

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

PETITION NO.20/TT/2014

Coram:

**Shri Gireesh B. Pradhan, Chairperson
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member
Dr. M.K. Iyer, Member**

Date of Hearing : 20.08.2015

Date of Order : 23.05.2016

In the Matter of:

Truing up of transmission tariff for period 2009-13 and revised tariff for 2013-14 in tariff block 2009-14 for Asset-I: 400 kV Double Circuit Gorakhpur-Lucknow Transmission line and Asset-II: 400 kV Double Circuit Bareilly-Mandola Transmission line in Northern Region associated with Tala Hydro Electric Project, East-North Inter Connector and Northern Region Transmission system under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2009.

And in the Matter of:

Powerlinks Transmission Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110 016

.....Petitioner

Vs

1. Power Grid Corporation of India Limited,
Saudamini, Plot No.-2, Sector-29,
Gurgaon-122001 (Haryana)
2. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Vidyut Marg,
Jaipur-302 005
3. Ajmer Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur



4. Jaipur Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur
5. Jodhpur Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur
6. Punjab State Electricity Board,
The Mall, Patiala-147 001
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6, IInd Floor,
Panchkula, Haryana-134 109
8. Uttar Pradesh Power Corporation Limited,
(Formerly Uttar Pradesh State Electricity Board),
10th Floor, Shakti Bhawan Extn.-14, Ashok Marg,
Lucknow-226 001
9. Power Development Department,
Government of Jammu & Kashmir,
Mini Secretariat, Jammu
10. Delhi Transco Limited,
Shakti Sadan, Kotla Road (Near ITO),
New Delhi-110 002
11. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171 004 (HP)
12. Chandigarh Administration,
Sector -9, Chandigarh
13. Uttarakhand Power Corporation Limited,
Urja Bhawan, Kanwali Road, Dehradun
14. Northern Central Railway,
Allahabad
15. BSES Yamuna Power Limited,
BSES Bhawan, Building No.-20,
Nehru Place, New Delhi.
16. BSES Rajdhani Power Limited,
BSES Bhawan, Building No.-20,
Nehru Place, New Delhi



17. North Delhi Power Limited,
Grid Sub-Station Building, Hudson Line,
Near Kingsway Camp,
New Delhi-110 088

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

....Respondent(s)

For Petitioner: Shri Amit Kapur, Advocate for Powerlinks
Shri Vishal Anand, Advocate for Powerlinks
Shri Janmali Manikala, Advocate for Powerlinks
Shri Gajendra Bhardwaj, Powerlinks
Ms. Nita Jha, Powerlinks
Shri Jayant Tiku, Powerlinks

For Respondents: None

ORDER

The petition has been filed by Powerlinks Transmission Limited (hereinafter referred to as “the petitioner”), a transmission licensee within the meaning of Section 2(73) of the Electricity Act, 2003, 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 31.3.2013 and revised tariff for 2013-14 in respect of Asset-I: 400 kV Double Circuit Gorakhpur-Lucknow Transmission line and Asset-II: 400 kV Double Circuit Bareilly-Mandola Transmission line (hereinafter referred to as “the transmission assets”) in Northern Region associated with Tala Hydro Electric Project, East-North Inter Connector and Northern Region Transmission system.

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



3. In the instant petition, the petitioner has requested for Reconciliation of Capital Cost of Inter-connector Transmission Lines and the Additional Capital Expenditure incurred/projected to be incurred during 2009-14. The petitioner has also sought the following:-

- i. Approval of revised capital cost as on COD;
- ii. Approval of capital expenditure (after cut-off date) incurred during 2009-14;
- iii. Truing up of Annual Transmission Charges (ATC) for 2009-13; and
- iv. Revised estimates of ATC for 2013-14.

4. This order has been issued after considering petitioner's affidavits dated 12.3.2015, 12.6.2015 and 10.9.2015.

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

a. The petitioner was granted license vide order dated 13.11.2003 to transmit electricity as a transmission licensee and for that purpose to construct, maintain and operate Inter-state transmission system associated with the Tala Hydro Electric Project (HEP) East-north Inter Connector and Northern Region Transmission System.

b. The COD of Asset-I: 400 kV Double Circuit Gorakhpur-Lucknow Transmission line and Asset-II: 400 kV Double Circuit Bareilly-Mandola Transmission line was 1.8.2006 and 1.5.2006 respectively. The Capital Cost as on date of commercial operation and additional capital expenditure for 2006-07 for Asset-I: 400 kV Double Circuit Gorakhpur-Lucknow Transmission



line and Asset-II: 400 kV Double Circuit Bareilly-Mandola Transmission line was approved at ₹18878.01 lakh and ₹18156.46 lakh as on COD and additional capitalisation of ₹765.22 lakh and ₹1233.16 lakh respectively for the period from COD to 31.3.2007, vide order dated 30.4.2008 in Petition No.149/2007 alongwith ATC for the period 2006-09.

