

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 301/TT/2013

Coram:

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

**Date of Hearing : 27.01.2016
Date of Order : 14.03.2016**

In the matter of:

Determination of transmission tariff for 2009-14 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 for 1) 400 kV 125 MVAR Bus Reactor at 765 kV Indore sub-station along with associated bays, 2) 400 kV 125 MVAR Bus Reactor-I and Bus Reactor-II at 765 kV Gwalior Sub-station along with associated bays 3) 765 kV D/C Jabalpur Pooling station- Bina Ckt-I with 240 MVAR Switchable Line Reactors and associated bays 4) 765 kV D/C Jabalpur Pooling Station- Bina Ckt-II with 240 MVAR Switchable Line Reactors and associated bays under "Transmission System for Phase-I Generation Projects in Orissa Part-C" in Western 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 -122 001 (Haryana).

.....**Petitioner**

Versus

1. GMR Kamalanga Energy Ltd.
Skip House, 25/1, Museum Road,
Bangalore, Karnataka- 560025
2. Monnet Power Company Ltd.
Monnet Marg, Mandir Hasaud, Raipur,
Chhatisgarh- 492101
3. LANCO Babandh Power Ltd



Plot No- 397, Phase-III, 2nd Floor,
Udyog Vihar, Gurgaon, Haryana- 120016

4. Ind Barath Energy (Utkal) Ltd.
Plot No. 30-A, Road No.1, Film Nagar,
Jubilee Hills, Hyderabad, Andhra Pradesh- 500033
5. Navbharat Power Private Ltd.
Navbharat Chambers, 6-3-1109/1,
3rd Floor, Left Wing, Rajbhawan Road, Somajiguda,
Hyderabad, Andhra Pradesh- 500082
6. Jindal India Thermal Power Ltd.
Plot No.12, Sector-B, Pocket-1, Local Shopping Complex,
Vasant Kunj, New Delhi- 110070
7. Sterlite Energy Limited
SIPCOT Industrial Complex, Tuticorin,
Tamil Nadu-628002
8. Madhya Pradesh Power Management Company Limited
Shakti Bhawan, Rampur
Jabalpur –482 008
9. Maharashtra State Electricity Distribution Co. Limited
Prakashgad, 4th Floor, Andheri (East),
Mumbai – 400 052
10. Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara – 390 007
11. Electricity Department
Govt. of Goa
Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa – 403 001
12. Electricity Department
Administration of Daman & Diu
Daman – 396 210
13. Electricity Department
Administration of Dadra Nagar Haveli,
U.T., Silvassa – 396 230



14. Chhattisgarh State Electricity Board
P.O. Sunder Nagar, Dangania, Raipur
Chhattisgarh – 492 013
15. Madhya Pradesh Audyogik Kendra
Vikas Nigam (Indore) Ltd.
3/54, Press Complex, Agra-Bombay Road,
Indore – 452 008

.....Respondents

The following were present:-

For Petitioner: Shri Piyush Awasthi, PGCIL
Shri A.M Pavgi, PGCIL
Shri P.V Nath, PGCIL
Mohd Mohsin, PGCIL
Shri M.M Mondal, PGCIL
Shri Rakesh Prasad, PGCIL
Smt. Sangeeta Edwards, PGCIL
Shri Subhash C Taneja, PGCIL
Shri S.K Venkatesan, PGCIL

For Respondent: None

ORDER

The present petition has been preferred by Power Grid Corporation of India Ltd. (“the petitioner”), a transmission licensee, for determination of transmission tariff for 1) 400 kV 125 MVAR Bus Reactor at 765 kV Indore sub-station along with associated bays, 2) 400 kV 125 MVAR Bus Reactor-I and Bus Reactor-II at 765 kV Gwalior Sub-station along with associated bays 3) 765 kV D/C Jabalpur Pooling station - Bina Ckt-I with 240 MVAR Switchable Line Reactors and associated bays 4) 765 kV D/C Jabalpur Pooling Station- Bina Ckt-II with 240 MVAR Switchable Line Reactors and associated bays under “Transmission



System for Phase-I Generation Projects in Orissa Part-C” in Western Region (hereinafter referred as “transmission asset”) 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 actual capital expenditure for the tariff period 2009-14.

2. The respondents are generation companies, electricity departments and distribution licensees, who are procuring transmission service from the petitioner, mainly beneficiaries of the Western Region.

3. The petitioner has served the petition to the respondents and notice of this application has been published in the newspapers in accordance with Section 64 of Electricity Act, 2003 (“the Act”). No comments have been received from the public in response to the notices published by the petitioner under Section 64 of the Act. The hearing in this matter was held on 27.1.2016. Maharashtra State Electricity Distribution Co. Ltd (MSEDCL), Respondent No.9 and M.P Power Management Company (Respondent No.8) have filed replies vide affidavit dated 6.2.2014 and 2.12.2013. In response, the petitioner has submitted the rejoinder to the reply filed by the respondents vide affidavit dated 9.3.2016. The petitioner was directed to file certain information vide letter dated 9.2.2013, 15.4.2015 and 21.1.2016. The petitioner has submitted the information vide affidavit dated 2.4.2014, 2.11.2015 and 28.1.2016 respectively. The petitioner was directed vide Record of Proceedings (ROP) dated 27.1.2016 to submit information. In response the petitioner submitted the replies vide affidavit dated 15.2.2016. The



concerns expressed by respondents are being addressed in the respective paras of this order. Having heard the representatives of the petitioner and perused the material on record, we proceed to dispose of the petition.

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

(a) The investment approval for the project was accorded by Board of Directors of the petitioner's company vide Memorandum No. C/CP/Orissa Ph-I IPPs (Part-C) dated 17.3.2011, at an estimated cost of ₹256925 lakh, which included IDC of ₹16902 lakh (based on 3rd quarter 2010 price level). The scope of the scheme was discussed and approved in the 29th Standing Committee meeting of Western Region held on 10.9.2009. The transmission system was later discussed and agreed for implementation in the 11th WRPC held in Raipur on 25.9.2011. Revised Cost Estimate (RCE) of the project dated 9.3.2015 is submitted, at an estimated cost of ₹310511 lakh, including IDC of ₹25897 lakh, based on August, 2014 price level. The approved apportioned cost as per RCE for Asset-I is ₹1134.89 lakh, Asset-II is ₹1425.84 lakh, Asset-III and IVA is ₹110042.08 lakh, Asset-IIIB is 3046.15 lakh and Asset-IVB is ₹3242.88 lakh, i.e. total approved apportioned cost of the assets ₹118891.84 lakh.

(b) The scope of work covered under the project is as follows:-

Transmission Lines:

- i) Jabalpur Pooling Station- Bina 765 kV D/C line.
- ii) Bina-Gwalior 765 kV S/C (3rd circuit) line.
- iii) Gwalior-Jaipur- 765 kV S/C (2nd Circuit) line.
- iv) Jaipur (RVPNL)- Bhiwani 765 kV S/C Line.



