

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**PETITION NO.173/TT/2015**

**Coram:**

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

**Date of Hearing: 21.12.2015  
Date of Order : 11.01.2016**

**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 of (i) 1x500 MW HVDC back to back station at Sasaram and (ii) Associated AC Switchyard at Sasaram & Allahabad and auxiliary system including 400 kV Sarnath Allahabad line with associated bays under Eastern Northern Inter-regional HVDC Transmission System in Eastern 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 - 302005.
2. Ajmer Vidyut Vitran Nigam Ltd. (AVVNL),  
400 kV GSS Building (Ground Floor), Ajmer Road,  
Heerapura, Jaipur.
3. Jaipur Vidyut Vitran Nigam Ltd.(JVVNL),  
400 kV GSS Building (Ground Floor), Ajmer Road,  
Heerapura, Jaipur.
4. Jodhpur Vidyut Vitran Nigam Ltd.(JDVVNL),



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-3, 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

.....Respondent(s)

The following were present:

For Petitioner: Shri S.S. Raju, PGCIL  
Shri Piyush Awasthi, PGCIL  
Shri Rakesh Prasad, PGCIL  
Shri Anshul Garg, PGCIL  
Shri M.M. Mondal, PGCIL  
Shri S.K Venkatesan, PGCIL

For Respondents: Shri S.K. Agarwal, Rajasthan Discoms  
Shri G.L. Verma, Rajasthan Discoms  
Smt. Neelam, Rajasthan Discoms

### **ORDER**

The petition has been preferred by Power Grid Corporation of India Limited (hereinafter referred to as “the petitioner”), a transmission licensee, 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 for the period 1.4.2009 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 in respect of 1x500 MW HVDC back to back station at Sasaram (“Asset-I”) and Associated AC Switchyard at Sasaram & Allahabad and auxiliary system including 400 kV Sarnath Allahabad line with associated bays (“Asset-II”) under Eastern Northern Inter-regional



HVDC Transmission System in Eastern Region (hereinafter referred to as “the transmission assets”).

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

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

a) Investment approval for the transmission assets was accorded by the Board of Directors of the petitioner company vide its letter dated 4.9.1998 at an estimated cost of ₹67156 lakh, which included IDC of ₹9219 lakh based on the 3<sup>rd</sup> quarter 1997 price level. Subsequently, the scope of work was changed based on system studies and techno economic clearance for the work with the revised scope was issued by the Central Electricity Authority vide Office Memorandum dated 21.2.2003 at an estimated cost of ₹59310 lakh, including IDC of ₹4607 lakh.

b) The final transmission charges for 2009-14 tariff period in respect of the transmission assets were approved vide order dated 11.2.2015 in Petition No.151/TT/2011 based on admitted capital cost of ₹27520.05 lakh for Asset-I and ₹5469.07 lakh for Asset-II with COD of 1.12.2002.

c) The Commission vide order dated 11.2.2015 in Petition No. 151/TT/2011 had approved the capital cost of the transmission assets as on 31.3.2009 as under:-

| <b>Asset-I</b>                  |                           |                       |
|---------------------------------|---------------------------|-----------------------|
| <b>Admitted as on 31.3.2009</b> | <b>Amount (₹ in lakh)</b> | <b>Percentage (%)</b> |
| Debt                            | 25865.80                  | 93.99                 |
| Equity                          | 1654.24                   | 6.01                  |
| <b>Capital Cost</b>             | <b>27520.05</b>           | <b>100.00</b>         |
| <b>Asset-II</b>                 |                           |                       |
| <b>Admitted as on 31.3.2009</b> | <b>Amount (₹ in lakh)</b> | <b>Percentage (%)</b> |



| <b>Asset-I</b>                  |                           |                       |
|---------------------------------|---------------------------|-----------------------|
| <b>Admitted as on 31.3.2009</b> | <b>Amount (₹ in lakh)</b> | <b>Percentage (%)</b> |
| Debt                            | 5140.33                   | 93.99                 |
| Equity                          | 328.75                    | 6.01                  |
| <b>Capital Cost</b>             | <b>5469.07</b>            | <b>100.00</b>         |

d) The Commission had also allowed estimated additional capital cost amounting to ₹21.25 lakh in respect to Asset-I towards balance and retention payments during 2012-13 for determination of tariff for 2009-14 tariff period subject to truing up based on the actual payment made during the period.

e) The Commission determined the tariff for the transmission assets for tariff period 2009-14 as given below:-

(₹ in lakh)

| <b>Asset-I</b>              |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>          | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Depreciation                | 1429.77        | 1429.77        | 1429.77        | 1430.33        | 1430.89        |
| Interest on Loan            | 792.49         | 698.08         | 603.80         | 509.46         | 433.17         |
| Return on Equity            | 289.18         | 289.18         | 289.18         | 289.74         | 290.29         |
| Interest on Working Capital | 74.50          | 73.79          | 73.17          | 72.63          | 72.56          |
| O & M Expenses              | 443.00         | 468.00         | 495.00         | 523.00         | 553.00         |
| <b>Total</b>                | <b>3028.93</b> | <b>2958.81</b> | <b>2890.92</b> | <b>2825.15</b> | <b>2779.92</b> |

| <b>Asset-II</b>             |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>          | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Depreciation                | 284.14         | 284.14         | 284.14         | 284.14         | 284.14         |
| Interest on Loan            | 156.46         | 137.94         | 119.46         | 100.94         | 85.90          |
| Return on Equity            | 57.47          | 57.47          | 57.47          | 57.47          | 57.47          |
| Interest on Working Capital | 35.84          | 36.91          | 38.06          | 39.31          | 40.71          |
| O & M Expenses              | 508.91         | 538.06         | 568.84         | 601.38         | 635.71         |
| <b>Total</b>                | <b>1042.82</b> | <b>1054.52</b> | <b>1067.97</b> | <b>1083.24</b> | <b>1103.93</b> |

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.

5. In this context, the petitioner has filed the instant petition on 26.6.2015, for revision of tariff for the tariff period 2009-14 in accordance with Regulation 6 of the 2009 Tariff Regulations.

6. 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 ("the Act"). No comments/objections have been received from the public in response to the notice in newspaper. In response to the instant petition, replies were filed by Respondent No. 1, AVVNL, Respondent No. 2, JVVNL and Respondent No.3, JDVVNL vide a common affidavit dated 21.12.2015. The hearing in this matter was held on 21.12.2015. During the hearing, the Commission had directed the petitioner to submit additional information in respect of the additional capital expenditure estimated by the petitioner for 2014-19 tariff period by 5.1.2016 and rejoinder to reply of the Respondents. During the hearing, the Commission emphasized to comply with the timeline given to file replies and rejoinder. The Commission through record of proceeding, it was reiterated that on failing to submit information by due date, the matter would be decided on the basis of the information already available on record. As the petitioner has not filed the additional information and rejoinder, the case is being decided based on the information available on record.

7. 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:-**

8. 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”.

9. 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**

10. The petitioner has claimed capital cost of ₹27520.05 lakh and ₹5469.08 lakh as on 1.4.2009 in respect of Asset-I and Asset-II respectively for the purpose of tariff determination.

11. The last proviso to Regulation 7(2) of the 2009 Tariff Regulations provides that:-

“Provided also that in case of the existing projects, the capital cost admitted by the Commission prior to 1.4.2009 duly trued up by excluding un-discharged liability, if any, as on 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14, as may be admitted by the Commission, shall form the basis for determination of tariff”.

12. Accordingly, the capital cost of ₹27520.05 lakh and ₹5469.07 lakh as on 31.3.2009 in respect of Asset-I and Asset-II respectively admitted by the Commission as on 31.3.2009 has been considered as opening capital cost as on 1.4.2009 for determination of trued up tariff in accordance with Regulation 7 of the 2009 Tariff Regulations.