c. Subsequently, vide order dated 30.7.2009 in Petition No.64/2009, additional capital expenditure of ₹1152.32 lakh and ₹198.20 lakh in case of Asset-I and of ₹1289.57 lakh and ₹228.60 lakh in case of Asset-II for 2007-08 and 2008-09 respectively were approved.

d. In order dated 17.3.2011 in Petition No.287/2009, the additional capital expenditure on projected basis and ATC for the period 2009-14 have been approved for the instant assets.

6. The petitioner has served the petition on 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. Jaipur Vidyut Vitran Nigam Limited (JVVNL), Respondent No. 4 and U.P. Power Corporation Limited (UPPCL), Respondent No. 8 have filed replies vide affidavit dated 27.5.2014 and 11.6.2014 respectively. The respondents have submitted that the Transmission Majoration Factor should not be allowed to the petitioner both for 2006-2009 and 2009-14 tariff blocks and have given various reasons for the same. It has been also submitted that as there is no provision in the 2009 Tariff Regulations to allow additional capital expenditure incurred after cut-off date, and as such consultancy fees paid to PGCIL



should not be allowed. The petitioner's claim towards pile foundation due to change in course of river is a normal natural occurrence and it should also not be allowed as additional capital expenditure by considering it as an act of God. The respondents have further submitted that the petitioner's claim for IDC, cost of financing of additional capitalisation, additional incentive on account of revision of various components of AFC and rise on account of salary of employees should also be disallowed. The petitioner has submitted rejoinders dated 4.7.2014 and 12.7.2014 to the replies of JVVNL and UPPCL respectively. Having heard the representatives of the petitioner and perused the material on record, we proceed to dispose of the petition.

Reconciliation of capital cost for 2006-09

7. The petitioner in the instant petition has submitted that as per para-8 of Transmission License dated 13.11.2003, it had paid license fee of ₹84.59 lakh at the rate of ₹25 lakh per year from the date of issue of license to 31.3.2007 and the same was capitalized in the Books of Account and subsequently tariff was determined based on this capital cost vide order dated 30.4.2008 in Petition No.149/2007. The petitioner in response to query for confirmation about capitalization of license fee, vide affidavit dated 13.8.2014 in Petition No. 18/TT/2014 has submitted that the license fee paid had been apportioned in the ratio of length of the transmission lines of different regions and such apportioned license fee till COD was included in the capital cost of the project under the head "Incidental Expenditure during Construction (IEDC)" wherein tariff was approved vide order dated 30.4.2008 in Petition No.149/2007. However, as per the Central



Electricity Regulatory Commission (Payment of Fee) Regulations 2008, the petitioner received a refund of ₹56.71 lakh on 4.1.2008 for excess license fee paid for the period starting from the date of issue of transmission license to the date of commercial operation. The petitioner in response to another query about the reasons for not bringing out these facts regarding refund of excess license fee in earlier Petition No. 287/2009, has submitted that it inadvertently accounted the refund under “Miscellaneous Income” in 2007-08 instead of de-capitalizing the amount from the approved capital cost of the project. Hence, the issue could not be brought out earlier in Petition No.287/2009. The petitioner has submitted that refund of ₹11.97 lakh and ₹11.53 lakh pertains to Asset-I and asset-II respectively and has prayed to de-capitalize the refund amount from the Gross Block of the instant assets as on COD.

8. The petitioner in response to another query about segregated value of the aforesaid license fee of ₹84.59 lakh for the period from 13.11.2003 to 31.3.2007, which was capitalized as on COD vide order dated 30.4.2008 in Petition No.149/2007 and the refunded license fee of ₹56.71 lakh for the period from 13.11.2003 to COD for all the assets has submitted, vide email dated 4.12.2015, the following details:-

(₹ in lakh)

Petition No.	Region	Line Name	COD	Ckt km	% age	Capitalized license fee (13.11.2003 to 31.3.2007)	Refunded license fee (13.11.2003 to COD)
18/TT/2014	ER-NR	Muzaffarpur-Gorakhpur	1-9-2006	520	22.30	18.86	12.65
19/TT/2014	ER	Siliguri-Purnea	1-9-2006	320	13.72	11.61	7.78
	ER	Purnea-Muzaffarpur	1-9-2006	478	20.50	17.34	11.62



