

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 108/TT/2014

Coram:

**Shri Gireesh B. Pradhan, Chairperson
Shri A.S. Bakshi, Member**

Date of Order: 05.07.2016

IN THE MATTER OF

Suo-motu review of order dated 31.5.2016 as provided under Regulation 103(1) of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2010.

And

In the matter of:

Determination of transmission tariff from COD to 31.3.2019 for (A) Nellore – Thiruvalam 400 kV D/C Quad line, (B) Extension of 400/220 kV sub-station at Nellore, (C) Extension of 400/220 kV sub-station at Thiruvalam, (D) 1x50 MVAR line reactor at both ends of each circuit of Nellore-Thiruvalam 400 kV Quad D/C line along with 450 ohms NGR and (E) Thiruvalam –Melakottaiyur 400 kV D/C Line along with Bay Extensions at Thiruvalam and Melakottaiyur Sub-stations under transmission system associated with “System Strengthening –XVIII in Southern Regional Grid” in Southern Region for tariff block 2014-19 under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulation, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

And

In the matter of:

Power Grid Corporation of India Limited,
Saudamini, Plot No. 2,
Sector 29, Gurgaon-122001
Haryana

.....**Petitioner**

Vs



1. Karnataka Power Transmission Corporation Limited,
(KPTCL), KaveriBhawan,
Bangalore – 560009
2. Transmission Corporation of Andhra Pradesh Limited,
(APTRANSCO), VidyutSoudha,
Hyderabad- 500082
3. Kerala State Electricity Board (KSEB),
VaidyuthiBhavanam,
Pattom, Thiruvananthapuram - 695 004
4. Tamil Nadu Generation and Distribution Corporation Limited,
NPKRR Maaligai, 800, Anna Salai,
Chennai - 600 002
5. Electricity Department
Government of Goa, VidyutiBhawan,
3rd Floor, Panaji, Goa-403001
6. Electricity Department,
Government of Pondicherry,
Pondicherry - 605001
7. Eastern Power Distribution Company of Andhra Pradesh Limited,
(APEPDCL) P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh
8. Southern Power Distribution Company of Andhra Pradesh Limited,
(APSPDCL), SrinivasasaKalyanaMandapam Backside
Tiruchanoor Road, KesavayanaGunta,
Tirupati-517 501, Chittoor District, Andhra Pradesh



9. Central Power Distribution Company of Andhra Pradesh Limited,
(APCPDCL), Corporate Office, Mint Compound,
Hyderabad - 500 063, Andhra Pradesh
10. Northern Power Distribution Company of Andhra Pradesh Limited,
(APNPDCL), Opp. NIT Petrol Pump,
Chaitanyapuri, Kazipet, Warangal - 506 004, Andhra Pradesh
11. Bangalore Electricity Supply Company Ltd. (BESCOM),
Corporate Office, KR.Circle
Bangalore - 560001, Karnataka
12. Gulbarga Electricity Supply Company Ltd (GESCOM)
Station Main Road, Gulbarga, Karnataka
13. Hubli Electricity Supply Company Ltd, (HESCOM)
Navanagar, PB Road, Hubli,
Karnataka
14. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore – 575001, Karnataka
15. Chamundeswari Electricity Supply Corporation Ltd.,
(CESC), # 927, L J Avenue, Ground Floor,
New Kantharaj Urs Road, Saraswatipuram,
Mysore - 570 009, Karnataka

Order (Suo-motu)

The tariff for the instant transmission asset was allowed vide order dated 31.5.2016 in which the Commission has determined the transmission tariff for (A) Nellore – Thiruvalam 400 kV D/C Quad line, (B) Extension of 400/220 kV sub-station at Nellore, (C) Extension of 400/220 kV sub-station at Thiruvalam, (D) 1x50 MVAR line reactor at both ends of each circuit of Nellore-Thiruvalam 400 kV Quad D/C line along



with 450 ohms NGR and (E) Thiruvalem –Melakottaiyur 400 kV D/C Line along with Bay Extensions at Thiruvalem and Melakottaiyur Sub-stations under transmission system associated with “System Strengthening –XVIII in Southern Regional Grid” in Southern Region for 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

2. It is noticed that in the order dated 31.5.2016, there is an inadvertent error in the calculation of Return on Equity, Interest on Working Capital and transmission charges allowed in para no. 46, 62 and 63 which is sought to be corrected through this order in exercise of the power under Regulation 103(1) of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time. Accordingly, the order dated 31.5.2016 has been revised by rectifying the inadvertent errors in the succeeding paragraphs.