Sub-stations:

- i) Extension of 765/400 kV Jabalpur Pooling station
- ii) Extension of 765/400 kV Bina Sub-station
- iii) Extension of 765/400 kV Indore Sub-station
- iv) Extension of 765/400 kV Gwalior Sub-station
- v) Extension of 765/400 kV Jaipur (RVPNL) Sub-station
- vi) Extension of 765/400 kV Bhiwani Sub-station

Reactive Compensation

- i) 765/400 kV Jabalpur Pooling station
765 kV, 3x80 MVAR line reactors- 2 nos.
- ii) 765/400 kV Bina Sub-station
765 kV, 3x80 MVAR line reactors- 3 nos
765 kV, 3x80 MVAR Bus reactors- 1 no
- iii) 765/400 kV Indore Sub-station
765 kV, 3x80 MVAR Bus reactors- 1 no
400 kV, 125 MVAR Bus Reactor- 1 no
- iv) 765/400 kV Gwalior Sub-station
765 kV, 3x80 MVAR line reactors- 2 nos
765 kV, 125 MVAR Bus reactors- 2 nos
- v) 765/400 kV Jaipur (RVPNL) Sub-station
765 kV, 3x80 MVAR line reactors- 2 nos
765 kV, 3x80 MVAR Bus reactors- 1 no
- vi) 765/400 kV Bhiwani Sub-station
765 kV, 3x80 MVAR line reactors- 1 no

(c) The petitioner initially filed the petition for the instant assets as on 5.11.2013. Later, in response to Commission's letter dated 9.2.2013, the petitioner submitted revised tariff forms vide affidavit dated 2.4.2014. Further, in response to Commission's letter dated 15.4.2015, the petitioner resubmitted revised tariff forms vide affidavit dated 2.11.2015 for the 2009-14 tariff period, which has been considered in this order. The



petitioner further in the revised tariff forms splitted Asset III and Asset IV into Asset III(A), III(B) and Asset IV(A), IV(B) respectively and claimed transmission charges as shown in the table below. The petitioner was further directed vide affidavit dated 21.1.2016 to submit whether there is any change in scope of works for Asset-III, and Asset-IV. The petitioner vide affidavit dated 28.1.2016, submitted there has been no change in scope of works and details of asset as per actual commissioning is as follows:-

| As filed in Petition dated 5.11.2013 | As Commissioned (considered in this order) | COD |
|--|---|-----------|
| Asset I: 400 kV 125 MVAR Bus Reactor at 765 kV Indore sub-station along with associated bays | Asset I: 400 kV 125 MVAR Bus Reactor at 765 kV Indore sub-station along with associated bays | 1.10.2013 |
| Asset II: 400 kV 125 MVAR Bus Reactor-I and Bus Reactor-II at 765 kV Gwalior Sub-station along with associated bays | Asset II: 400 kV 125 MVAR Bus Reactor-I and Bus Reactor-II at 765 kV Gwalior Sub-station along with associated bays | 1.10.2013 |
| Asset-III: 765 kV D/C Jabalpur Pooling station- Bina Ckt-I with 240 MVAR Switchable Line Reactors and associated bays | Asset III(A): 765 kV D/C Jabalpur Pooling station- Bina transmission line Ckt-I and respective bay extension works at 765 kV Jabalpur Pooling S/s and 765 kV Bina S/s along with 3x80 MVAR Switchable Line Reactor | 1.1.2014 |
| | Asset III(B): 3x80 MVAR Switchable Line Reactors at Bina Sub-station only(for Jabalpur Pooling Station- Bina Ckt-I) | 1.2.2014 |
| Asset IV: 765 kV D/C Jabalpur Pooling Station- Bina Ckt-II with 240 MVAR Switchable Line Reactors and associated bays. | Asset IV(A): 765 kV D/C Jabalpur Pooling Station- Bina transmission line Ckt-II and respective bay extension works at 765 kV Jabalpur Pooling S/s and 765 kV Bina S/s alongwith 240 MVAR | 1.1.2014 |



| | | |
|--------------------------------------|--|----------|
| As filed in Petition dated 5.11.2013 | As Commissioned (considered in this order) | COD |
| | Switchable Line Reactor | |
| | Asset IV(B): 4*80 MVAR Switchable line reactors at Jabalpur Pooling sub-station only- Bina Ckt-2 | 1.2.2014 |

(d) The petitioner has claimed tariff for only 2009-14 tariff period, but submitted additional capitalization for 2014-19 tariff period. We are not considering the additional capitalization claimed for the 2014-19 tariff period.

(e) The petitioner submitted the CEA energisation Certificate, SLD of the scheme and RPC approval of the said asset vide affidavit dated 28.1.2016.

DETERMINATION OF ANNUAL TRANSMISSION CHARGES FOR 2009-14

5. The petitioner has claimed revised transmission charges vide affidavit dated 28.1.2015 as under:-

| Particulars | (₹ in lakh) | | | | |
|-----------------------------|--------------------|--------------|------------------|--------------|--------------|
| | 2013-14 (Pro-rata) | | | | |
| | Asset-I | Asset-II | Asset-III A+IV A | Asset-III B | Asset-IV B |
| Depreciation | 20.07 | 27.00 | 1248.86 | 13.01 | 13.73 |
| Interest on Loan | 20.37 | 26.75 | 1130.02 | 14.00 | 14.93 |
| Return on equity | 22.36 | 30.08 | 1392.26 | 14.49 | 15.30 |
| Interest on Working Capital | 3.18 | 1.89 | 95.90 | 1.76 | 1.81 |
| O & M Expenses | 32.73 | 0.00 | 205.00 | 15.27 | 15.27 |
| Total | 98.71 | 85.72 | 4072.04 | 58.53 | 61.04 |

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



(₹ in lakh)

| Particulars | 2013-14 (Pro-rata) | | | | |
|--------------------------|--------------------|--------------|------------------|--------------|--------------|
| | Asset-I | Asset-II | Asset-III A+IV A | Asset-IIIB | Asset-IVB |
| Maintenance Spares | 9.82 | 0.00 | 123.00 | 13.74 | 13.74 |
| O & M Expenses | 5.46 | 0.00 | 68.33 | 7.64 | 7.64 |
| Receivables | 32.90 | 28.57 | 2714.69 | 58.53 | 61.04 |
| Total | 48.18 | 28.57 | 2906.02 | 79.91 | 82.42 |
| Rate of Interest (%) | 13.20 | 13.20 | 13.20 | 13.20 | 13.20 |
| Interest | 6.36 | 3.77 | 383.59 | 10.55 | 10.88 |
| Pro-rata Interest | 3.18 | 1.89 | 95.90 | 1.76 | 1.81 |

7. MSEDCL vide affidavit dated 6.2.2014, submitted that, Commission should carry out prudence check for various parameters as submitted by the petitioner to determine the transmission tariff. In response the petitioner vide affidavit dated 9.3.2016 submitted that, tariff has been claimed as per the 2009 Tariff Regulations and subsequent submissions has been claimed as on actual COD and audited certificates.

8. M.P Power Management Company vide affidavit dated 5.11.2013, submitted that, none of the assets in the petition are commissioned as on date. Hence, no provisional tariff is required during last six months of 2009-14 tariff period. MSEDCL vide affidavit dated 6.2.2016, had also requested the petitioner may be allowed to charge provisional tariff where tariff should be adjusted with retrospective effect with interest rates equal to PLR of SBI of the respective year as per Regulation 6 of the 2009 Tariff Regulations. The petitioner vide affidavit dated 9.3.2016 submitted that, it is a statement of fact, and provisional tariff has already been allowed by the Commission vide order dated 13.5.2014.



Cost Variation

9. The petitioner vide affidavit dated 9.12.2013, was directed to submit following;

- The justification regarding increase of 13.41% in estimated completion cost as against approved apportioned cost.
- Reason for variation in cost of tower steel, erection, stringing and civil works including foundation, land, switchgear (CT, PT, CB< isolator etc.)