	ER	Muzaffarpur- Muzaffarpur	1-9-2006	48	2.06	1.74	1.17
20/TT/2014	NR	Gorakhpur- Lucknow	1-8-2006	492	21.10	17.85	11.97
	NR	Bareilly- Mandola	1-5-2006	474	20.33	17.19	11.53
Total				2,332	100.00	84.59	56.71

9. The Regulation 4(2) of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2008, specifies as below:-

“4. License Fee

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(2) The transmission licensee granted a licence for the inter-State transmission of electricity shall pay licence fee at the rate of Rs. Two lakh (Rs.2,00,000/-) per annum from the date of grant of licence and up to the date preceding the date of commercial operation of the inter-State transmission system or an element thereof.

Xxxxxx”

10. We have considered the submission of the petitioner. It appears that while calculating license fee at the time of capitalization, as well as, in the information regarding de-capitalization of excess license fee up to COD, the date of 1.5.2006 has been considered (the earliest COD amongst six assets of the project as indicated in Table above) for all the assets by the petitioner. We have adopted the same concept to re-work the license fee to be capitalized as on COD. In view of the above, the excess license fee, to be de-capitalized as on COD, comprises of two parts as under:-

- a. Excess license fee of ₹56.71 lakh capitalized earlier at the rate of ₹23 lakh (₹25 lakh-₹2.00 lakh) per year from the date of issue of license on 13.11.2003 to COD, the details of which have been submitted by the petitioner as discussed at para-8 above; and
- b. License fee at the rate of ₹25 lakh per year from COD to 31.3.2007, which was capitalized and included in IEDC in the Capital Cost earlier, as



submitted vide affidavit dated 14.8.2014. This amount is required to be recovered from the beneficiary states in line with Regulation 42A of the 2009 Tariff Regulations.

11. Accordingly, the license fee to be capitalized as on COD has been worked out as follows:-

(₹ in lakh)

Petition No.	COD considered for license fee only	Ckt Km	% age	Licence fee upto COD (To be retained by the Commission)				
				13.11.2003 (Date of TL) to 31-3-2004	1.4.2004 to 31.3.2005	1.4.2005 to 31.3.2006	1.4.2006 to COD	License fee to be Capitalized as on COD
18/TT/2014	1-5-2006	520	22.30	0.17	0.45	0.45	0.04	1.10
19/TT/2014		320	13.72	0.11	0.27	0.27	0.02	0.68
		478	20.50	0.16	0.41	0.41	0.03	1.01
		48	2.06	0.02	0.04	0.04	0.00	0.10
20/TT/2014		492	21.10	0.16	0.42	0.42	0.03	1.04
		474	20.33	0.16	0.41	0.41	0.03	1.00
		Total	100.00	0.77	2.00	2.00	0.16	4.93

12. Thus, the admitted capital cost of ₹18878.01 lakh and ₹18156.46 lakh for Asset-I and Asset-II respectively as on COD has been revised to the extent of the excess license fee to be de-capitalized for the concerned asset/s in different petitions. The details are as follows:-

(₹ in lakh)

Petition No.	Line Name	Actual COD	COD considered for license fee only	License fee to be capitalized as on COD (a)	Refund of excess license fee (From 13.11.2003 to COD (b))	Excess capitalized license fee (From COD to 31.3.2007) (c)	License fee capitalized Earlier (From 13.11.2003 to 31.3.2007) (d)=(a)+(b)+(c)
18/TT/2014	Muzaffarpur - Gorakhpur	1-9-2006	1-5-2006	1.10	12.65	5.12	18.86
19/TT/2014	Siliguri-Purnea	1-9-2006	1-5-2006	0.68	7.78	3.15	11.61
	Purnea-Muzaffarpur	1-9-2006		1.01	11.62	4.70	17.34
	Muzaffarpur-Muzaffarpur	1-9-2006		0.10	1.17	0.47	1.74
20/TT/2014	Gorakhpur-Lucknow	1-8-2006	1-5-2006	1.04	11.97	4.84	17.85
	Bareilly- Mandola	1-5-2006		1.00	11.53	4.66	17.19
TOTAL				4.93	56.71	22.95	84.59