## Additional Capital Expenditure

13. 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”

14. The petitioner has submitted that it has incurred an additional capital expenditure of ₹21.52 lakh during 2011-12 towards payment of un-discharged liabilities of Asset-I as depicted below:-

(₹ in lakh)

| Name of Assets | Apportioned approved cost | Admitted cost as on 31.3.2009 | Additional capital expenditure | Total capital expenditure |
|----------------|---------------------------|-------------------------------|--------------------------------|---------------------------|
|                |                           |                               | 2011-12                        |                           |
| Asset-I        | 41076.00                  | 27520.05                      | 21.52                          | 27541.57                  |
| Asset-II       |                           | 5469.07                       | 0.00                           | 5469.07                   |
| <b>Total</b>   | <b>41076.00</b>           | <b>32989.12</b>               | <b>21.52</b>                   | <b>33010.64</b>           |

The above mentioned additional capital expenditure is towards balance and retention payments. Respondents No. 2, 3 and 4 vide their combined affidavit dated 21.12.2015 have submitted that the figures with clarity are not furnished in this regard with the nature and quantum of payments made.

15. We have considered the submissions of the petitioner and respondents with regard to additional capital expenditure during 2011-12. The capital expenditure of ₹21.52 lakh is based on actual additional capital expenditure incurred as per the Auditor's Certificate dated 11.6.2014, and is within the original scope of work and the total capital expenditure is within the limits of the total approved capital expenditure. Thus, the same is allowed for the purpose of revision of tariff in accordance with Regulation 6 of the 2009 Tariff Regulations.





## **Debt: Equity**

16. 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.”

17. The debt:equity ratio of 93.99:6.01 admitted by the Commission vide order dated 11.2.2015 in Petition No. 151/TT/2011 as on 31.3.2009 has been considered as on 1.4.2009 for determination of tariff in accordance with the Regulation 12 of the 2009 Tariff Regulations. In respect of the additional capitalization, debt: equity ratio of 70:30 has been considered in line with the 2009 Tariff Regulations.

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

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

(₹ in lakh)

| <b>Asset-I</b>  |                                     |               |  |               |                                   |               |
|-----------------|-------------------------------------|---------------|--|---------------|-----------------------------------|---------------|
| <b>Funding</b>  | <b>Capital cost as on 31.3.2009</b> | <b>(%)</b>    | <b>Additional capital expenditure during 2009-14</b> | <b>(%)</b>    | <b>Total Cost as on 31.3.2014</b> | <b>(%)</b>    |
| Debt            | 25865.80                            | 93.99         | 15.06  | 70.00         | 25880.86                          | 93.97         |
| Equity          | 1654.24                             | 6.01          | 6.46   | 30.00         | 1660.70                           | 6.03          |
| <b>Total</b>    | <b>27520.05</b>                     | <b>100.00</b> | <b>21.52</b>   | <b>100.00</b> | <b>27541.57</b>                   | <b>100.00</b> |
| <b>Asset-II</b> |                                     |               |  |               |                                   |               |
| <b>Funding</b>  | <b>Capital cost as on 31.3.2009</b> | <b>(%)</b>    | <b>Additional capital expenditure during 2009-14</b> | <b>(%)</b>    | <b>Total Cost as on 31.3.2014</b> | <b>(%)</b>    |
| Debt            | 5140.33                             | 93.99         | 0.00   | 0.00          | 5140.33                           | 93.99         |
| Equity          | 328.75                              | 6.01          | 0.00   | 0.00          | 328.75                            | 6.01          |
| <b>Total</b>    | <b>5469.07</b>                      | <b>100.00</b> | <b>0.00</b>  | <b>0.00</b>   | <b>5469.07</b>                    | <b>100.00</b> |

### **Return on Equity (“ROE”)**

20. 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:

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

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

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

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



21. 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 by the petitioner 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   |

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

(₹ in lakh)

| Asset-I                               |         |         |         |         |         |
|---------------------------------------|---------|---------|---------|---------|---------|
| Return on Equity                      | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Approved vide order dated 11.2.2015   | 289.18  | 289.18  | 289.18  | 289.74  | 290.29  |
| Claimed by the petitioner             | 308.91  | 320.23  | 321.17  | 321.79  | 325.66  |
| Allowed after truing up in this order | 308.91  | 320.23  | 321.17  | 321.79  | 325.67  |

| Asset-II                              |         |         |         |         |         |
|---------------------------------------|---------|---------|---------|---------|---------|
| Return on Equity                      | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Approved vide order dated 11.2.2015   | 57.47   | 57.47   | 57.47   | 57.47   | 57.47   |
| Claimed by the petitioner             | 61.39   | 63.64   | 63.70   | 63.70   | 64.47   |
| Allowed after truing up in this order | 61.39   | 63.64   | 63.70   | 63.70   | 64.47   |

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.

### **Interest on Loan ("IoL")**

23. 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”.

24. 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)

| <b>Asset-I</b>                        |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Loan</b>               | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Approved vide order dated 11.2.2015   | 792.49         | 698.08         | 603.80         | 509.46         | 433.17         |
| Claimed by the petitioner             | 632.02         | 467.59         | 381.55         | 321.67         | 229.15         |
| Allowed after truing up in this order | 632.03         | 467.58         | 381.55         | 321.67         | 229.15         |

| <b>Asset-II</b>                       |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Loan</b>               | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Approved vide order dated 11.2.2015   | 156.46         | 137.94         | 119.46         | 100.94         | 85.90          |
| Claimed by the petitioner             | 124.39         | 91.93          | 75.11          | 63.52          | 45.35          |
| Allowed after truing up in this order | 124.39         | 91.93          | 75.11          | 63.52          | 45.35          |

The difference in the approved IoL and that allowed after truing 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

25. 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)

| <b>Asset-I</b>                        |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Depreciation</b>                   | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Approved vide order dated 11.2.2015   | 1429.77        | 1429.77        | 1429.77        | 1430.33        | 1430.89        |
| Claimed by the petitioner             | 1429.76        | 1429.76        | 1430.33        | 1430.90        | 1430.90        |
| Allowed after truing up in this order | 1429.77        | 1429.77        | 1430.34        | 1430.90        | 1430.90        |
| <b>Asset-II</b>                       |                |                |                |                |                |
| <b>Depreciation</b>                   | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Approved vide order dated 11.2.2015   | 284.14         | 284.14         | 284.14         | 284.14         | 284.14         |
| Claimed by the petitioner             | 284.14         | 284.14         | 284.14         | 284.14         | 284.14         |
| Allowed after truing up in this order | 284.14         | 284.14         | 284.14         | 284.14         | 284.14         |

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.

## Interest on Working Capital (“IWC”)

26. 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)

| <b>Asset-I</b>                        |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Working Capital</b>    | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Approved vide order dated 11.2.2015   | 74.50          | 73.79          | 73.17          | 72.63          | 72.56          |
| Claimed by the petitioner             | 71.57          | 69.63          | 69.22          | 69.39          | 69.05          |
| Allowed after truing up in this order | 71.57          | 69.63          | 69.22          | 69.39          | 69.05          |

| <b>Asset-II</b>                       |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Working Capital</b>    | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Approved vide order dated 11.2.2015   | 35.84          | 36.91          | 38.06          | 39.31          | 40.71          |
| Claimed by the petitioner             | 35.25          | 36.08          | 37.27          | 38.66          | 40.01          |
| Allowed after truing up in this order | 35.25          | 36.08          | 37.27          | 38.65          | 40.01          |

The variation in IWC is on account of change in the receivables during the 2009-14 tariff period on account of change in MAT rate and additional capital expenditure.