10. In response the petitioner vide affidavit dated 2.4.2014, submitted that,

- Increase in tower steel was from 25300 lakh to 32700 lakh was on account of variation in tower estimated weight in FR w.r.t actual tower weight. In addition, actual awarded cost per metric tonnage is more than estimated cost (3rd quarter 2010) price level which has resulted in increase in overall cost of tower steel.
- Erection, stringing and civil works including foundation- Increase on this account is attributed due to actual soil strata encountered during execution which resulted in increase in foundation and erection quantities. In addition, actual awarded cost per metric tonnage is more than estimated cost (3rd quarter 2010) price level which has resulted in increase in overall cost.
- Land- With regard to land, it was submitted that, it was envisaged that bay extension would be done in existing Bina sub-station. Later it was found that land would be insufficient.



- Switchgear (CT, PT, CB, Isolator etc.), compensating equipment (reactor, SVCs etc.)- Expenditures on these equipments are as per actual execution of works, which includes mandatory spares. Cost has increased as per actual awarded cost obtained in competitive bidding.
- Controls, relays/protection panel, outdoor lightning, auxiliary system, structure for switchyard- Increase in cost is on account of actual awarded cost in competitive bidding.

11. We have considered the submissions of the petitioner. As per the petitioner's affidavit dated 2.11.2015, RCE is submitted and estimated completion cost of the assets is well within the revised approved apportioned cost of the assets.

IDC/IEDC

12. As per the investment approval dated 17.3.2011, the transmission asset was scheduled to be commissioned by March 2014 i.e. COD from 1.4.2014. All the assets were put under commercial operation before 1.4.2014, therefore there is no time over-run for the said asset.

13. The petitioner was directed vide letter dated 15.4.2015, to submit the year wise and loan wise computation of IDC on cash basis from the date of infusion of debt fund upto COD as per the 2009 Tariff Regulations and to submit the following;

- Whether there is any default in interest payment on loan that is included in the IDC amount.



- Whether entire amount pertaining to IDC and IEDC has been actually paid up to COD.

14. The petitioner vide affidavit dated 2.11.2015 requested the Commission to allow tariff on basis of cash outflow. The IDC discharged is as follows:

| Particulars | Total IDC | IDC discharged up to COD | IDC discharged during 2013-14 | IDC discharged during 2014-15 |
|-------------|-----------|--------------------------|-------------------------------|-------------------------------|
| Asset-I | 30.87 | 18.35 | 9.62 | 2.9 |
| Asset-II | 39.08 | 20.35 | 9.72 | 9.01 |
| Asset-IIIA | 4145.69 | 3127.91 | 662.76 | 355.01 |
| Asset-IIIB | 100.42 | 59.87 | 4.5 | 36.05 |
| Asset-IVA | 1247.47 | 968.46 | 157.77 | 121.24 |
| Asset-IVB | 93.82 | 60.84 | 6.77 | 26.22 |

15. The petitioner was also directed to submit detailed breakup of IDC and IEDC capitalized among the elements (i.e. buildings, civil works, sub-station, transmission line, PLCC etc.). In response the petitioner vide affidavit dated 2.11.2015, submitted that, entire IEDC amount as in auditor's certificate is on cash basis and is paid up to COD. The petitioner has further submitted that, accrued IDC discharged during 2013-14 and 2014-15 has not been included in the additional capitalization for respective years as per Auditor's certificate.

16. We have considered the submissions of the petitioner. It is observed that the petitioner has claimed the entire IDC amount as on COD of the asset (i.e. including accrued IDC for 2013-14 and 2014-15), but claimed tariff only for 2009-14 tariff period. Hence, based on the submissions of the petitioner, IDC discharged upto COD on cash basis is considered in the capital cost as on COD for the asset. Similarly, IDC discharged in 2013-14 is considered in the additional



capitalization for the 2013-14 tariff period. The IDC claimed for 2014-15 is not considered in this order since the petitioner has claimed tariff till 31.3.2014. The IDC considered is as follows:

| Particulars | IDC discharged upto COD | IDC discharged during 2013-14 | Total IDC discharged during 2009-14 |
|--------------|-------------------------|-------------------------------|-------------------------------------|
| Asset-I | 18.35 | 9.62 | 27.97 |
| Asset-II | 20.35 | 9.72 | 30.07 |
| Asset-IIIA | 3127.91 | 662.76 | 3790.67 |
| Asset-IIIB | 59.87 | 4.5 | 64.37 |
| Asset-IVA | 968.46 | 157.77 | 1126.23 |
| Asset-IVB | 60.84 | 6.77 | 67.61 |
| Total | 4255.78 | 851.14 | 5106.92 |

Initial Spares

17. Regulation 8 of the 2009 Tariff Regulations provides that initial spares shall be capitalised as a percentage of the original project cost, subject to following ceiling norms:-

| | |
|---|--------|
| “Transmission line: | 0.75% |
| Transmission sub-station | 2.50% |
| Series compensation devices & HVDC Station: | 3.50%” |

18. The petitioner was directed vide letter dated 15.4.2015, to clarify whether entire liability has been discharged corresponding to initial spares procured up to cut-off date. In response, the petitioner vide affidavit dated 2.11.2015 has submitted the year wise details of initial spares discharged for transmission line and sub-station from COD to 2014-15.

19. We have considered the petitioner’s submission. The initial spares are worked out considering the initial spares discharged from COD of the assets to



2013-14 for the 2009-14 tariff period. The initial spares claimed for 2014-15 has not been considered in this order. The initial spares are within the specified limits in accordance to the 2009 Tariff Regulations.

Capital Cost

20. Regulation 7(1) & (2) of the 2009 Tariff Regulations specifies 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.”

21. The petitioner has submitted revised capital expenditure of ₹740.95 lakh, ₹935.60 lakh, ₹93229.79 lakh, ₹1426.62 lakh and ₹1317.85 lakh for Asset-I,



Asset-II, Asset-III A+IV A, Asset-III B and Asset-IV B respectively as on COD. In addition to this, the petitioner has claimed revised additional capitalization of ₹38.40 lakh, ₹174.22 lakh, ₹2866.73 lakh, ₹102.97 lakh, and ₹485.50 lakh for Asset-I, Asset-II, Asset-III A+IV A, Asset-III B and Asset-IV B respectively during 2013-14 in the 2009-14 tariff period. Further, the petitioner has submitted Auditor's certificate certifying the capital cost of the assets.

22. The petitioner was directed vide affidavit dated 9.2.2013 to submit the data for capital cost benchmarking in accordance with Commission's order dated 27.4.2010 and 16.6.2010. In response, the petitioner had submitted the same vide affidavit dated 2.4.2014.