13. Hence, the capital cost of ₹18878.01 lakh and ₹18156.46 lakh of Asset-I and Asset-II respectively as on COD, approved vide order dated 30.4.2008 in Petition No.149/2007, after reducing by the amount of de-capitalized license fee of ₹16.81 lakh and ₹16.19 lakh (column (b)+(c)), is revised to ₹18861.20 lakh and ₹18140.27 lakh for Asset-I and Asset-II respectively. The additional capitalization of ₹765.22 lakh and ₹1233.16 lakh for Asset-I and Asset-II respectively approved vide order dated 30.4.2008 in Petition No.149/2007 for the period from COD to 31.3.2007, remains the same. The ATC was subsequently revised by admitting additional capitalization of ₹1152.32 lakh and ₹198.20 lakh, ₹1289.57 lakh and ₹228.60 lakh for 2007-08 and 2008-09 in case of Asset-I and Asset-II respectively, vide order dated 30.7.2009 in Petition No.64/2009. In addition to ATC, the petitioner was also allowed 10% mark up (pre-tax) on transmission charges as the Transmission Majoration Factor. The details of ATC allowed are as under:-

Particulars	(₹ in lakh)					
		Asset-I		Asset-II		
	COD to 31.3.2007	2007-08	2008-09	COD to 31.3.2007	2007-08	2008-09
Depreciation	329.49	516.71	531.90	441.45	511.94	529.39
Interest on Loan	753.35	1245.02	1194.45	1004.70	1223.77	1179.32
Return on Equity	539.30	849.21	877.58	722.76	841.45	873.33
Advance against Depreciation	-	672.46	670.06	-	660.20	658.06
Interest on Working Capital	43.42	80.81	82.02	57.84	79.39	80.77
O & M Expenses	80.69	125.46	130.87	106.89	120.87	126.08
Total	1746.24	3489.67	3486.88	2333.64	3437.62	3446.95

14. Consequently, the ATC for 2006-09 period worked out on the basis of the revised capital cost as on COD as at para-13 above. In addition to ATC, the



petitioner is also allowed 10% mark up (pre-tax) on transmission charges as the Transmission Majoration Factor. The details of revised ATC are as follows:-

(₹ in lakh)

Particulars	Asset-I			Asset-II		
	COD to 31.3.2007	2007-08	2008-09	COD to 31.3.2007	2007-08	2008-09
Depreciation	329.20	516.28	531.47	441.07	511.52	528.98
Interest on Loan	752.69	1243.96	1193.42	1003.83	1222.74	1178.26
Return on Equity	538.83	848.51	876.87	722.14	840.76	872.65
Advance against Depreciation	-	672.46	670.06	-	660.65	658.51
Interest on Working Capital	43.38	80.75	81.96	57.79	79.35	80.73
O & M Expenses	80.69	125.46	130.87	106.89	120.87	126.08
Total	1744.79	3487.42	3484.65	2331.72	3435.89	3445.20

15. The petitioner was not allowed to recover the license fee vide order dated 30.4.2008 in Petition No. 149/2007 for 2004-09 period. The petitioner has submitted that the transmission license fee is allowed to be recovered directly from the beneficiaries also after COD for 2007-09. The petitioner has submitted that recovery of such fee has been allowed to PGCIL in Petition Nos. 21 and 22 of 2011 vide order dated 25.10.2011. The petitioner has claimed license fee as per Regulation 42A of the 2009 Tariff Regulations. As such, the petitioner has claimed ₹4.84 lakh, ₹5.27 lakh and ₹4.22 lakh in respect of Asset-I and ₹4.66 lakh, ₹5.08 lakh and ₹4.07 lakh in case of Asset-II from COD to 31.3.2007, 2007-08 and 2008-09 respectively.

16. Regulation 42A of the 2009 Tariff Regulations, specify as under:-

“42A. Reimbursement of Fees, Charges and Expenses

(1) The following fees and charges shall be reimbursed directly by the beneficiaries in proportion of their allocation in the generating stations or by the transmission customers in proportion to their share in the inter-State transmission systems determined in accordance with Regulation 33 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 upto 30.6.2011 and thereafter, in accordance with the Central Electricity Regulatory Commission (Sharing



of inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time;

(a) Fees and charges paid by the generating companies and inter-State transmission licensees (including deemed inter-State transmission licensee) under Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2009, as amended from time to time;

(b) Licence fees paid by the inter-State transmission licensees (including the deemed inter-State transmission licensee) in terms of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2008 and Central Electricity Regulatory Commission (Payment of Fees) Regulations 2012 or any subsequent amendment or re-enactment thereof;

(c) Licence fees paid by NHPC Ltd to the State Water Resources Development Authority, Jammu in accordance with the provisions of Jammu & Kashmir Water Resources (Regulations and Management) Act, 2010.

(2) The generating companies and inter-State transmission licensees (including deemed inter-State transmission licensee) shall be entitled to recover the fees and charges as mentioned in clause (1) of this regulation which have been paid till the notification of these regulations.

(3) The Commission may, in its discretion and for the reasons to be recorded in writing and after hearing the affected parties, allow reimbursement of any fee or expenses as may be considered necessary.”

17. The petitioner is allowed to recover the excess capitalized license fee of ₹4.84 lakh, (@ ₹25 lakh per year), from COD to 31.3.2007, as indicated in column (c) of table at para-12 and as well as ₹5.27 lakh and ₹4.22 lakh for 2007-08 and 2008-09 respectively, in case of Asset-I and ₹4.66 lakh (@ ₹25 lakh per year), from COD to 31.3.2007, as indicated in column (c) of table at para-12 and as well as ₹5.08 lakh and ₹4.07 lakh for 2007-08 and 2008-09 respectively, in case of Asset-II directly from the beneficiaries.

Capital Expenditure as on 31.3.2009

18. Regulation 7(2) of the 2009 Tariff Regulations specifies as under:-



“The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that in case of the thermal generating station and the transmission system, prudence check of capital cost may be carried out based on the benchmark norms to be specified by the Commission from time to time:

Provided further that in cases where benchmark norms have not been specified, prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff:

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Provided also that in case of the existing projects, the capital cost admitted by the Commission prior to 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.”

19. The capital cost of ₹18878.01 lakh and ₹18156.46 lakh, as on date of commercial operation, approved vide order dated 30.4.2008 in Petition No.149/2007, has been revised to ₹18861.20 lakh and ₹18140.27 lakh for Asset-I and Asset-II respectively. There is no change in the additional capitalization of ₹765.22 lakh, ₹1152.32 lakh and ₹198.20 lakh, for the period from COD to 31.3.2007, 2007-08 and for 2008-09 respectively, in case of Asset-I and ₹1233.16 lakh, ₹1289.57 lakh and ₹228.60 lakh, for the period from COD to 31.3.2007, 2007-08 and for 2008-09 respectively, in case of Asset-II, approved vide order dated 30.7.2009 in Petition No.64/2009. Therefore, the revised capital cost as on 31.3.2009, works out to ₹20976.94 lakh and ₹20891.60 lakh, in case of Asset-I and Asset-II respectively.



20. Except for the above, all other terms contained in order dated 30.7.2009 in Petition No. 64/2009 remain unchanged.

Truing-up of Annual Fixed Charges For 2009-14 Tariff Period

21. 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”.

22. 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.

23. In this context, the petitioner has filed the instant petition, for truing-up of ATC for 2009-13 in 2009-14 tariff period and revision of tariff for 2013-14 in accordance with Regulation 6 of the 2009 Tariff Regulations. Accordingly, the petitioner has submitted the information as required under the 2009 Tariff Regulations for truing-up of annual fixed charges for 2009-13 tariff period. The tariff for 2009-13 has been trued up and tariff for 2013-14 has been revised in the subsequent paragraphs.



24. The petitioner had claimed projected additional capital expenditure of ₹397.05 lakh, in case of Asset-I and ₹426.57 lakh, in case of Asset-II, in Petition No. 287/2009. The Commission had determined the transmission charges for the instant assets for tariff period 2009-14, based on projected additional capital expenditure of ₹397.05 lakh, in case of Asset-I and projected net additional capital expenditure of ₹173.17 lakh (after decapitalisation of ₹253.40 lakh), in case of Asset-II, in Petition No. 287/2009. Thus, the capital cost of ₹20993.75 lakh as on 31.3.2009 and ₹21390.80 lakh as on 31.3.2014 respectively, in case of Asset-I and of ₹20907.79 lakh as on 31.3.2009 and ₹21080.96 lakh as on 31.3.2014 respectively, in case of Asset-II, was admitted in order dated 17.3.2011 in Petition No. 287/2009. Further, in addition to transmission charges the petitioner was allowed 10% mark up on the transmission charges as the Transmission Majoration Factor. The details of transmission charges allowed vide order dated 17.3.2011 in Petition No. 287/2009 are as given below:-

Particulars	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1104.21	1114.69	1114.69	1114.69	1114.69
Interest on Loan	1104.21	1011.49	904.99	798.49	691.99
Return on Equity	1111.39	1121.80	1121.80	1121.80	1121.80
Interest on Working Capital	76.91	75.85	74.10	72.37	70.67
O & M Expenses	154.24	163.10	172.45	182.29	192.62
Total	3550.96	3486.93	3388.03	3289.64	3191.77
Particulars	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1093.70	1098.27	1098.27	1098.27	1098.27
Interest on Loan	1083.81	984.89	879.96	775.03	670.10
Return on Equity	1101.01	1105.55	1105.55	1105.55	1105.55
Interest on Working Capital	75.76	74.32	72.58	70.87	69.18
O & M Expenses	148.60	157.13	166.14	175.62	185.57
Total	3502.88	3420.16	3322.50	3225.34	3128.66