3. Return on Equity allowed in para no.46 shall be modified as under : -

" 46. We have computed ROE at the rate of 20.243% for tariff period 2014-19 after grossing up the ROE with MAT rate as per the above Regulation. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of return on equity with the effective tax rate for the purpose of return on equity. It further provides that in case the generating company or transmission licensee is paying Minimum Alternative Tax (MAT), the MAT rate including surcharge and cess will be considered for the grossing up of return on equity. The petitioner has



submitted that MAT rate is applicable to the petitioner's company. Accordingly, the MAT rate applicable during 2013-14 has been considered for the purpose of return on equity, which shall be trued up with actual tax rate in accordance with Regulation 25 (3) of the 2014 Tariff Regulations. Accordingly, the ROE allowed is given below:- "

(₹ in lakh)

Asset-I					
Return on Equity	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	10526.01	13354.1 6	13487.8 6	13487.86	13487.8 6
Addition due to Additional Capitalisation	2828.15	133.71	0.00	0.00	0.00
Closing Equity	13354.16	13487.8 6	13487.8 6	13487.86	13487.8 6
Average Equity	11940.09	13421.0 1	13487.8 6	13487.86	13487.8 6
Return on Equity (Base Rate)	16.00%	16.00%	16.00%	16.00%	16.00%
MAT rate	20.961%	20.961%	20.961%	20.961%	20.961%
Rate of Return on Equity (Pre Tax)	20.243%	20.243%	20.243%	20.243%	20.243%
Return on Equity (Pre Tax)	2316.32	2716.82	2730.35	2730.35	2730.35
Asset-II					
Return on Equity	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	4280.16	4782.32	5127.92	5127.92	5127.92
Addition due to Additional Capitalisation	502.16	345.60	0.00	0.00	0.00
Closing Equity	4782.32	5127.92	5127.92	5127.92	5127.92
Average Equity	4531.24	4955.12	5127.92	5127.92	5127.92
Return on Equity (Base Rate)	16.00%	16.00%	16.00%	16.00%	16.00%
MAT rate	20.961%	20.961%	20.961%	20.961 %	20.961%
Rate of Return on Equity (Pre Tax)	20.243%	20.243%	20.243%	20.243 %	20.243%
Return on Equity (Pre Tax)	625.75	1003.07	1038.05	1038.05	1038.05



4. Interest on working Capital allowed in para no. 62 shall be modified as under :-

(₹ in lakh)

Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	63.73	65.84	68.02	70.29	72.62
O & M expenses	35.41	36.58	37.79	39.05	40.34
Receivables	1260.20	1377.27	1349.68	1315.47	1282.15
Total	1,359.34	1,479.69	1,455.49	1,424.81	1,395.11
Interest	175.86	199.76	196.49	192.35	188.34
Asset-II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	48.34	49.91	51.57	53.28	55.05
O & M expenses	26.86	27.73	28.65	29.60	30.58
Receivables	513.83	546.19	551.18	538.65	526.40
Total	589.03	623.83	631.39	621.53	612.03
Interest	54.25	84.22	85.24	83.91	82.62

5. Accordingly, the annual fixed charges for the 2014-19 tariff period determined by order dated 31.5.2016 in Petition No. 108/TT/2014 at para 63 shall stand modified as under:-

(₹ in lakh)

Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	2011.18	2358.53	2369.84	2369.84	2369.84
Interest on Loan	2335.62	2549.56	2347.97	2131.73	1920.25
Return on Equity	2316.32	2716.82	2730.35	2730.35	2730.35
Interest on Working Capital	175.86	199.76	196.49	192.35	188.34
O & M Expenses	407.18	438.94	453.45	468.58	484.13
Total	7246.16	8263.60	8098.09	7892.84	7692.90



Asset-II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	542.45	866.21	894.58	894.58	894.58
Interest on Loan	660.85	990.88	945.42	860.20	776.20
Return on Equity	625.75	1003.07	1038.05	1038.05	1038.05
Interest on Working Capital	54.25	84.22	85.24	83.91	82.62
O & M Expenses	219.87	332.75	343.78	355.19	366.97
Total	2103.17	3277.12	3307.06	3231.92	3158.42

5. All other terms contained in order dated 31.5.2016 in Petition No. 108/TT/2014 remains unaltered.

Sd/-
(A.S. Bakshi)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson

