl. of AAD)	2091.12	2542.58	2994.04	3445.50	3896.95

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

46. Clause 3(a) of Regulation 29 of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. The total allowable O&M Expenses for the instant assets have been worked out and allowed are as follows:-

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
400 kV Bays:					
No. of Bays	6	6	6	6	6
Norms (₹ lakh/Bay)	60.30	62.30	64.37	66.51	68.71
Total O&M Expenses (₹ lakh)	361.80	373.80	386.22	399.06	412.26

47. The petitioner has further submitted that the wage revision of the employees of the petitioner company is due during 2014-19 and actual impact of wage hike which will be effective from a future date has also not been factored in fixation of the normative O&M rate specified for the 2014-19 tariff period. The petitioner has also prayed that it will approach the Commission for suitable revision in the norms of O&M Expenses for claiming the impact of such increase. We would like to clarify that any application filed



by the petitioner for revision of O&M Expenses on account of wage revision will be dealt with in accordance with the appropriate provisions of the 2014 Tariff Regulations. The O&M Expenses are allowed for the instant transmission asset as per prevailing norms.

Interest on Working Capital (IWC)

48. Clause 1 (c) of Regulation 28 and Clause 5 of Regulation 3 of the 2014 Tariff Regulations specifies as follows:

“28. Interest on Working Capital

- (c) (i) Receivables equivalent to two months of fixed cost;
(ii) Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 29; and
(iii) Operation and maintenance expenses for one month”

“(5) ‘Bank Rate’ means the base rate of interest as specified by the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points;”

49. The petitioner has submitted that it has computed interest on working capital for the tariff block 2014-19 considering the SBI Base Rate plus 350 basis points as on 1.4.2014. The rate of interest on working capital considered is 13.50%.

50. The interest on working capital is worked out in accordance with Regulation 28 of the 2014 Tariff Regulations. The rate of interest on working capital considered is 13.50% (SBI Base Rate of 10% plus 350 basis points). The components of the working capital and interest thereon have been worked as follows:-

(₹ in lakh)

Interest on Working Capital	2014-15	2015-16	2016-17	2017-18	2018-19
O & M Expenses	30.14	31.14	32.17	33.24	34.34
Maintenance Spares	54.27	56.07	57.93	59.86	61.84
Receivables	212.92	215.35	216.01	216.75	217.55
Total	297.32	302.56	306.12	309.85	313.73
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	40.14	40.85	41.33	41.83	42.35



ANNUAL FIXED CHARGES FOR THE 2014-19 TARIFF PERIOD

51. The transmission charges allowed for the instant transmission assets for the 2014-19 tariff period are summarised below:-

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation					
Opening Gross Block	8378.00	8550.35	8550.35	8550.35	8550.35
Additional Capitalisation	172.35	0.00	0.00	0.00	0.00
Closing Gross Block	8550.35	8550.35	8550.35	8550.35	8550.35
Average Gross Block	8464.17	8550.35	8550.35	8550.35	8550.35
Freehold Land (Av. Cost)	0.00	0.00	0.00	0.00	0.00
Rate of Depreciation (%)	5.28	5.28	5.28	5.28	5.28
Depreciable Value	7617.76	7772.87	7695.31	7695.31	7695.31
Balance useful life of the asset	21.00	20.00	19.00	18.00	17.00
Elapsed life	4.00	5.00	6.00	7.00	8.00
Remaining Depreciable Value	5973.55	5604.19	5152.74	4701.28	4249.82
Depreciation during the year	446.91	451.46	451.46	451.46	451.46
Depreciation upto previous year	1644.21	2091.12	2542.58	2994.04	3445.50
Cumulative depreciation (incl. of AAD)	2091.12	2542.58	2994.04	3445.50	3896.95
Interest on Loan					
Gross Normative Loan	6713.36	6834.01	6834.01	6834.01	6834.01
Cumulative Repayment upto Previous Year	1644.21	2091.12	2542.58	2994.04	3445.50
Net Loan-Opening	5069.15	4742.89	4291.43	3839.97	3388.52
Additions	120.65	0.00	0.00	0.00	0.00
Repayment during the year	446.91	451.46	451.46	451.46	451.46
Net Loan-Closing	4742.89	4291.43	3839.97	3388.52	2937.06
Average Loan	4906.02	4517.16	4065.70	3614.25	3162.79
Weighted Average Rate of Interest on Loan (%)	1.9800	1.9800	1.9800	1.9800	1.9800
Interest on Loan	97.14	89.44	80.50	71.56	62.62
Return on Equity					
Opening Equity	1664.64	1716.34	1716.34	1716.34	1716.34
Additions	51.70	0.00	0.00	0.00	0.00
Closing Equity	1716.34	1716.34	1716.34	1716.34	1716.34
Average Equity	1690.49	1716.34	1716.34	1716.34	1716.34