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

27. 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)

| <b>Asset-I</b>                        |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>O&amp;M Expenses</b>               | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Approved vide order dated 11.2.2015   | 443.00         | 468.00         | 495.00         | 523.00         | 553.00         |
| Claimed by the petitioner             | 443.00         | 468.00         | 495.00         | 523.00         | 553.00         |
| Allowed after truing up in this order | 443.00         | 468.00         | 495.00         | 523.00         | 553.00         |

| <b>Asset-II</b>                       |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>O&amp;M Expenses</b>               | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Approved vide order dated 11.2.2015   | 508.91         | 538.06         | 568.84         | 601.38         | 635.71         |
| Claimed by the petitioner             | 508.91         | 538.06         | 568.84         | 601.38         | 635.71         |
| Allowed after truing up in this order | 508.91         | 538.06         | 568.84         | 601.38         | 635.71         |



## APPROVED ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD

28. 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:-

(₹ in lakh)

| <b>Asset-I</b>                                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>                            | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| <b>Depreciation</b>                           |                |                |                |                |                |
| Opening Gross Block                           | 27520.05       | 27520.05       | 27520.05       | 27541.57       | 27541.57       |
| Additional Capitalisation                     | 0.00           | 0.00           | 21.52          | 0.00           | 0.00           |
| Closing Gross Block                           | 27520.05       | 27520.05       | 27541.57       | 27541.57       | 27541.57       |
| Average Gross Block                           | 27520.05       | 27520.05       | 27530.81       | 27541.57       | 27541.57       |
| Rate of Depreciation (%)                      | 5.20           | 5.20           | 5.20           | 5.20           | 5.20           |
| Depreciable Value                             | 24683.12       | 24683.12       | 24692.81       | 24712.17       | 24702.49       |
| Balance useful life of the asset              | 22             | 21             | 20             | 19             | 18             |
| Elapsed life                                  | 6              | 7              | 8              | 9              | 10             |
| Remaining Depreciable Value                   | 16825.20       | 15395.43       | 13975.35       | 12554.70       | 11123.79       |
| Depreciation during the year                  | 1429.77        | 1429.77        | 1430.34        | 1430.90        | 1430.90        |
| Cumulative depreciation                       | 9287.69        | 10717.46       | 12147.79       | 13578.70       | 15009.60       |
| <b>Interest on Loan</b>                       |                |                |                |                |                |
| Gross Normative Loan                          | 25865.80       | 25865.80       | 25865.80       | 25880.86       | 25880.86       |
| Cumulative Repayments upto Previous Year      | 7857.91        | 9287.68        | 10717.45       | 12147.78       | 13578.69       |
| Net Loan-Opening                              | 18007.89       | 16578.12       | 15148.35       | 13733.08       | 12302.18       |
| Additions                                     | 0.00           | 0.00           | 15.06          | 0.00           | 0.00           |
| Repayment during the year                     | 1429.77        | 1429.77        | 1430.34        | 1430.90        | 1430.90        |
| Net Loan-Closing                              | 16578.12       | 15148.35       | 13733.08       | 12302.18       | 10871.27       |
| Average Loan                                  | 17293.01       | 15863.24       | 14440.72       | 13017.63       | 11586.72       |
| Weighted Average Rate of Interest on Loan (%) | 3.6548         | 2.9476         | 2.6422         | 2.4710         | 1.9777         |
| Interest on Loan                              | 632.03         | 467.58         | 381.55         | 321.67         | 229.15         |
| <b>Return on Equity</b>                       |                |                |                |                |                |
| Opening Equity                                | 1654.24        | 1654.24        | 1654.24        | 1660.70        | 1660.70        |
| Additions                                     | 0.00           | 0.00           | 6.46           | 0.00           | 0.00           |
| Closing Equity                                | 1654.24        | 1654.24        | 1660.70        | 1660.70        | 1660.70        |

| <b>Asset-I</b>                     |                |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>                 | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Average Equity                     | 1654.24        | 1654.24        | 1657.47        | 1660.70        | 1660.70        |
| Return on Equity (Base Rate) (%)   | 15.500         | 15.500         | 15.500         | 15.500         | 15.500         |
| MAT Rate for respective year (%)   | 16.995         | 19.931         | 20.008         | 20.008         | 20.961         |
| Rate of Return on Equity (%)       | 18.674         | 19.358         | 19.377         | 19.377         | 19.610         |
| Return on Equity                   | 308.91         | 320.23         | 321.17         | 321.79         | 325.67         |
| <b>Interest on Working Capital</b> |                |                |                |                |                |
| O & M Expenses                     | 36.92          | 39.00          | 41.25          | 43.58          | 46.08          |
| Maintenance Spares                 | 66.45          | 70.20          | 74.25          | 78.45          | 82.95          |
| Receivables                        | 480.88         | 459.20         | 449.54         | 444.46         | 434.63         |
| Total Working Capital              | 584.25         | 568.40         | 565.04         | 566.49         | 563.66         |
| Rate of Interest (%)               | 12.25          | 12.25          | 12.25          | 12.25          | 12.25          |
| Interest of working capital        | 71.57          | 69.63          | 69.22          | 69.40          | 69.05          |
| <b>Annual Transmission Charges</b> |                |                |                |                |                |
| Depreciation                       | 1429.77        | 1429.77        | 1430.34        | 1430.90        | 1430.90        |
| Interest on Loan                   | 632.03         | 467.58         | 381.55         | 321.67         | 229.15         |
| Return on Equity                   | 308.91         | 320.23         | 321.17         | 321.79         | 325.67         |
| Interest on Working Capital        | 71.57          | 69.63          | 69.22          | 69.39          | 69.05          |
| O & M Expenses                     | 443.00         | 468.00         | 495.00         | 523.00         | 553.00         |
| <b>Total</b>                       | <b>2885.28</b> | <b>2755.21</b> | <b>2697.27</b> | <b>2666.76</b> | <b>2607.77</b> |

| <b>Asset-II</b>                   |                |                |                |                |                |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>                | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| <b>Depreciation</b>               |                |                |                |                |                |
| Opening Gross Block               | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Additional Capitalisation         | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Gross Block               | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Average Gross Block               | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Rate of Depreciation (%)          | 5.20           | 5.20           | 5.20           | 5.20           | 5.20           |
| Depreciable Value                 | 4905.29        | 4905.29        | 4905.29        | 4905.29        | 4905.29        |
| Balance useful life of the asset  | 22             | 21             | 20             | 19             | 18             |
| Elapsed life                      | 6              | 7              | 8              | 9              | 10             |
| Remaining Depreciable Value       | 3343.69        | 3059.55        | 2775.41        | 2491.27        | 2207.13        |
| Depreciation during the year      | 284.14         | 284.14         | 284.14         | 284.14         | 284.14         |
| Cumulative depreciation (incl. of | 1845.74        | 2129.88        | 2414.02        | 2698.15        | 2982.29        |