25. The details of the transmission charges claimed by the petitioner in the instant petition are as follows:-

(₹ in lakh)

Particulars	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1093.09	1104.58	1117.25	1118.42	1118.42
Interest on Loan	1090.67	951.86	860.59	761.07	690.75
Return on Equity	1175.41	1231.15	1246.31	1247.60	1262.60
Interest on Working Capital	77.73	76.68	75.82	74.29	73.66
O & M Expenses	154.24	163.10	172.45	182.29	192.62
Sub-Total	3591.14	3527.37	3472.42	3383.67	3338.05
Transmission Majoration Factor	359.11	352.74	347.24	338.37	333.81
Total	3950.25	3880.11	3819.66	3722.04	3671.86
Particulars	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1097.94	1108.60	1111.99	1114.16	1114.16
Interest on Loan	1088.90	948.77	846.48	748.58	678.08
Return on Equity	1180.63	1235.63	1240.59	1242.98	1257.92
Interest on Working Capital	77.62	76.49	74.99	73.51	72.85
O & M Expenses	148.60	157.13	166.14	175.62	185.57
Sub-Total	3593.69	3526.62	3440.19	3354.85	3308.58
Transmission Majoration Factor	359.37	352.66	344.02	335.49	330.86
Total	3953.06	3879.28	3784.21	3690.34	3639.44

26. The details submitted by the petitioner in support of its claim for Interest on Working Capital are as below:-

(₹ in lakh)

Particulars	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	23.14	24.46	25.87	27.34	28.89
O & M expenses	12.85	13.59	14.37	15.19	16.05
Receivables	598.53	587.89	578.74	563.94	556.34
Total	634.52	625.94	618.98	606.47	601.28
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	77.73	76.68	75.83	74.29	73.66
Particulars	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	22.29	23.57	24.92	26.34	27.84
O & M expenses	12.38	13.09	13.84	14.63	15.46
Receivables	598.95	587.77	573.36	559.14	551.43
Total	633.62	624.43	612.12	600.11	594.73
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	77.62	76.49	74.98	73.51	72.85



Capital Cost

27. 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”.

28. The petitioner has claimed revised capital cost of ₹20981.78 lakh and ₹20896.26 lakh as on 31.3.2009, as against admitted capital cost of ₹20993.75 lakh and ₹20907.79 lakh, in case of Asset-I and Asset-II respectively in order dated 17.3.2011 in Petition No. 287/2009, for the purpose of tariff determination. However, the revised capital cost of ₹20976.94 lakh and ₹20891.60 lakh now determined, in case of Asset-I and Asset-II respectively has been considered as opening capital cost as on 1.4.2009 for truing up of tariff in accordance with Regulation 7 of the 2009 Tariff Regulations.

Additional Capital Expenditure

29. The petitioner has claimed additional capital expenditure including normative IDC of ₹479.61 lakh from 2010-11 to 2013-14, in case of Asset-I and of ₹485.61 lakh from 2009-10 to 2013-14, in case of Asset-II. The petitioner has submitted that the additional capital expenditure approved by the Commission vide order dated 17.3.2011 in Petition No. 287/2009, represent only the equipment and services cost associated with the project. Further, Interest During Construction (IDC) was not estimated during filing of the Petition No. 287/2009 and therefore not factored in the



above proposal of additional capital expenditure. Thus, the additional capital expenditure approved by the Commission vide order dated 17.3.2011 in Petition No. 287/2009, does not include IDC. The petitioner, therefore, based on the start date of the project, computed the IDC and has prayed to approve the methodology adopted for computation of the IDC and inclusion of the same in the additional capitalization of various assets capitalized or projected to be capitalized during 2009-14 tariff period. The details of petitioner's claim for additional capital expenditure including the normative IDC are as below:-

Particulars	(₹ in lakh)					
	Asset-I					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Consultancy Fees to PGCIL	-	48.10	-	-	-	48.10
Pile Foundation	-	387.15	44.37	-	-	431.52
Total	-	435.25	44.37	-	-	479.62
Particulars	Asset-II					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Consultancy Fees to PGCIL	-	46.34	-	-	-	46.34
Insulator Replacement	357.16	-	82.11	-	-	439.27
Total	357.16	46.34	82.11	-	-	485.61

30. An amount of ₹48.10 lakh and ₹46.34 lakh has now been claimed towards consultancy fee paid in 2010-11 to Power Grid Corporation of India Limited (PGCIL) in case of Asset-I and Asset-II respectively. Further, in case of Asset-I, for shifting of tower with pile foundation, an amount of ₹431.52 lakh has now been claimed against the capital expenditure of ₹397.05 lakh and in case of Asset-II, for insulator replacement, an amount of ₹439.27 lakh has now been claimed against the net capital expenditure of ₹173.17 lakh, allowed vide order dated 17.3.2011 in Petition No. 287/2009.



31. Further, the petitioner has submitted that the additional capital expenditure proposed in Petition No. 287/2009 and subsequently approved only represents the equipment and services cost associated with the project. However, Interest During Construction has not been estimated during filing of the above petition and therefore not factored in the above proposal of additional capital expenditure. Therefore, the additional capital expenditure approved by the Commission in the order dated 17.3.2011 does not include IDC. The details of petitioner's claim for normative IDC included in the additional capital expenditure above are as below:-

(₹ in lakh)

Particulars	Asset-I					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Consultancy Fees to PGCIL	-	-	-	-	-	-
Pile Foundation	-	30.29	1.36	-	-	31.65
Total	-	30.29	1.36	-	-	31.65
Particulars	Asset-II					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Consultancy Fees to PGCIL	-	-	-	-	-	-
Insulator Replacement	7.74	-	2.52	-	-	10.26
Total	7.74	-	2.52	-	-	10.26

32. The details of petitioner's claim for the additional capital expenditure excluding normative IDC are as below:-

(₹ in lakh)

Particulars	Asset-I					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Consultancy Fees to PGCIL	-	48.10	-	-	-	48.10
Pile Foundation	-	356.86	43.01	-	-	399.87
Total	-	404.96	43.01	-	-	447.97
Particulars	Asset-II					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Consultancy Fees to PGCIL	-	46.34	-	-	-	46.34
Insulator Replacement	349.42	-	79.59	-	-	429.01
Total	349.42	46.34	79.59	-	-	475.35



33. The reasons submitted for its various claims of additional capital expenditure by the petitioner are as follows:-

i. The add-cap of consultancy fees of ₹48.10 lakh ₹46.34 paid to PGCIL in case of Asset-I and Asset-II respectively has only been claimed for the East-North Inter-connector for tariff period 2009-14. The consultancy fees of ₹48.10 lakh ₹46.34 paid to PGCIL during 2010-11 be allowed under the provisions of “Power to Relax” as per Regulation 44 of the 2009 Tariff Regulations.

ii. The Commission had vide order dated 17.3.2011 in Petition No. 287/2009 approved additional capital expenditure. However, there have been several revisions in the capital expenditure approved and its phasing during 2009-14 and a revised summary of the additional capital expenditure in respect of pile foundation and insulator replacement in case of Asset-I and Asset-II respectively has been submitted.

iii. Further, the petitioner vide affidavit dated 12.3.2015 has submitted Auditors’ Certificate dated 27.1.2014 for additional capital expenditure during 2009-13 as under:-

Particulars	Asset-I					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Transmission line (on cash basis)	7.97	396.99	43.00	-	-	447.96
Particulars	Asset-II					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Transmission line (on cash basis)	349.42	46.34	79.59	-	-	475.35

(₹ in lakh)



34. The petitioner has submitted that the capital expenditure (on cash basis) of ₹7.97 lakh has been incurred during 2009-10 towards the pile foundation, however, the same has been part capitalized in the books of account during 2010-11 in respect of Asset-I. Hence, the capital expenditure incurred in 2009-10 but capitalized and claimed during 2010-11 along with that capitalized in 2010-11 is ₹404.96 lakh (₹7.97 lakh+₹396.99 lakh) excluding normative IDC.

35. The petitioner had not projected consultancy fees paid to PGCIL as additional capitalization during the period 2009-14 and accordingly it was not considered as additional capitalization while approving the ATC for the above period vide order dated 17.3.2011 in Petition No. 287/2009. However, the petitioner has now claimed consultancy fee paid to PGCIL in the revised additional capital expenditure. The petitioner has submitted that as per the agreement signed with PGCIL, it had paid 90% of the consultancy fees to PGCIL and capitalized the entire amount in project cost before 31.3.2009. The petitioner subsequently had paid ₹227.97 lakh to PGCIL on 4.12.2010, which has been capitalized in the transmission system in the ratio of the respective transmission line length. Accordingly, ₹48.10 lakh and ₹46.34 lakh have been capitalized for Asset-I and Asset-II by the petitioner and the Certificate of the Statutory Auditors' pertaining to such additional capitalization has been submitted. The petitioner has further submitted that as the nature of expenditure does not fall under specific norms of the 2009 Tariff Regulations, this amount has been claimed under Regulation 44 "Power to Relax", as a part of additional capital expenditure for the purpose of computing the ATC.