23. The petitioner was directed to submit the details of element wise actual capital expenditure up to 31.3.2014, certified by the Auditor along with revised tariff forms for the purpose of truing up. In response, the petitioner vide affidavit dated 2.11.2015 submitted the audited cost certificates based on actual COD and are as follows:

| (₹ in lakh) | | | | | | | |
|-------------------|----------------------------|-----------------------------|-----------------------|----------------|----------------|----------------|-----------------------------|
| Name of the Asset | Apportioned cost as per FR | Apportioned Cost as per RCE | Expenditure up to COD | 2013-14 | 2014-15 | 2015-16 | Total Estimated Expenditure |
| Asset-I | 925.00 | 1134.89 | 740.95 | 38.4 | 101.23 | 157.47 | 1038.05 |
| Asset-II | 1410.36 | 1425.84 | 935.6 | 174.22 | 48.34 | 149.66 | 1307.82 |
| Asset-III A+IV A | 88026.69 | 110042.08 | 93229.79 | 2866.73 | 3636.92 | 4372.75 | 104106.20 |
| Asset-III B | 3379.61 | 3046.15 | 1426.62 | 102.97 | 387.49 | 282.85 | 2199.93 |
| Asset-IV B | 3964.31 | 3242.88 | 1317.85 | 485.5 | 394.53 | 1040.92 | 3238.80 |
| Total | 97705.97 | 118891.84 | 97650.81 | 3667.82 | 4568.51 | 6003.65 | 111890.83 |



24. We have considered the submissions of the petitioner. It is observed that the petitioner has claimed tariff for the 2009-14 tariff period only, but has also included the estimated additional capitalization for 2014-19 tariff period while computing the completion cost. We have considered the estimated completion cost only upto 31.3.2014. Further, after considering the IDC on cash basis we have determined the capital cost of the asset as on COD as ₹728.43 lakh, ₹916.87 lakh, ₹91933.00 lakh, ₹1386.07 lakh and ₹1284.87 lakh for Asset-I, Asset-II, Asset-III A+IV A, Asset-III B and Asset-IV B respectively, including additional capitalization of ₹48.02 lakh, ₹183.94 lakh, ₹3687.26 lakh, ₹107.47 lakh and ₹492.27 lakh for 2013-14 for Asset-I, Asset-II, Asset-III A+IV A, Asset-III B and Asset-IV B respectively, after adjustment of IDC. The estimated completion cost as on 31.3.2014 for the assets is well within the approved apportioned cost of the assets.

Additional Capital Expenditure

25. The petitioner has submitted revised capital cost and additional capitalization vide affidavit dated 2.11.2015 as ₹740.95 lakh, ₹935.60 lakh, ₹93229.79 lakh, ₹1426.62 lakh and ₹1317.85 lakh for Asset-I, Asset-II, Asset-III A+IV A, Asset-III B and Asset-IV B respectively as on COD. Further, the petitioner has claimed revised additional capitalization of ₹38.40 lakh, ₹174.22 lakh, ₹2866.73 lakh, ₹102.97 lakh, and ₹485.50 lakh for Asset-I, Asset-II, Asset-III A+IV A, Asset-III B and Asset-IV B respectively during 2013-14 in the 2009-14 tariff period under Regulation 9(1) of the 2009 Tariff Regulations. The petitioner



has submitted that the additional capital expenditure is on account of balance and retention payments for works executed within cut- off date.

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

“Additional Capitalisation:

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

(i) Undischarged liabilities;

(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.”

27. MSEDCL vide affidavit dated 6.2.2014, submitted that, Commission should carry out prudence check for additional capitalization claimed by the petitioner, since there are huge variations when actual expenditure is compared to original estimates as specified in Form-5B of tariff filing formats. In response, vide affidavit dated 9.3.2016, the petitioner submitted that, revised estimated completion cost has been submitted vide Audited cost certificate dated 19.8.2015 (Asset-I, II, IIIA, and IVA) and 26.8.2015 (Asset-IIIB and IVB) in subsequent submission vide affidavit dated 2.11.2015 wherein additional capitalization has been shown upto 2015-16.

28. The petitioner vide letter dated 21.1.2016 was directed to submit, the asset wise amount of balance and retention payments yet to be made along with details of the contract for which payment has been retained along with amount



retained. In response the petitioner vide affidavit dated 28.1.2016 submitted the contractor wise details for which payment has been made and submitted that as per latest cost certificates dated 19.8.2015, expenditure upto 31.3.2015 has been audited and is as per actual expenditure whereas projection is given for expenditure in 2014-15.

29. We have considered the submissions of the petitioner. It is observed that the capital cost including additional capitalization i.e. capital cost of ₹728.43 lakh, ₹916.87 lakh, ₹91933.00 lakh, ₹1386.07 lakh and ₹1284.87 lakh for Asset-I, Asset-II, Asset-III A+IV A, Asset-III B and Asset-IV B respectively, including additional capitalization of ₹48.02 lakh, ₹183.94 lakh, ₹3687.26 lakh, ₹107.47 lakh and ₹492.27 lakh for 2013-14 for Asset-I, Asset-II, Asset-III A+IV A, Asset-III B and Asset-IV B respectively, for 2013-14 after adjustment of IDC is within the revised approved apportioned cost of the asset. Hence, the same is considered for 2009-14 tariff period. The additional capitalization for the 2014-19 tariff period is not considered in this order.

| Name of the Asset | Apportioned Cost as per RCE | Expenditure up to COD | Additional capitalization (2013-14) | Capital cost as on 31.3.2014 |
|-------------------|-----------------------------|-----------------------|-------------------------------------|------------------------------|
| Asset-I | 1134.89 | 728.43 | 48.02 | 776.45 |
| Asset-II | 1425.84 | 916.87 | 183.94 | 1100.81 |
| Asset-III A+IV A | 110042.08 | 91933.00 | 3687.26 | 95620.26 |
| Asset-III B | 3046.15 | 1386.07 | 107.47 | 1493.54 |
| Asset-IV B | 3242.88 | 1284.87 | 492.27 | 1777.14 |
| Total | 118891.84 | 96249.24 | 4518.96 | 100768.20 |

Debt:Equity Ratio

30. 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.”

31. The petitioner vide letter dated 21.1.2016 was directed to submit an undertaking that the actual equity infused for capital cost and additional capitalization in the tariff period 2009-14 is not less than 30%. In response the petitioner vide affidavit dated 28.1.2016 submitted that the actual loan deployed in Form-13 is 70% of additional capitalization for 2013-14, therefore equity infused for additional capitalization during the 2009-14 tariff period is 30% for the asset as indicated in Form 1A as per Clause 12(1) and 12(3) of the 2009 Tariff Regulations.



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

| Particulars | Capital Cost as on COD | | Completion cost including additional capitalization | |
|------------------------|------------------------|---------------|---|---------------|
| | Amount | (%) | Amount | (%) |
| Asset- I | | | | |
| Debt | 509.90 | 70.00 | 543.52 | 70.00 |
| Equity | 218.53 | 30.00 | 232.94 | 30.00 |
| Total | 728.43 | 100.00 | 776.45 | 100.00 |
| Asset- II | | | | |
| Debt | 641.81 | 70.00 | 770.57 | 70.00 |
| Equity | 275.06 | 30.00 | 330.24 | 30.00 |
| Total | 916.87 | 100.00 | 1100.81 | 100.00 |
| Asset- IIIA+IVA | | | | |
| Debt | 64353.10 | 70.00 | 66934.18 | 70.00 |
| Equity | 27579.90 | 30.00 | 28686.08 | 30.00 |
| Total | 91933.00 | 100.00 | 95620.26 | 100.00 |
| Asset- IIIB | | | | |
| Debt | 970.25 | 70.00 | 1045.48 | 70.00 |
| Equity | 415.82 | 30.00 | 448.06 | 30.00 |
| Total | 1386.07 | 100.00 | 1493.54 | 100.00 |
| Asset- IVB | | | | |
| Debt | 899.41 | 70.00 | 1244.00 | 70.00 |
| Equity | 385.46 | 30.00 | 533.14 | 30.00 |
| Total | 1284.87 | 100.00 | 1777.14 | 100.00 |

Interest on Loan (“IOL”)

33. Regulation 16 of the 2009 Tariff Regulations provides the methodology for working out weighted average rate of interest on loan. The petitioner has submitted the weighted average rate of interest on loan based on its actual loan portfolio and rate of interest.



34. MSEDCL vide affidavit dated 6.2.2014 submitted that prudence check should be conducted on the loans availed by the petitioner and the average interest rate considered for calculation of interest on long term loans. In response, the petitioner vide affidavit dated 9.3.2016 submitted that at the time of filing the petition, interest on loan was claimed on the basis of rate prevailing as on 01.04.2013. Further, interest on loans varies yearly which may happen to be higher or lower than the rate at which tariff is claimed. Transmission tariff based on the actual rate of interest can be computed only at the end of the year and the trued up petition for the same can be filed only once in every tariff period as per the prevalent Regulation and the same is claimed from the respondents by adjusting the revised tariff with the already claimed tariff.

35. The petitioner was directed vide affidavit dated 15.4.2015 to submit SBI, IFC-A 301419-02, FC bond agreements and applicable interest rates from time to time and interest payable whether quarterly/ half yearly/ annually. The petitioner was also directed to submit applicable exchange rate as on date of payment of interest on loan. In response vide affidavit dated 2.11.2015, the petitioner has submitted the relevant documents.

36. We have considered the submissions of the petitioner and the respondent and accordingly calculated the IOL based on actual interest rate submitted by the petitioner, in accordance with Regulation 16 of the 2009 Tariff Regulations.



(₹ in lakh)

| Particulars | 2013-14 (Pro-rata) | | | | |
|---|--------------------|--------------|------------------|--------------|--------------|
| | Asset-I | Asset-II | Asset-III A+IV A | Asset-III B | Asset-IV B |
| Gross Normative Loan | 509.90 | 641.81 | 64353.10 | 970.25 | 899.41 |
| Cumulative Repayment up to Previous Year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Loan-Opening | 509.90 | 641.81 | 64353.10 | 970.25 | 899.41 |
| Additions | 33.61 | 128.76 | 2581.08 | 75.23 | 344.59 |
| Repayment during the year | 19.86 | 26.63 | 1237.16 | 12.67 | 13.47 |
| Net Loan-Closing | 523.65 | 743.93 | 65697.03 | 1032.81 | 1230.53 |
| Average Loan | 516.78 | 692.87 | 65025.06 | 1001.53 | 1064.97 |
| Weighted Average Rate of Interest on Loan (%) | 7.8018 | 7.6163 | 6.8862 | 8.1742 | 8.2531 |
| Interest | 20.16 | 26.39 | 1119.43 | 13.64 | 14.65 |

Return on Equity (“ROE”)

37. Clause (3), (4) and (5) of 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 maybe, 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.”

38. MSEDCL vide affidavit dated 6.2.2014, submitted that recovery of the shortfall or refund the excess Annual Fixed charges on account of Return of Equity, the Commission may pass such order or orders in such circumstances as it thinks just and proper in order to avoid unnecessary burden on beneficiaries and ultimately on the end consumers. In response the petitioner vide affidavit dated 9.3.2016, submitted that, the ROE has been claimed by grossing up with the MAT rate for 2008-09 as provided in the tariff regulations’ 2009. In line with the amendment dated 21.06.2011 to Regulation 15 of the Principal Tariff Regulation dated 19.01.2009, the petitioner is allowed to recover the shortfall or refund the excess Annual Fixed Charges, 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. Further, the petitioner submitted that Annual Fixed charges with respect to Tax rates applicable shall be trued up in accordance with Regulation 6 of the Principal Regulations. The differential claim will be settled as per relevant Regulations.

39. The petitioner submitted the applicable MAT rate to the petitioner for various years as per Finance Act of the relevant years and the revised grossed up ROE are as given in the table below:



| Particulars | MAT Rate (t) % | Grossed up ROE (Base rate/(1-t)) % |
|-------------|----------------|---------------------------------------|
| 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 |

40. The computation of ROE for the tariff period 2009-14 has been done on the basis of actual MAT rate applicable during 2009-14 as below:

(₹ in lakh)

| Particulars | 2013-14 (Pro-rata) | | | | |
|--|--------------------|--------------|--------------------|--------------|--------------|
| | Asset-I | Asset-II | Asset- IIIA+IVA | Asset-IIIB | Asset-IVB |
| Opening Equity | 218.53 | 275.06 | 27579.90 | 415.82 | 385.46 |
| Additions | 14.41 | 55.18 | 1106.18 | 32.24 | 147.68 |
| Closing Equity | 232.94 | 330.24 | 28686.08 | 448.06 | 533.14 |
| Average Equity | 225.73 | 302.65 | 28132.99 | 431.94 | 459.30 |
| Return on Equity (Base Rate) (%) | 15.50 | 15.50 | 15.50 | 15.50 | 15.50 |
| MAT rate for the respective year (%) | 20.961 | 20.961 | 20.961 | 20.961 | 20.961 |
| Rate of Return on Equity (Pre Tax) (%) | 19.610 | 19.610 | 19.610 | 19.610 | 19.610 |
| Return on Equity (Pre Tax) | 22.13 | 29.68 | 1379.22 | 14.12 | 15.01 |

Depreciation

41. Clause (42) of Regulation 3 of the 2009 Tariff Regulations defines useful life as follows:-

“‘useful life’ in relation to a unit of a generating station and transmission system from the COD shall mean the following, namely:-

- | | |
|------------------------------|-----------|
| | |
| (c) AC and DC sub-station | 25 years |
| (d) Hydro generating station | 35 years |
| (e) Transmission line | 35 years” |



42. Clause (4) of Regulation 17 of the 2009 Tariff Regulations provides as follows:-

"17. Depreciation:

...
(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."

43. The weighted average useful life of the transmission asset has been considered as per Regulations 3 (42) and 17 (4) of the 2009 Tariff Regulations. For the purpose of calculation, the weighted average useful life of Asset-I, Asset-II, Asset-IIIB and Asset-IVB has been considered as 25 years and for Asset-IIIA+IVA has been considered as 34 years. The depreciation for the tariff period 2009-14 has been worked out in accordance with Regulation 17 of the 2009 Tariff Regulations based on admitted capital expenditure as under:

(₹ in lakh)

| Particulars | 2013-14 (Pro-rata) | | | | |
|---|--------------------|----------|----------------|------------|-----------|
| | Asset-I | Asset-II | Asset-IIIA+IVA | Asset-IIIB | Asset-IVB |
| Opening Gross Block | 728.43 | 916.87 | 91933.00 | 1386.07 | 1284.87 |
| Additional Capitalization | 48.02 | 183.94 | 3687.26 | 107.47 | 492.27 |
| Closing Gross block | 776.45 | 1100.81 | 95620.26 | 1493.54 | 1777.14 |
| Average Gross block | 752.44 | 1008.84 | 93776.63 | 1439.81 | 1531.01 |
| Rate of Depreciation (%) | 5.280 | 5.280 | 5.277 | 5.280 | 5.280 |
| Depreciable Value | 677.20 | 907.96 | 84312.97 | 1295.82 | 1377.9 |
| Elapsed Life of the assets at beginning of the year | 0 | 0 | 0 | 0 | 0 |
| Weighted Balance Useful life of the assets | 25 | 25 | 34 | 25 | 25 |
| Remaining Depreciable Value | 677.20 | 907.96 | 84312.97 | 1295.82 | 1377.90 |



| Particulars | 2013-14 (Pro-rata) | | | | |
|---------------------|--------------------|--------------|------------------|--------------|--------------|
| | Asset-I | Asset-II | Asset-III A+IV A | Asset-III B | Asset-IV B |
| Depreciation | 19.86 | 26.63 | 1237.16 | 12.67 | 13.47 |