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT rate for the respective year (%)	20.961	20.961	20.961	20.961	20.961
Rate of Return on Equity (%)	19.610	19.610	19.610	19.610	19.610
Return on Equity	331.51	336.58	336.58	336.58	336.58
Interest on Working Capital					
O & M expenses	30.14	31.14	32.17	33.24	34.34
Maintenance Spares	54.27	56.07	57.93	59.86	61.84
Receivables	212.92	215.35	216.01	216.75	217.55
Total	297.32	302.56	306.12	309.85	313.73
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	40.14	40.85	41.33	41.83	42.35
Annual Transmission Charges					
Depreciation	446.91	451.46	451.46	451.46	451.46
Interest on Loan	97.14	89.44	80.50	71.56	62.62
Return on Equity	331.51	336.58	336.58	336.58	336.58
Interest on Working Capital	40.14	40.85	41.33	41.83	42.35
O & M Expenses	361.80	373.80	386.22	399.06	412.26
Total	1277.50	1292.13	1296.09	1300.49	1305.28

52. The petitioner has sought recovery of deferred tax liability before 1.4.2009 from the beneficiaries or long term consumers/ DICs as and when materialized. However, the COD of the asset is after 2009, hence the claim of the petitioner is not maintainable.

Filing Fee and the Publication Expenses

53. 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 52 (1) of the 2014 Tariff Regulations.



Licence Fee & RLDC Fees and Charges

54. The petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 52 (2) (b) of the 2014 Tariff Regulations for 2014-19 tariff period. The petitioner shall also be entitled for recovery of RLDC fee & charges in accordance with Regulations 52 (2) (a) of the 2014 Tariff Regulations for 2014-19 tariff period.

Service Tax

55. 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

56. 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 as provided in Regulation 43 of the 2014 Tariff Regulations.

57. This order disposes of Petition No.13/TT/2015.

Sd/-

(Dr. M.K. Iyer)
Member

Sd/-

(A.S. Bakshi)
Member



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

(₹ in lakh)

Asset 1				
Particulars	Interest Rate (%)	Loan deployed as on COD	Additions during the tariff period	Total
	2010-11			(Rs in lakh)
ADB III-ADDCAP FOR 2010-2011 ADDCAP-46.63	1.9196	0.00	76.97	76.97
ADB III-ADDCAP FOR 2011-2012 AADCA-48.37	0.0000	0.00	0.00	0.00
ADB III-ADDCAP FOR 2012-2013 ADDCAP-53.36	1.9196	0.00	0.00	0.00
ADB III-DOC-45.67	1.9196	4683.92	0.00	4683.92
Total		4683.92	76.97	4760.89

Combined Asset							
Particulars	Interest Rate (%)				Loan deployed as on COD	Additions during the tariff period	Total
	2010-11	2011-12	2012-13	2013-14			
ADB III-6.DOCO loan1-47.26	1.9196	1.8943	2.1134	1.8844	775.16	0.00	775.16
ADB III-ADDCAP FOR 2010-2011 ADDCAP-46.51	1.9196	1.8943	2.1134	1.8844	0.00	30.09	30.09
ADB III-ADDCAP FOR 2011-2012 ADDCAP-48.37	1.9196	1.8943	2.1134	1.8844	0.00	730.58	730.58
ADB III-ADDCAP FOR 2011-2012 ADDCAP 1-49.02	1.9196	1.8943	2.1134	1.8844	0.00	86.62	86.62
ADB III-ADDCAP FOR 2012-2013 ADDCAP 2-53.36	1.9196	1.8943	2.1134	1.8844	0.00	172.57	172.57
ADB III-ADDCAP FOR 2012-2013 ADDCAP 3-55.88	1.9196	1.8943	2.1134	1.8844	0.00	158.48	158.48
ADB III-DOCO-45.67	1.9196	1.8943	2.1134	1.8844	4683.92	0.00	4683.92
ADB III-DOCO ADDCAP 1-46.63	1.9196	1.8943	2.1134	1.8844	76.97	0.00	76.97
Total					5536.05	1178.34	6714.39