| <b>Asset-II</b>                               |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>                            | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| AAD)  |                |                |                |                |                |
| <b>Interest on Loan</b>                       |                |                |                |                |                |
| Gross Normative Loan                          | 5140.33        | 5140.33        | 5140.33        | 5140.33        | 5140.33        |
| Cumulative Repayments upto Previous Year      | 1561.60        | 1845.74        | 2129.88        | 2414.02        | 2698.15        |
| Net Loan-Opening                              | 3578.73        | 3294.59        | 3010.45        | 2726.31        | 2442.18        |
| Additions                                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Repayment during the year                     | 284.14         | 284.14         | 284.14         | 284.14         | 284.14         |
| Net Loan-Closing                              | 3294.59        | 3010.45        | 2726.31        | 2442.18        | 2158.04        |
| Average Loan                                  | 3436.66        | 3152.52        | 2868.38        | 2584.24        | 2300.11        |
| Weighted Average Rate of Interest on Loan (%) | 3.6194         | 2.9161         | 2.6184         | 2.4581         | 1.9718         |
| Interest on Loan                              | 124.39         | 91.93          | 75.11          | 63.52          | 45.35          |
| <b>Return on Equity</b>                       |                |                |                |                |                |
| Opening Equity                                | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| Additions                                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Equity                                | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| Average Equity                                | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| Return on Equity (Base Rate) (%)              | 15.500         | 15.500         | 15.500         | 15.500         | 15.500         |
| MAT Rate for respective year (%)              | 16.995         | 19.931         | 20.008         | 20.008         | 20.961         |
| Rate of Return on Equity (%)                  | 18.674         | 19.358         | 19.377         | 19.377         | 19.610         |
| Return on Equity                              | 61.39          | 63.64          | 63.70          | 63.70          | 64.47          |
| <b>Interest on Working Capital</b>            |                |                |                |                |                |
| O & M Expenses                                | 42.41          | 44.84          | 47.40          | 50.11          | 52.98          |
| Maintenance Spares                            | 76.34          | 80.71          | 85.33          | 90.21          | 95.36          |
| Receivables                                   | 169.01         | 168.97         | 171.51         | 175.23         | 178.28         |
| Total Working Capital                         | 287.76         | 294.52         | 304.24         | 315.55         | 326.61         |
| Rate of Interest (%)                          | 12.25          | 12.25          | 12.25          | 12.25          | 12.25          |
| Interest of working capital                   | 35.25          | 36.08          | 37.27          | 38.66          | 40.01          |
| <b>Annual Transmission Charges</b>            |                |                |                |                |                |
| Depreciation                                  | 284.14         | 284.14         | 284.14         | 284.14         | 284.14         |
| Interest on Loan                              | 124.39         | 91.93          | 75.11          | 63.52          | 45.35          |
| Return on Equity                              | 61.39          | 63.64          | 63.70          | 63.70          | 64.47          |
| Interest on Working Capital                   | 35.25          | 36.08          | 37.27          | 38.66          | 40.01          |
| O & M Expenses                                | 508.91         | 538.06         | 568.84         | 601.38         | 635.71         |
| <b>Total</b>                                  | <b>1014.07</b> | <b>1013.84</b> | <b>1029.06</b> | <b>1051.40</b> | <b>1069.68</b> |



## **DETERMINATION OF ANNUAL FIXED CHARGES FOR 2014-19 TARIFF PERIOD**

29. The petitioner has claimed the tariff charges for 2014-19 tariff period as under:-

(₹ in lakh)

| <b>Asset-I</b>              |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>          | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Depreciation                | 1430.90        | 516.38         | 516.38         | 516.38         | 516.37         |
| Interest on Loan            | 188.94         | 165.18         | 152.63         | 143.56         | 134.51         |
| Return on Equity            | 325.66         | 325.66         | 325.66         | 325.66         | 325.66         |
| Interest on Working Capital | 76.71          | 57.82          | 60.40          | 63.34          | 66.51          |
| O & M Expenses              | 578.00         | 627.00         | 679.00         | 736.00         | 797.00         |
| <b>Total</b>                | <b>2600.21</b> | <b>1692.04</b> | <b>1734.07</b> | <b>1784.94</b> | <b>1840.05</b> |

| <b>Asset-II</b>             |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>          | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Depreciation                | 284.14         | 102.43         | 102.43         | 102.43         | 102.43         |
| Interest on Loan            | 37.43          | 32.76          | 30.30          | 28.50          | 26.70          |
| Return on Equity            | 64.47          | 64.47          | 64.47          | 64.47          | 64.47          |
| Interest on Working Capital | 41.12          | 37.91          | 38.95          | 40.06          | 41.19          |
| O & M Expenses              | 583.55         | 602.98         | 622.97         | 643.67         | 665.01         |
| <b>Total</b>                | <b>1010.71</b> | <b>840.55</b>  | <b>859.12</b>  | <b>879.13</b>  | <b>899.80</b>  |

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

(₹ in lakh)

| <b>Asset-I</b>       |                |                |                |                |                |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>   | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| O & M Expenses       | 48.17          | 52.25          | 56.58          | 61.33          | 66.42          |
| Maintenance Spares   | 86.70          | 94.05          | 101.85         | 110.40         | 119.55         |
| Receivables          | 433.37         | 282.01         | 289.01         | 297.49         | 306.68         |
| Total                | 568.24         | 428.31         | 447.44         | 469.22         | 492.65         |
| Rate of Interest (%) | 13.50          | 13.50          | 13.50          | 13.50          | 13.50          |
| Interest             | 76.71          | 57.82          | 60.40          | 63.34          | 66.51          |

| <b>Asset-II</b>    |                |                |                |                |                |
|--------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| O & M Expenses     | 48.63          | 50.25          | 51.91          | 53.64          | 55.42          |



| <b>Asset-II</b>      |                |                |                |                |                |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>   | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Maintenance Spares   | 87.53          | 90.45          | 93.45          | 96.55          | 99.75          |
| Receivables          | 168.45         | 140.09         | 143.19         | 146.52         | 149.97         |
| Total                | 304.61         | 280.79         | 288.55         | 296.71         | 305.14         |
| Rate of Interest (%) | 13.50          | 13.50          | 13.50          | 13.50          | 13.50          |
| Interest             | 41.12          | 37.91          | 38.95          | 40.06          | 41.19          |

### **Capital Cost**

31. 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;”

32. The capital cost of ₹27541.57 lakh and ₹5469.07 lakh worked out by the Commission as on 31.3.2014 in respect of Asset-I and Asset-II respectively has been considered as opening capital cost as on 1.4.2014 for determination of tariff in accordance with Regulation 9 of the 2014 Tariff Regulations.

### **Additional Capital Expenditure**

33. The petitioner has not claimed any additional capital expenditure during 2014-19 in respect of the transmission assets.

## **Debt: Equity**

34. Clause (1) and (3) of Regulation 19 of the 2014 Tariff Regulations provides 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.”

35. The petitioner has considered the debt:equity ratio of 93.97:6.03 and 93.99:6.01 for Asset-I and Asset-II respectively as on 31.3.2014, which is in line with the 2014 Tariff Regulations.

## **Return on Equity (“ROE”)**

36. 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.”

37. 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)

| <b>Asset-I</b>                   |                |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Return on Equity</b>          | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Opening Equity                   | 1660.70        | 1660.70        | 1660.70        | 1660.70        | 1660.70        |
| Additions                        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Equity                   | 1660.70        | 1660.70        | 1660.70        | 1660.70        | 1660.70        |
| Average Equity                   | 1660.70        | 1660.70        | 1660.70        | 1660.70        | 1660.70        |
| 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                 | 325.67         | 325.67         | 325.67         | 325.67         | 325.67         |

| <b>Asset-II</b>                  |                |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Return on Equity</b>          | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Opening Equity                   | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| Additions                        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Equity                   | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| Average Equity                   | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| 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                 | 64.47          | 64.47          | 64.47          | 64.47          | 64.47          |

## **Interest on Loan (“IoL”)**

38. 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.”