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

44. Clause (g) of Regulation 19 of the 2009 Tariff Regulations specifies norms for O&M Expenses for transmission system based on type of Sub-stations and the transmission line. Norms specified in respect of O&M Expenses for transmission asset covered in the instant petition are as hereinafter:-

| Particulars | | Asset-I | Asset-II | Asset-III A+IV A | Asset-III B | Asset-IV B |
|-------------------------|---|--------------|-------------|------------------|--------------|--------------|
| Number of Bays | 765 kV (₹ lakh/bay) | - | - | 6 | 1 | 1 |
| | 400 kV (₹ lakh/bay) | 1 | 1 | - | - | - |
| Length of line | Double Circuit (Bundled conductor with four or more sub-conductors) (₹ lakh/km) | - | - | 230.12 | - | - |
| Norms as per Regulation | 765 kV (₹ lakh/bay) | 91.64 | 91.64 | 91.64 | 91.64 | 91.64 |
| | 400 kV (₹ lakh/bay) | 65.46 | 65.46 | 65.46 | 65.46 | 65.46 |
| | Double Circuit (Bundled conductor with four or more sub-conductors) (₹ lakh/km) | - | - | 1.174 | - | - |
| Total | ₹ in lakh | 32.73 | 0.00 | 205.00 | 15.27 | 15.27 |

45. The petitioner has submitted that norms for O&M Expenses for the year 2009-14 had been arrived at on the basis of normalized actual O&M Expenses during the period 2003-04 to 2007-08 and by escalating it by 5.72% per annum for arriving at norms for the years of tariff period. The wage hike of 50% on



account of pay revision of the employees of public sector undertaking has also been considered while calculating the O&M Expenses for the tariff period 2009-14. The petitioner has further submitted that it may approach the Commission for suitable revision in norms for O&M Expenses due to impact of wage revision.

46. The petitioner has also submitted that the claim for transmission tariff is exclusive of any statutory taxes, levies, duties, cess or any other kind of impositions, etc. Such kinds of payments are generally included in the O&M Expenses. While specifying the norms for the O&M Expenses, the Commission has in the 2009 Tariff Regulations, given effect to impact of pay revision by factoring 50% on account of pay revision of the employees of PSUs.

47. The petitioner was directed vide ROP dated 21.1.2016 to clarify whether Asset-IVB is a line reactor or line reactor bay. In response, the petitioner vide affidavit dated 15.2.2016 submitted that, the asset consists of a switchable line reactor for which one number of line reactor bay has been claimed and no separate O&M is to be claimed for the equipment. Further, line bay for Jabalpur PS has already been commissioned and claimed under Asset-IV A with COD as 1.1.2014.

48. The details of O&M Expenses allowed are given hereunder:-



(₹ in lakh)

| Particulars | 2013-14 (Pro rata) | 2013-14 (Pro rata) | 2013-14 (Pro rata) | 2013-14 (Pro rata) | 2013-14 (Pro rata) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|
| | Asset-I | Asset-II | Asset- IIIA+IVA | Asset-IIIB | Asset-IVB |
| O&M Expenses Allowed | 32.73 | 0.00 | 205.00 | 15.27 | 15.27 |

Interest on Working Capital (“IWC”)

49. Sub-clause (c) of Clause (1) of Regulation 18 of the 2009 Tariff Regulations provides the components of the working capital for the transmission system and Clause (3) of Regulation 18 of the 2009 Tariff Regulations provides for the rate of interest of working capital.

50. The petitioner has submitted that the rate of interest on working capital has been considered as 13.20% as per Clause (3) of Regulation 18 of the 2009 Tariff Regulations and the components of working capital are also considered in accordance with Sub-clause (c) of Clause (1) of Regulation 18 of the 2009 Regulations.

51. 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 in case of transmission assets declared under commercial operation after 1.7.2010 shall be equal to SBI Base Rate plus 350 basis points as on 1st April of the year in which the transmission asset was declared under commercial operation. State Bank of India base Bate as on 1.4.2013 was 9.70%.



Therefore, interest rate of 13.20% has been considered to work out the interest on working capital in the instant case.

52. Computations in support of interest on working capital allowed are as follows:-

(₹ in lakh)

| Particulars | 2013-14 (Pro rata) | | | | |
|----------------------|--------------------|-------------|------------------|-------------|-------------|
| | Asset-I | Asset-II | Asset-III A+IV A | Asset-III B | Asset-IV B |
| Maintenance Spares | 4.91 | 0.00 | 30.75 | 2.29 | 2.29 |
| O & M expenses | 2.73 | 0.00 | 17.08 | 1.27 | 1.27 |
| Receivables | 16.34 | 14.09 | 672.65 | 9.57 | 10.03 |
| Total | 23.98 | 14.09 | 720.49 | 13.14 | 13.60 |
| Rate of Interest (%) | 13.20 | 13.20 | 13.20 | 13.20 | 13.20 |
| Interest | 3.17 | 1.86 | 95.10 | 1.73 | 1.79 |

Annual Transmission Charges

53. The detailed computation of the various components of the annual fixed charges for the transmission asset for the tariff period 2009-14 is summarised below:-

(₹ in lakh)

| Particulars | 2013-14 (Pro-rata) | | | | |
|---------------------------|--------------------|----------|------------------|-------------|------------|
| | Asset-I | Asset-II | Asset-III A+IV A | Asset-III B | Asset-IV B |
| Gross Block | | | | | |
| Opening Gross Block | 728.43 | 916.87 | 91933.00 | 1386.07 | 1284.87 |
| Additional Capitalization | 48.02 | 183.94 | 3687.26 | 107.47 | 492.27 |
| Closing Gross block | 776.45 | 1100.81 | 95620.26 | 1493.54 | 1777.14 |
| Average Gross block | 752.44 | 1008.84 | 93776.63 | 1439.81 | 1531.01 |
| | | | | | |
| Depreciation | | | | | |
| Rate of Depreciation (%) | 5.280 | 5.280 | 5.277 | 5.280 | 5.280 |