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

(₹ in lakh)

Asset 1	
Particulars	2010-11
Gross Opening Loan	4683.92
Cumulative Repayments of Loans upto Previous Year	58.28
Net Loans Opening	4625.64
Add: Draw(s) during the Year	76.97
Less: Repayments of Loan during the year	0.00
Net Closing Loan	4702.61
Average Net Loan	4664.13
Rate of Interest on Loan (%)	1.9196
Interest on Loan	89.53

Combined Asset				
Particulars	2010-11	2011-12	2012-13	2013-14
Gross Opening Loan	5536.05	5566.14	6383.34	6714.39
Cumulative Repayments of Loans upto Previous Year	68.89	232.35	450.26	712.84
Net Loans Opening	5467.16	5333.79	5933.08	6001.55
Add: Draw(s) during the Year	30.09	817.20	331.05	0.00
Less: Repayments of Loan during the year	163.46	217.91	262.58	293.86
Net Closing Loan	5333.79	5933.08	6001.55	5707.69
Average Net Loan	5400.48	5633.44	5967.32	5854.62
Rate of Interest on Loan (%)	1.9196	1.8943	2.1134	1.8844
Interest on Loan	103.67	106.71	126.11	110.32

*Petitioner, in the tariff computation submitted with the petition, has considered rate of interest on loan upto two decimal points.



Annexure – 2

DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO (2014-19)

(₹ in lakh)

Particulars	Interest Rate (%)	Loan deployed as on 1.4.2014	Additions during the tariff period	Total
	2014-19			(Rs in lakh)
ADB III-6.DOCO loan1-47.26	1.9800	775.16	0.00	775.16
ADB III-ADDCAP FOR 2010-2011 ADDCAP-46.51	1.9800	30.09	0.00	30.09
ADB III-ADDCAP FOR 2011-2012 ADDCAP-48.37	1.9800	730.58	0.00	730.58
ADB III-ADDCAP FOR 2011-2012 ADDCAP 1-49.02	1.9800	86.62	0.00	86.62
ADB III-ADDCAP FOR 2012-2013 ADDCAP 2-53.36	1.9800	172.57	0.00	172.57
ADB III-ADDCAP FOR 2012-2013 ADDCAP 3-55.88	1.9800	158.48	0.00	158.48
ADB III-DOCO-45.67	1.9800	4683.92	0.00	4683.92
ADB III-DOCO ADDCAP 1-46.63	1.9800	76.97	0.00	76.97
Total		6714.39	0.00	6714.39

WEIGHTED AVERAGE RATE OF INTEREST ON LOAN DURING 2014-19 TARIFF PERIOD

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Opening Loan	6714.39	6714.39	6714.39	6714.39	6714.39
Cumulative Repayments of Loans upto Previous Year	1006.74	1330.44	1687.31	2081.45	2516.21
Net Loans Opening	5707.65	5383.95	5027.08	4632.94	4198.18
Add: Draw(s) during the Year	0.00	0.00	0.00	0.00	0.00
Less: Repayments of Loan during the year	323.70	356.87	394.14	434.76	478.80
Net Closing Loan	5383.95	5027.08	4632.94	4198.18	3719.38
Average Net Loan	5545.80	5205.52	4830.01	4415.56	3958.78
Rate of Interest on Loan (%)	1.9800	1.9800	1.9800	1.9800	1.9800
Interest on Loan	109.81	103.07	95.63	87.43	78.38

*Petitioner, in the tariff computation submitted with the petition, has considered rate of interest on loan upto two decimal points.