39. 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)

| <b>Asset-I</b>                          |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Loan</b>                 | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Gross Normative Loan                    | 25880.86       | 25880.86       | 25880.86       | 25880.86       | 25880.86       |
| Cumulative Repayment upto Previous Year | 15009.59       | 16440.50       | 16956.87       | 17473.25       | 17989.62       |
| Net Loan-Opening                        | 10871.27       | 9440.37        | 8923.99        | 8407.62        | 7891.24        |
| Additions                               | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Repayment during the year               | 1430.90        | 516.37         | 516.37         | 516.37         | 516.37         |
| Net Loan-Closing                        | 9440.37        | 8923.99        | 8407.62        | 7891.24        | 7374.87        |
| Average Loan                            | 10155.82       | 9182.18        | 8665.81        | 8149.43        | 7633.06        |

| <b>Asset-I</b>                                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Loan</b>                       | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Weighted Average Rate of Interest on Loan (%) | 1.8606         | 1.7991         | 1.7614         | 1.7617         | 1.7623         |
| <b>Interest on Loan</b>                       | 188.96         | 165.19         | 152.64         | 143.57         | 134.52         |

| <b>Asset-II</b>                               |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Loan</b>                       | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Gross Normative Loan                          | 5140.33        | 5140.33        | 5140.33        | 5140.33        | 5140.33        |
| Cumulative Repayment upto Previous Year       | 2982.29        | 3266.43        | 3368.86        | 3471.29        | 3573.72        |
| Net Loan-Opening                              | 2158.04        | 1873.90        | 1771.47        | 1669.04        | 1566.61        |
| Additions                                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Repayment during the year                     | 284.14         | 102.43         | 102.43         | 102.43         | 102.43         |
| Net Loan-Closing                              | 1873.90        | 1771.47        | 1669.04        | 1566.61        | 1464.18        |
| Average Loan                                  | 2015.97        | 1822.68        | 1720.26        | 1617.83        | 1515.40        |
| Weighted Average Rate of Interest on Loan (%) | 1.8566         | 1.7974         | 1.7612         | 1.7615         | 1.7622         |
| <b>Interest on Loan</b>                       | 37.43          | 32.76          | 30.30          | 28.50          | 26.70          |

## **Depreciation**

40. Clause (2), (5) and (6) of Regulation 27 of the 2014 Tariff Regulations provide that:-

"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."



41. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2014 and accumulated depreciation up to 31.3.2014. The transmissions asset will be completing 12 years in 2014, and thus depreciation during 2015-19 has been calculated based on the remaining depreciable value to be recovered in the balance useful life as per clause 27 of the 2014 Tariff Regulations. The detailed calculations for depreciation for the transmission asset are worked out and allowed as follows:-

(₹ in lakh)

| <b>Asset-I</b>                   |                |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>               | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| <b>Depreciation</b>              |                |                |                |                |                |
| Opening Gross Block              | 27541.57       | 27541.57       | 27541.57       | 27541.57       | 27541.57       |
| Additional Capitalization        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Gross Block              | 27541.57       | 27541.57       | 27541.57       | 27541.57       | 27541.57       |
| Average Gross Block              | 27541.57       | 27541.57       | 27541.57       | 27541.57       | 27541.57       |
| Rate of Depreciation (%)         | 5.20           | 1.87           | 1.87           | 1.87           | 1.87           |
| Elapsed life                     | 11             | 12             | 13             | 14             | 15             |
| Balance Useful life of the asset | 17             | 16             | 15             | 14             | 13             |
| Remaining Depreciable Value      | 9692.89        | 8261.98        | 7745.61        | 7229.23        | 6712.86        |
| Depreciation during the year     | 1430.90        | 516.37         | 516.37         | 516.37         | 516.37         |

| <b>Asset- II</b>                 |                |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>               | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| <b>Depreciation</b>              |                |                |                |                |                |
| Opening Gross Block              | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Additional Capitalization        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Gross Block              | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Average Gross Block              | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Rate of Depreciation (%)         | 5.20           | 1.87           | 1.87           | 1.87           | 1.87           |
| Elapsed life                     | 11             | 12             | 13             | 14             | 15             |
| Balance Useful life of the asset | 17             | 16             | 15             | 14             | 13             |



| <b>Asset- II</b>             |                |                |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>           | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Remaining Depreciable Value  | 1922.99        | 1638.86        | 1536.43        | 1434.00        | 1331.57        |
| Depreciation during the year | 284.14         | 102.43         | 102.43         | 102.43         | 102.43         |

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

42. 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:-

| <b>Asset-I</b>                        |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>                    | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| <b>500 MW HVDC Back to Back Bays:</b> |                |                |                |                |                |
| No. of Bays                           | 1              | 1              | 1              | 1              | 1              |
| Norms (₹ lakh/500 MW)                 | 578.00         | 627.00         | 679.00         | 736.00         | 797.00         |

| <b>Asset-II</b>                |                |                |                |                |                |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>             | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| <b>400 kV Bays:</b>            |                |                |                |                |                |
| No. of Bays                    | 7              | 7              | 7              | 7              | 7              |
| Norms (₹ lakh/Bay)             | 60.30          | 62.30          | 64.37          | 66.51          | 68.71          |
| <b>132 kV and below Bays:</b>  |                |                |                |                |                |
| No. of Bays                    | 2              | 2              | 2              | 2              | 2              |
| Norms (₹ lakh/Bay)             | 30.15          | 31.15          | 32.18          | 33.25          | 34.36          |
| <b>Transmission Line:</b>      |                |                |                |                |                |
| D/C twin/triple conductor (KM) | 142            | 142            | 142            | 142            | 142            |
| Norms (₹ lakh/KM)              | 0.707          | 0.731          | 0.755          | 0.78           | 0.806          |
| <b>LILO:</b>                   |                |                |                |                |                |
| D/C Single conductor (KM)      | 2.50           | 2.50           | 2.50           | 2.50           | 2.50           |
| Norms (₹ lakh/Bay)             | 0.303          | 0.313          | 0.324          | 0.334          | 0.346          |
| Total O&M Expenses (₹ lakh)    | <b>583.55</b>  | <b>602.98</b>  | <b>622.97</b>  | <b>643.67</b>  | <b>665.01</b>  |

43. 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”)**

44. 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;”

45. 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%.

46. 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)

| <b>Asset-I</b>                     |                |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Working Capital</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| O & M expenses                     | 48.17          | 52.25          | 56.58          | 61.33          | 66.42          |
| Maintenance Spares                 | 86.70          | 94.05          | 101.85         | 110.40         | 119.55         |
| Receivables                        | 433.37         | 282.01         | 289.02         | 297.49         | 306.68         |
| Total                              | 568.24         | 428.31         | 447.45         | 469.23         | 492.65         |
| Rate of Interest (%)               | 13.50          | 13.50          | 13.50          | 13.50          | 13.50          |
| Interest on Working Capital        | 76.71          | 57.82          | 60.41          | 63.35          | 66.51          |

| <b>Asset-II</b>                    |                |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Interest on Working Capital</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| O & M expenses                     | 48.63          | 50.25          | 51.91          | 53.64          | 55.42          |
| Maintenance Spares                 | 87.53          | 90.45          | 93.45          | 96.55          | 99.75          |
| Receivables                        | 168.45         | 140.09         | 143.19         | 146.52         | 149.97         |
| Total                              | 304.61         | 280.79         | 288.55         | 296.71         | 305.14         |
| Rate of Interest (%)               | 13.50          | 13.50          | 13.50          | 13.50          | 13.50          |
| Interest on Working Capital        | 41.12          | 37.91          | 38.95          | 40.06          | 41.19          |