| Particulars | 2013-14 (Pro-rata) | | | | |
|---|--------------------|----------|---------------|------------|-----------|
| | Asset-I | Asset-II | Asset-III+IVA | Asset-IIIB | Asset-IVB |
| Depreciable Value | 677.20 | 907.96 | 84312.97 | 1295.82 | 1,377.9 |
| Elapsed Life of the assets at beginning of the year | 0 | 0 | 0 | 0 | 0 |
| Weighted Balance Useful life of the assets | 25 | 25 | 34 | 25 | 25 |
| Remaining Depreciable Value | 677.20 | 907.96 | 84312.97 | 1295.82 | 1377.90 |
| Depreciation | 19.86 | 26.63 | 1237.16 | 12.67 | 13.47 |
| | | | | | |
| Interest on Loan | | | | | |
| Gross Normative Loan | 509.90 | 641.81 | 64353.10 | 970.25 | 899.41 |
| Cumulative Repayment upto Previous Year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Loan-Opening | 509.90 | 641.81 | 64353.10 | 970.25 | 899.41 |
| Additions | 33.61 | 128.76 | 2581.08 | 75.23 | 344.59 |
| Repayment during the year | 19.86 | 26.63 | 1237.16 | 12.67 | 13.47 |
| Net Loan-Closing | 523.65 | 743.93 | 65697.03 | 1032.81 | 1230.53 |
| Average Loan | 516.78 | 692.87 | 65025.06 | 1001.53 | 1064.97 |
| Weighted Average Rate of Interest on Loan (%) | 7.8018 | 7.6163 | 6.8862 | 8.1742 | 8.2531 |
| Interest | 20.16 | 26.39 | 1119.43 | 13.64 | 14.65 |
| | | | | | |
| Return on Equity | | | | | |
| Opening Equity | 218.53 | 275.06 | 27579.90 | 415.82 | 385.46 |
| Additions | 14.41 | 55.18 | 1106.18 | 32.24 | 147.68 |
| Closing Equity | 232.94 | 330.24 | 28686.08 | 448.06 | 533.14 |
| Average Equity | 225.73 | 302.65 | 28132.99 | 431.94 | 459.30 |
| Return on Equity (Base Rate) (%) | 15.50 | 15.50 | 15.50 | 15.50 | 15.50 |
| MAT rate for the respective year (%) | 20.961 | 20.961 | 20.961 | 20.961 | 20.961 |
| Rate of Return on Equity (Pre Tax) (%) | 19.610 | 19.610 | 19.610 | 19.610 | 19.610 |
| Return on Equity (Pre Tax) | 22.13 | 29.68 | 1379.22 | 14.12 | 15.01 |
| | | | | | |



| Particulars | 2013-14 (Pro-rata) | | | | |
|------------------------------------|--------------------|--------------|------------------|--------------|--------------|
| | Asset-I | Asset-II | Asset-III A+IV A | Asset-III B | Asset-IV B |
| Interest on Working Capital | | | | | |
| Maintenance Spares | 4.91 | 0.00 | 30.75 | 2.29 | 2.29 |
| O & M Expenses | 2.73 | 0.00 | 17.08 | 1.27 | 1.27 |
| Receivables | 16.34 | 14.09 | 672.65 | 9.57 | 10.03 |
| Total | 23.98 | 14.09 | 720.49 | 13.14 | 13.60 |
| Interest | 3.17 | 1.86 | 95.10 | 1.73 | 1.79 |
| | | | | | |
| Annual Transmission Charges | | | | | |
| Depreciation | 19.86 | 26.63 | 1237.16 | 12.67 | 13.47 |
| Interest on Loan | 20.16 | 26.39 | 1119.43 | 13.63 | 14.65 |
| Return on Equity | 22.13 | 29.68 | 1379.22 | 14.12 | 15.01 |
| Interest on Working Capital | 3.17 | 1.86 | 95.10 | 1.73 | 1.79 |
| O & M Expenses | 32.73 | 0.00 | 205.00 | 15.27 | 15.27 |
| Total | 98.05 | 84.55 | 4035.92 | 57.43 | 60.20 |

Filing Fee and the Publication Expenses

54. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 42 of the 2009 Tariff Regulations.

55. MSEDCL vide affidavit dated 6.2.2014 submitted that, the reimbursement of expenditure towards petition filing fees and other expenditure (if any) in relation to filing of Petition is declined by the vide order dated 11.9.2008 in Petition No.129/2005. Further, MSEDCL submitted that, the issue of filing of fees has already been taken up with the Commission vide MSEDCL's reply dated 9.9.2010 against order dated 20.8.2010 in Petition No. 70/2010. Further, MSEDCL submitted that in view of the above statement it is requested not to



consider the above claim of filing of fees. In response the petitioner vide affidavit dated 9.3.2016, submitted that, this expenditure is claimed in line with para 42 of the 2009 Tariff Regulations, and hence should be reimbursed to the petitioner.

56. 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 42 of the 2009 Tariff Regulations.

Licence Fee

57. The petitioner has requested to allow the petitioner to bill and recover Licence fee separately from the respondents.

58. MSEDCL vide affidavit dated 6.2.2014 submitted that the Petitioner should submit the detailed clause in 2009 tariff Regulation, under which the licensee fee from the respondents is being recovered. Further MSEDCL submitted that the Commission should pass such orders in such circumstances which is proper in order to avoid unnecessary burden on the beneficiaries and ultimately on end consumers.

59. In response the petitioner vide affidavit dated 9.3.2016 submitted that License fee has been a new component of cost to the Transmission license under O&M stage of the project and has become incidental to the petitioner / CTU only from 2008-09. It is therefore submitted that License fee shall be recovered separately from the beneficiaries as per CERC (Terms and Conditions



on Tariff) (Third Amendment), Regulations, 2012 issued vide date 31.12.2012, para 13 “Addition of New Regulation to the Principal Regulations 42A. (1) (b)”, upto 30.06.2011 and thereafter as per CERC (Sharing of ISTS charges and losses, Regulations, 2010 as amended from time to time.)

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

Service Tax

61. The petitioner has sought to recover Service Tax on Transmission Charges separately from the respondents, if at any time service tax on transmission is withdrawn from negative list in future. We are of the view that the petitioner’s prayer is premature.

Sharing of Transmission Charges

62. 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.

63. This order disposes of Petition No. 301/TT/2013.

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

Sd/-
(A.S. Bakshi)
Member



-// ANNEXURE-I //

DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO

(₹ in lakh)

| Asset-I | Interest Rate (%) | Loan deployed as on 1.10.2013 | Additions during the tariff period | Total |
|--|-------------------|-------------------------------|------------------------------------|---------------|
| BOND XXXVII-Loan 1- | 9.25 | 110.00 | 0.00 | 110.00 |
| BOND XXXIX-DOCO DRAWL ON 29-MAR-2012- | 9.44 | 10.00 | 0.00 | 10.00 |
| SBI(21.3.2012)-DOCO DRAWL ON 21-MAR-2012 | 10.21 | 15.00 | 0.00 | 15.00 |
| BOND-XL-DOCO DRAWL ON 28-JUN-2012- | 9.30 | 25.00 | 0.00 | 25.00 |
| BOND-XLI DOCO DRAWL ON 19-OCT-2012- | 8.85 | 6.00 | 0.00 | 6.00 |
| BOND - XLII-DOCO DRAWL ON 13-MAR-2013 | 8.80 | 7.00 | 0.00 | 7.00 |
| IFC(IFC- B LOAN) (31419-01)-doco-63.12 | 2.43 | 40.00 | 0.00 | 40.00 |
| IFC(ICFF LOAN) (31419-02)-doco-63.12 | 3.28 | 15.00 | 0.00 | 15.00 |
| FC-BOND(17.1.2013)-doco-63.12 | 4.10 | 54.99 | 0.00 | 54.99 |
| BOND-XLIV-ADDCAP FOR 2013-14 | 8.70 | 0.00 | 26.88 | 26.88 |
| BOND-XLIV-Loan 5- | 8.70 | 235.66 | 0.00 | 235.66 |
| Total | | 518.65 | 26.88 | 545.53 |

| Asset-II | Interest Rate (%) | Loan deployed as on 1.10.2013 | Additions during the tariff period | Total |
|--|-------------------|-------------------------------|------------------------------------|--------|
| BOND XXXVII-Loan 1- | 9.25 | 115.00 | 0.00 | 115.00 |
| BOND XXXIX-DOCO DRAWL ON 29-MAR-2012- | 9.40 | 16.00 | 0.00 | 16.00 |
| SBI(21.3.2012)-DOCO DRAWL ON 21-MAR-2012 | 10.21 | 20.00 | 0.00 | 20.00 |
| BOND-XL-DOCO DRAWL ON 28-JUN-2012- | 9.30 | 25.00 | 0.00 | 25.00 |
| BOND-XLI DOCO DRAWL ON 19-OCT-2012- | 8.85 | 1.00 | 0.00 | 1.00 |
| BOND - XLII-DOCO DRAWL ON 13-MAR-2013 | 8.80 | 5.00 | 0.00 | 5.00 |
| IFC(IFC- B LOAN) (31419-01)-doco-63.12 | 2.43 | 45.00 | 0.00 | 45.00 |



| | | | | |
|--------------------------------------|------|---------------|---------------|---------------|
| IFC(ICFF LOAN) (31419-02)-doco-63.12 | 3.28 | 20.00 | 0.00 | 20.00 |
| FC-BOND(17.1.2013)-doco-63.12 | 4.10 | 50.00 | 0.00 | 50.00 |
| BOND-XLIII-Loan 11- | 7.93 | 357.92 | 0.00 | 357.92 |
| BOND-XLIV-ADDCAP FOR 2013-14 | 8.70 | 0.00 | 121.95 | 121.95 |
| | | 654.92 | 121.95 | 776.87 |

| Asset- IIIA+ IVA | Interest Rate (%) | Loan deployed as on 1.1.2014 | Additions during the tariff period | Total |
|--|-------------------|------------------------------|------------------------------------|-----------------|
| BOND XXXVII-Loan 1- | 9.25 | 5350.00 | 0.00 | 5350.00 |
| BOND XXXIX-Loan 2- | 9.40 | 5150.00 | 0.00 | 5150.00 |
| SBI(21.3.2012)-Loan 3- | 10.25 | 4900.00 | 0.00 | 4900.00 |
| BOND XL-Loan 4- | 9.30 | 11600.00 | 0.00 | 11600.00 |
| BOND-XLI-Loan 5- | 8.85 | 340.00 | 0.00 | 340.00 |
| BOND - XLI-Loan 6- | 8.80 | 825.00 | 0.00 | 825.00 |
| IFC(IFC- B LOAN) (31419-01)-doco-62.41 | 2.43 | 7245.18 | 0.00 | 7245.18 |
| IFC(ICFF LOAN) (31419-02)-Loan 8-62.41 | 3.28 | 3039.99 | 0.00 | 3039.99 |
| FC-BOND (17.1.2013)-Loan-9-62.41 | 4.10 | 17265.10 | 0.00 | 17265.10 |
| BOND-XLIV-ADDCAP FOR 2013-14- Loan-11- | 8.70 | 0.00 | 2006.72 | 2006.72 |
| BOND-XLIV-Loan 10- | 8.70 | 9545.86 | 0.00 | 9545.86 |
| | | 65261.13 | 2006.72 | 67267.85 |

| Asset-III B | Interest Rate (%) | Loan deployed as on 1.3.2014 | Additions during the tariff period | Total |
|--|-------------------|------------------------------|------------------------------------|--------|
| BOND XXXVII-Loan 1- | 9.25 | 250.00 | 0.00 | 250.00 |
| BOND XXXIX-Loan 2- | 9.40 | 50.00 | 0.00 | 50.00 |
| SBI(21.3.2012)-Loan 3- | 10.25 | 20.00 | 0.00 | 20.00 |
| BOND XL-Loan 4- | 9.30 | 30.00 | 0.00 | 30.00 |
| BOND-XLI-Loan 5- | 8.85 | 2.00 | 0.00 | 2.00 |
| BOND - XLI-Loan 6- | 8.80 | 3.00 | 0.00 | 3.00 |
| IFC(IFC- B LOAN) (31419-01)-doco-62.41 | 3.27 | 1.64 | 0.00 | 1.64 |



| Asset-III B | Interest Rate (%) | Loan deployed as on 1.3.2014 | Additions during the tariff period | Total |
|--|--------------------------|-------------------------------------|---|----------------|
| IFC(ICFF LOAN) (31419-02)-Loan 8-62.41 | 2.42 | 17.99 | 0.00 | 17.99 |
| FC-BOND (17.1.2013)-Loan-9-63.12 | 3.27 | 8.02 | 0.00 | 8.02 |
| FC-BOND (17.01.2013)-Loan 63.12 | 4.10 | 33.01 | 0.00 | 33.01 |
| BOND-XLIII-Loan 11- | 7.93 | 582.98 | 0.00 | 582.98 |
| BOND-XLIV-ADDCAP FOR 2013-14- Loan-11- | 8.70 | 0.00 | 72.08 | 72.08 |
| | | 998.64 | 72.08 | 1070.72 |

| Asset- IV B | Interest Rate (%) | Loan deployed as on 1.1.2014 | Additions during the tariff period | Total |
|--|--------------------------|-------------------------------------|---|----------------|
| BOND XXXVII-Loan 1- | 9.25 | 225.00 | 0.00 | 225.00 |
| BOND XXXIX-Loan 2- | 9.40 | 75.00 | 0.00 | 75.00 |
| SBI(21.3.2012)-Loan 3- | 10.25 | 25.00 | 0.00 | 25.00 |
| BOND XL-Loan 4- | 9.30 | 40.00 | 0.00 | 40.00 |
| BOND-XLI-Loan 5- | 8.85 | 3.00 | 0.00 | 3.00 |
| BOND - XLI-Loan 6- | 8.80 | 4.00 | 0.00 | 4.00 |
| IFC(IFC- B LOAN) (31419-01)-doco-63.12 | 3.27 | 2.40 | 0.00 | 2.40 |
| IFC(ICFF LOAN) (31419-02)-Loan 8-63.12 | 2.43 | 29.98 | 0.00 | 29.98 |
| IFC(ICFF LOAN) (31419-02)-Loan 9-63.12 | 3.27 | 14.01 | 0.00 | 14.01 |
| FC-BOND (17.01.2013)-Loan 63.12 | 4.10 | 52.01 | 0.00 | 52.01 |
| BOND-XLIII-Loan 11- | 7.93 | 275.00 | 0.00 | 275.00 |
| BOND-XLIV-ADDCAP FOR 2013-14- Loan-13- | 8.70 | 0.00 | 339.85 | 339.85 |
| BOND-XLVI-Loan 12- | 8.70 | 177.09 | 0.00 | 177.09 |
| Total | | 922.49 | 339.85 | 1262.34 |



**CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN
FOR TARIFF PERIOD 2013-14 FOR ASSET-I**

(₹ in lakh)

| Particulars | Asset-I | Asset-II | Asset- III A+IV A | Asset- III B | Asset- IV B |
|---|-------------|-------------|----------------------|-----------------|----------------|
| Gross Opening Loan | 518.65 | 654.92 | 65261.13 | 998.64 | 922.49 |
| Cumulative Repayments of Loans upto Previous Year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Loans Opening | 518.65 | 654.92 | 65261.13 | 998.64 | 922.49 |
| Add: Drawl(s) during the year | 26.88 | 121.95 | 2006.72 | 72.08 | 339.85 |
| Less: Repayment(s) of Loan during the year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Closing Loan | 545.53 | 776.87 | 67267.85 | 1070.72 | 1262.34 |
| Average Net Loan | 532.09 | 715.90 | 66264.49 | 1034.68 | 1092.42 |
| Interest on Loan | 41.51 | 54.52 | 4563.09 | 84.50 | 90.16 |
| Rate of Interest on Loan (%) | 7.80 | 7.62 | 6.89 | 8.17 | 8.25 |