### **ANNUAL FIXED CHARGES FOR THE 2014-19 TARIFF PERIOD**

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

(₹ in lakh)

| <b>Asset-I</b>                   |                |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>               | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| <b>Depreciation</b>              |                |                |                |                |                |
| Opening Gross Block              | 27541.57       | 27541.57       | 27541.57       | 27541.57       | 27541.57       |
| Additional Capitalisation        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Gross Block              | 27541.57       | 27541.57       | 27541.57       | 27541.57       | 27541.57       |
| Average Gross Block              | 27541.57       | 27541.57       | 27541.57       | 27541.57       | 27541.57       |
| Rate of Depreciation (%)         | 5.20           | 1.87           | 1.87           | 1.87           | 1.87           |
| Depreciable Value                | 24702.49       | 24702.49       | 24702.49       | 24702.49       | 24702.49       |
| Balance useful life of the asset | 17             | 16             | 15             | 14             | 13             |
| Elapsed life                     | 11             | 12             | 13             | 14             | 15             |
| Remaining Depreciable Value      | 9692.89        | 8261.98        | 7745.61        | 7229.23        | 6712.86        |
| Depreciation during the year     | 1430.90        | 516.37         | 516.37         | 516.37         | 516.37         |
| Cumulative depreciation          | 16440.51       | 16956.88       | 17473.26       | 17989.63       | 18506.00       |



| <b>Asset-I</b>                                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>                            | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| <b>Interest on Loan</b>                       |                |                |                |                |                |
| Gross Normative Loan                          | 25880.86       | 25880.86       | 25880.86       | 25880.86       | 25880.86       |
| Cumulative Repayments upto Previous Year      | 15009.59       | 16440.50       | 16956.87       | 17473.25       | 17989.62       |
| Net Loan-Opening                              | 10871.27       | 9440.37        | 8923.99        | 8407.62        | 7891.24        |
| Additions                                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Repayment during the year                     | 1430.90        | 516.37         | 516.37         | 516.37         | 516.37         |
| Net Loan-Closing                              | 9440.37        | 8923.99        | 8407.62        | 7891.24        | 7374.87        |
| Average Loan                                  | 10155.82       | 9182.18        | 8665.81        | 8149.43        | 7633.06        |
| Weighted Average Rate of Interest on Loan (%) | 1.8606         | 1.7991         | 1.7614         | 1.7617         | 1.7623         |
| Interest on Loan                              | 188.96         | 165.19         | 152.64         | 143.57         | 134.52         |
| <b>Return on Equity</b>                       |                |                |                |                |                |
| Opening Equity                                | 1660.70        | 1660.70        | 1660.70        | 1660.70        | 1660.70        |
| Additions                                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Equity                                | 1660.70        | 1660.70        | 1660.70        | 1660.70        | 1660.70        |
| Average Equity                                | 1660.70        | 1660.70        | 1660.70        | 1660.70        | 1660.70        |
| 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                              | 325.67         | 325.67         | 325.67         | 325.67         | 325.67         |
| <b>Interest on Working Capital</b>            |                |                |                |                |                |
| O & M Expenses                                | 48.17          | 52.25          | 56.58          | 61.33          | 66.42          |
| Maintenance Spares                            | 86.70          | 94.05          | 101.85         | 110.40         | 119.55         |
| Receivables                                   | 433.37         | 282.01         | 289.02         | 297.49         | 306.68         |
| Total Working Capital                         | 568.24         | 428.31         | 447.45         | 469.23         | 492.65         |
| Rate of Interest (%)                          | 13.50          | 13.50          | 13.50          | 13.50          | 13.50          |
| Interest of working capital                   | 76.71          | 57.82          | 60.41          | 63.35          | 66.51          |
| <b>Annual Transmission Charges</b>            |                |                |                |                |                |
| Depreciation                                  | 1430.90        | 516.37         | 516.37         | 516.37         | 516.37         |
| Interest on Loan                              | 188.96         | 165.19         | 152.64         | 143.57         | 134.52         |
| Return on Equity                              | 325.67         | 325.67         | 325.67         | 325.67         | 325.67         |
| Interest on Working Capital                   | 76.71          | 57.82          | 60.41          | 63.35          | 66.51          |
| O & M Expenses                                | 578.00         | 627.00         | 679.00         | 736.00         | 797.00         |
| <b>Total</b>                                  | <b>2600.24</b> | <b>1692.06</b> | <b>1734.09</b> | <b>1784.96</b> | <b>1840.07</b> |



| <b>Asset-II</b>                               |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>                            | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| <b>Depreciation</b>                           |                |                |                |                |                |
| Opening Gross Block                           | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Additional Capitalisation                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Gross Block                           | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Average Gross Block                           | 5469.07        | 5469.07        | 5469.07        | 5469.07        | 5469.07        |
| Rate of Depreciation (%)                      | 5.20           | 1.87           | 1.87           | 1.87           | 1.87           |
| Depreciable Value                             | 4905.29        | 4905.29        | 4905.29        | 4905.29        | 4905.29        |
| Balance useful life of the asset              | 17             | 16             | 15             | 14             | 13             |
| Elapsed life                                  | 11             | 12             | 13             | 14             | 15             |
| Remaining Depreciable Value                   | 1922.99        | 1638.86        | 1536.43        | 1434.00        | 1331.57        |
| Depreciation during the year                  | 284.14         | 102.43         | 102.43         | 102.43         | 102.43         |
| Cumulative depreciation                       | 3266.43        | 3368.86        | 3471.29        | 3573.72        | 3676.15        |
| <b>Interest on Loan</b>                       |                |                |                |                |                |
| Gross Normative Loan                          | 5140.33        | 5140.33        | 5140.33        | 5140.33        | 5140.33        |
| Cumulative Repayments upto Previous Year      | 2982.29        | 3266.43        | 3368.86        | 3471.29        | 3573.72        |
| Net Loan-Opening                              | 2158.04        | 1873.90        | 1771.47        | 1669.04        | 1566.61        |
| Additions                                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Repayment during the year                     | 284.14         | 102.43         | 102.43         | 102.43         | 102.43         |
| Net Loan-Closing                              | 1873.90        | 1771.47        | 1669.04        | 1566.61        | 1464.18        |
| Average Loan                                  | 2015.97        | 1822.68        | 1720.26        | 1617.83        | 1515.40        |
| Weighted Average Rate of Interest on Loan (%) | 1.8566         | 1.7974         | 1.7612         | 1.7615         | 1.7622         |
| Interest on Loan                              | 37.43          | 32.76          | 30.30          | 28.50          | 26.70          |
| <b>Return on Equity</b>                       |                |                |                |                |                |
| Opening Equity                                | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| Additions                                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Closing Equity                                | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| Average Equity                                | 328.75         | 328.75         | 328.75         | 328.75         | 328.75         |
| 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                              | 64.47          | 64.47          | 64.47          | 64.47          | 64.47          |
| <b>Interest on Working Capital</b>            |                |                |                |                |                |
| O & M Expenses                                | 48.63          | 50.25          | 51.91          | 53.64          | 55.42          |
| Maintenance Spares                            | 87.53          | 90.45          | 93.45          | 96.55          | 99.75          |
| Receivables                                   | 168.45         | 140.09         | 143.19         | 146.52         | 149.97         |
| Total Working Capital                         | 304.61         | 280.79         | 288.55         | 296.71         | 305.14         |
| Rate of Interest (%)                          | 13.50          | 13.50          | 13.50          | 13.50          | 13.50          |
| Interest of working capital                   | 41.12          | 37.91          | 38.95          | 40.06          | 41.19          |
| <b>Annual Transmission Charges</b>            |                |                |                |                |                |



| <b>Asset-II</b>             |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>          | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
| Depreciation                | 284.14         | 102.43         | 102.43         | 102.43         | 102.43         |
| Interest on Loan            | 37.43          | 32.76          | 30.30          | 28.50          | 26.70          |
| Return on Equity            | 64.47          | 64.47          | 64.47          | 64.47          | 64.47          |
| Interest on Working Capital | 41.12          | 37.91          | 38.95          | 40.06          | 41.19          |
| O & M Expenses              | 583.55         | 602.98         | 622.97         | 643.67         | 665.01         |
| <b>Total</b>                | <b>1010.71</b> | <b>840.55</b>  | <b>859.12</b>  | <b>879.12</b>  | <b>899.80</b>  |

### **Deferred Tax Liability**

48. 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. The deferred tax liability shall be dealt as per Regulations 49 of the 2014 Tariff Regulations, as amended. Accordingly, the petitioner is entitled to recover the deferred tax liability upto 31.3.2009 whenever the same gets materialized directly from the beneficiaries or long term transmission customers /DICs.

### **Filing Fee and the Publication Expenses**

49. 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**

50. 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**

51. 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**

52. 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.

53. This order disposes of Petition No.173/TT/2015.

**sd/-  
(Dr. M.K. Iyer)  
Member**

**sd/-  
(A.S. Bakshi)  
Member**



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

(₹ in lakh)

| Particulars                                | Interest Rate (%) |         |         |         |         | Loan deployed as on 1.4.2009 | Additions during the tariff period | Total           |
|--|-------------------|---------|---------|---------|---------|------------------------------|------------------------------------|-----------------|
|  | 2009-10           | 2010-11 | 2011-12 | 2012-13 | 2013-14 |                              |                                    |                 |
| BOND VII-DOCO Funding-                     | 13.64             | 13.64   | 13.64   | 13.64   | 13.64   | 89.26                        | 0.00                               | 89.26           |
| BOND IX-DOCO Funding-                      | 12.25             | 12.25   | 12.25   | 12.25   | 12.25   | 3748.13                      | 0.00                               | 3748.13         |
| BOND X-DOCO Funding-                       | 10.90             | 10.90   | 10.90   | 10.90   | 10.90   | 878.43                       | 0.00                               | 878.43          |
| BOND - XIII - Option - II-DOCO Funding-    | 7.85              | 7.85    | 7.85    | 7.85    | 7.85    | 69.24                        | 0.00                               | 69.24           |
| *ICICI-DOCO Funding-                       | 7.3200            | 7.3200  | 7.3200  | 7.3200  | 7.3200  | 1148.72                      | 0.00                               | 1148.72         |
| *CORPORATION BANK-DOCO Funding-            | 10.5990           | 10.5651 | 12.5486 | 13.0000 | 13.0000 | 44.21                        | 0.00                               | 44.21           |
| *PUNJAB NATIONAL BANK-I-DOCO Funding-      | 8.9512            | 9.7222  | 11.8627 | 11.8969 | 0.0000  | 89.26                        | 0.00                               | 89.26           |
| *BOI (Foreign Currency)-DOCO Funding-44.31 | 2.7715            | 2.1673  | 2.1084  | 2.2839  | 2.0160  | 1415.36                      | 0.00                               | 1415.36         |
| *IBRD II-DOCO Funding-44.31                | 2.5379            | 1.9823  | 1.9362  | 2.1009  | 1.8170  | 18071.38                     | 0.00                               | 18071.38        |
| <b>Total</b>                               |                   |         |         |         |         | <b>25553.99</b>              | <b>0.00</b>                        | <b>25553.99</b> |

\*Weighted average rate of interest upto 4 decimal places has been considered here as per the actual loan portfolio submitted by the petitioner.



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

(₹ in lakh)

| Particulars                                       | 2009-10         | 2010-11         | 2011-12         | 2012-13         | 2013-14         |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Gross Opening Loan                                | 25553.99        | 25553.99        | 25553.99        | 25553.99        | 25553.99        |
| Cumulative Repayments of Loans upto Previous Year | 7630.06         | 9062.53         | 10545.29        | 12081.74        | 13675.44        |
| <b>Net Loans Opening</b>                          | <b>17923.93</b> | <b>16491.46</b> | <b>15008.70</b> | <b>13472.25</b> | <b>11878.55</b> |
| Add: Draw(s) during the Year                      | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| Less: Repayments of Loan during the year          | 1432.47         | 1482.76         | 1536.45         | 1593.70         | 1153.57         |
| <b>Net Closing Loan</b>                           | <b>16491.46</b> | <b>15008.70</b> | <b>13472.25</b> | <b>11878.55</b> | <b>10724.98</b> |
| Average Net Loan                                  | 17207.70        | 15750.08        | 14240.48        | 12675.40        | 11301.77        |
| *Rate of Interest on Loan (%)                     | 3.6548          | 2.9476          | 2.6422          | 2.4710          | 1.9777          |
| <b>Interest on Loan</b>                           | <b>628.91</b>   | <b>464.25</b>   | <b>376.26</b>   | <b>313.21</b>   | <b>223.51</b>   |

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

**Asset II:****DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO (2009-14)****(₹ in lakh)**

| Particulars                                | Interest Rate (%) |         |         |         |         | Loan deployed as on 1.4.2009 | Additions during the tariff period | Total          |
|--|-------------------|---------|---------|---------|---------|------------------------------|------------------------------------|----------------|
|  | 2009-10           | 2010-11 | 2011-12 | 2012-13 | 2013-14 |                              |                                    |                |
| BOND VII-DOCO Funding-                     | 13.64             | 13.64   | 13.64   | 13.64   | 13.64   | 17.74                        | 0.00                               | 17.74          |
| BOND IX-DOCO Funding-                      | 12.25             | 12.25   | 12.25   | 12.25   | 12.25   | 744.87                       | 0.00                               | 744.87         |
| BOND X-DOCO Funding-                       | 10.90             | 10.90   | 10.90   | 10.90   | 10.90   | 174.57                       | 0.00                               | 174.57         |
| BOND - XIII - Option - II-DOCO Funding-    | 7.85              | 7.85    | 7.85    | 7.85    | 7.85    | 13.76                        | 0.00                               | 13.76          |
| *ICICI-DOCO Funding-                       | 7.3200            | 7.3200  | 7.3200  | 7.3200  | 7.3200  | 228.28                       | 0.00                               | 228.28         |
| *CORPORATION BANK-DOCO Funding-            | 10.5990           | 10.5651 | 12.5486 | 13.0000 | 13.0000 | 8.79                         | 0.00                               | 8.79           |
| *PUNJAB NATIONAL BANK-I-DOCO Funding-      | 8.9512            | 9.7222  | 11.8627 | 11.8969 | 0.0000  | 17.74                        | 0.00                               | 17.74          |
| *BOI (Foreign Currency)-DOCO Funding-44.31 | 2.7715            | 2.1673  | 2.1084  | 2.2839  | 2.0160  | 281.27                       | 0.00                               | 281.27         |
| *IBRD II-DOCO Funding-44.31                | 2.5379            | 1.9823  | 1.9362  | 2.1009  | 1.8170  | 3591.34                      | 0.00                               | 3591.34        |
| <b>Total</b>                               |                   |         |         |         |         | <b>5078.36</b>               | <b>0.00</b>                        | <b>5078.36</b> |

\*Weighted average rate of interest upto 4 decimal places has been considered here as per the actual loan portfolio submitted by the petitioner.



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

(₹ in lakh)

| <b>Particulars</b>                                | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| Gross Opening Loan                                | 5078.36        | 5078.36        | 5078.36        | 5078.36        | 5078.36        |
| Cumulative Repayments of Loans upto Previous Year | 1401.22        | 1692.17        | 1993.51        | 2305.95        | 2630.21        |
| <b>Net Loans Opening</b>                          | <b>3677.14</b> | <b>3386.19</b> | <b>3084.85</b> | <b>2772.41</b> | <b>2448.15</b> |
| Add: Draw(s) during the Year                      | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Less: Repayments of Loan during the year          | 290.95         | 301.34         | 312.44         | 324.26         | 237.30         |
| <b>Net Closing Loan</b>                           | <b>3386.19</b> | <b>3084.85</b> | <b>2772.41</b> | <b>2448.15</b> | <b>2210.85</b> |
| Average Net Loan                                  | 3531.67        | 3235.52        | 2928.63        | 2610.28        | 2329.50        |
| *Rate of Interest on Loan (%)                     | 3.6194         | 2.9161         | 2.6184         | 2.4581         | 1.9718         |
| <b>Interest on Loan</b>                           | <b>127.83</b>  | <b>94.35</b>   | <b>76.68</b>   | <b>64.16</b>   | <b>45.93</b>   |

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

**Asset I:****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           |
|--|-------------------|---------|---------|---------|---------|------------------------------|------------------------------------|-----------------|
|  | 2014-15           | 2015-16 | 2016-17 | 2017-18 | 2018-19 |                              |                                    |                 |
| BOND VII-DOCO Funding-                     | 13.64             | 13.64   | 13.64   | 13.64   | 13.64   | 89.26                        | 0.00                               | 89.26           |
| BOND IX-DOCO Funding-                      | 12.25             | 12.25   | 12.25   | 12.25   | 12.25   | 3748.13                      | 0.00                               | 3748.13         |
| BOND X-DOCO Funding-                       | 10.90             | 10.90   | 10.90   | 10.90   | 10.90   | 878.43                       | 0.00                               | 878.43          |
| BOND - XIII - Option - II-DOCO Funding-    | 7.85              | 7.85    | 7.85    | 7.85    | 7.85    | 69.24                        | 0.00                               | 69.24           |
| *ICICI-DOCO Funding-                       | 7.3200            | 7.3200  | 7.3200  | 7.3200  | 7.3200  | 1148.72                      | 0.00                               | 1148.72         |
| *CORPORATION BANK-DOCO Funding-            | 13.0000           | 13.0000 | 13.0000 | 13.0000 | 13.0000 | 44.21                        | 0.00                               | 44.21           |
| *PUNJAB NATIONAL BANK-I-DOCO Funding-      | 11.6600           | 11.6600 | 11.6600 | 11.6600 | 11.6600 | 89.26                        | 0.00                               | 89.26           |
| *BOI (Foreign Currency)-DOCO Funding-44.31 | 1.9300            | 1.9300  | 1.9300  | 1.9300  | 1.9300  | 1415.36                      | 0.00                               | 1415.36         |
| *IBRD II-DOCO Funding-44.31                | 1.7500            | 1.7500  | 1.7500  | 1.7500  | 1.7500  | 18071.38                     | 0.00                               | 18071.38        |
| <b>Total</b>                               |                   |         |         |         |         | <b>25553.99</b>              | <b>0.00</b>                        | <b>25553.99</b> |

\*Rate of interest upto 4 decimal places has been considered here as per the actual loan portfolio submitted by the petitioner as on 31.3.2014.

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

(₹ in lakh)

| <b>Particulars</b>                                | <b>2014-15</b>  | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
|---|-----------------|----------------|----------------|----------------|----------------|
| Gross Opening Loan                                | 25553.99        | 25553.99       | 25553.99       | 25553.99       | 25553.99       |
| Cumulative Repayments of Loans upto Previous Year | 14833.96        | 16050.29       | 17335.38       | 18620.79       | 19984.23       |
| <b>Net Loans Opening</b>                          | <b>10720.03</b> | <b>9503.70</b> | <b>8218.61</b> | <b>6933.20</b> | <b>5569.76</b> |
| Add: Draw(s) during the Year                      | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           |
| Less: Repayments of Loan during the year          | 1216.33         | 1285.09        | 1285.41        | 1363.44        | 1446.49        |
| <b>Net Closing Loan</b>                           | <b>9503.70</b>  | <b>8218.61</b> | <b>6933.20</b> | <b>5569.76</b> | <b>4123.27</b> |
| Average Net Loan                                  | 10111.87        | 8861.16        | 7575.91        | 6251.48        | 4846.52        |
| *Rate of Interest on Loan (%)                     | 1.8606          | 1.7991         | 1.7614         | 1.7617         | 1.7623         |
| <b>Interest on Loan</b>                           | <b>188.14</b>   | <b>159.42</b>  | <b>133.44</b>  | <b>110.13</b>  | <b>85.41</b>   |

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



**Asset II:****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          |
|--|-------------------|---------|---------|---------|---------|------------------------------|------------------------------------|----------------|
|  | 2014-15           | 2015-16 | 2016-17 | 2017-18 | 2018-19 |                              |                                    |                |
| BOND VII-DOCO Funding-                     | 13.64             | 13.64   | 13.64   | 13.64   | 13.64   | 17.74                        | 0.00                               | 17.74          |
| BOND IX-DOCO Funding-                      | 12.25             | 12.25   | 12.25   | 12.25   | 12.25   | 744.87                       | 0.00                               | 744.87         |
| BOND X-DOCO Funding-                       | 10.90             | 10.90   | 10.90   | 10.90   | 10.90   | 174.57                       | 0.00                               | 174.57         |
| BOND - XIII - Option - II-DOCO Funding-    | 7.85              | 7.85    | 7.85    | 7.85    | 7.85    | 13.76                        | 0.00                               | 13.76          |
| *ICICI-DOCO Funding-                       | 7.3200            | 7.3200  | 7.3200  | 7.3200  | 7.3200  | 228.28                       | 0.00                               | 228.28         |
| *CORPORATION BANK-DOCO Funding-            | 13.0000           | 13.0000 | 13.0000 | 13.0000 | 13.0000 | 8.79                         | 0.00                               | 8.79           |
| *PUNJAB NATIONAL BANK-I-DOCO Funding-      | 11.6600           | 11.6600 | 11.6600 | 11.6600 | 11.6600 | 17.74                        | 0.00                               | 17.74          |
| *BOI (Foreign Currency)-DOCO Funding-44.31 | 1.9300            | 1.9300  | 1.9300  | 1.9300  | 1.9300  | 281.27                       | 0.00                               | 281.27         |
| *IBRD II-DOCO Funding-44.31                | 1.7500            | 1.7500  | 1.7500  | 1.7500  | 1.7500  | 3591.34                      | 0.00                               | 3591.34        |
| <b>Total</b>                               |                   |         |         |         |         | <b>5078.36</b>               | <b>0.00</b>                        | <b>5078.36</b> |

\*Rate of interest upto 4 decimal places has been considered here as per the actual loan portfolio submitted by the petitioner as on 31.3.2014.



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

(₹ in lakh)

| <b>Particulars</b>                                | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| Gross Opening Loan                                | 5078.36        | 5078.36        | 5078.36        | 5078.36        | 5078.36        |
| Cumulative Repayments of Loans upto Previous Year | 2867.51        | 3117.80        | 3382.28        | 3647.44        | 3928.73        |
| <b>Net Loans Opening</b>                          | <b>2210.85</b> | <b>1960.56</b> | <b>1696.08</b> | <b>1430.92</b> | <b>1149.63</b> |
| Add: Draw(s) during the Year                      | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Less: Repayments of Loan during the year          | 250.29         | 264.48         | 265.16         | 281.29         | 298.46         |
| <b>Net Closing Loan</b>                           | <b>1960.56</b> | <b>1696.08</b> | <b>1430.92</b> | <b>1149.63</b> | <b>851.17</b>  |
| Average Net Loan                                  | 2085.71        | 1828.32        | 1563.50        | 1290.28        | 1000.40        |
| *Rate of Interest on Loan (%)                     | 1.8566         | 1.7974         | 1.7612         | 1.7615         | 1.7622         |
| <b>Interest on Loan</b>                           | <b>38.72</b>   | <b>32.86</b>   | <b>27.54</b>   | <b>22.73</b>   | <b>17.63</b>   |

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