36. JVVNL has submitted that the capitalization of payment of consultancy fees as additional capitalization after the cut-off date is not provided in the Regulation 9(1) of the 2009 Tariff Regulations. Therefore, any consultancy charges paid after the cut-off date should be considered a part of A&G expenses and be allowed on normative basis as per the 2009 Tariff Regulations. The beneficiaries should not bear the burden of delay of invoicing and payment of consultancy charges. JVVNL has submitted that if the Commission allows additional capitalization of the consultancy fees, the carrying cost on account of such add-cap should not be allowed to be claimed as delay in invoicing and payment of consultancy fees is a controllable factor and as such passing on this inefficiency to the beneficiaries would be unfair and also shall send the wrong signal with respect to efficiency norms. As regards the claim for pile foundation required for shifting of tower due to change in course of the river is concerned, it is a normal natural occurrence which should be adequately planned for while designing and planning the transmission system. Therefore expenses due to inefficient or inadequate planning of the transmission system should not be allowed by treating it as an 'act of God'. JVVNL has further submitted that the claim of the petitioner for IDC without specifying the methodology used for arriving at the year wise interest rate may need to be checked for reasonableness and no carrying cost should be allowed towards IDC as the same was not claimed earlier.

37. In response to reply of JVVNL, the petitioner in its rejoinder has submitted as under:-

“-----Further, PGCIL has raised the claim of consultancy fees for the consultancy support provided during the project commissioning of the transmission lines of the



petitioner. Therefore, such claim is valid and relevant for the service provided by PGCIL to the petitioner as per the original scope of work. However, since such payment had been made after Cut-off Date as stipulated under CERC Tariff Regulations, 2004 and the nature of expenditure does not falls under specific norms of the CERC Tariff Regulations, 2009, therefore, it is humbly requested that the Hon'ble Commission may kindly approve the same under Regulation 44 "Power to Relax" as a part of Additional Capital Expenditure for the purpose of computation of Truing-up of the Annual Transmission Charges for FY 2009-14-----."

"-----Such Capitalisation was essential in view of the fact that Tower at Location No. 246 of 400 kV D/C Gorukhpur-Lucknow Line ("A4") has been badly affected by the change in the course of River Parman during FY 07-10. The river had eroded its bank and has progressed within a few meters of the Tower which has triggered an alarm for taking adequate measures to safeguard the Tower foundation.-----."

38. UPPCL has submitted that the petitioner had not claimed IDC in earlier Petition No 287/2009 as it was not estimated. There is no provision in the 2009 Tariff Regulations for such claims to be allowed as additional capital expenditure and thus it should not be allowed.

39. We have considered the submissions of the petitioner regarding its claim for the revised additional capital expenditure. As regards claim on account of normative IDC, it is noted that the 2009 Tariff Regulations do not provide for normative IDC in respect of additional capital expenditure. In any case, the petitioner has not deployed any actual loan for additional capital expenditure. As such, the claim of the petitioner to the extent of normative IDC is not allowed.

40. As regards, consultancy fee paid to PGCIL. The petitioner has submitted that as per the agreement signed with PGCIL, it had paid 90% of the consultancy fees to PGCIL and capitalized the entire amount in project cost before 31.3.2009. The



petitioner subsequently had paid ₹227.97 lakh to PGCIL on 4.12.2010, which has been capitalized in the transmission system in the ratio of the respective transmission line length. Accordingly, ₹48.10 lakh and ₹46.34 lakh has been capitalized for Asset-I and Asset-II respectively by the petitioner and the Certificate of the Auditors' pertaining to such additional capitalization has been submitted. The petitioner has further submitted that as the nature of expenditure does not fall under specific norms of the 2009 Tariff Regulations, the amount has been claimed under Regulation 44 "Power to Relax", as a part of additional capital expenditure for the purpose of computing the ATC.

41. Regulation 9(2)(viii) of the 2009 Tariff Regulations provides as under:-

".... (viii) any un-discharged liability towards final payment/withheld payment due to contractual exigencies for works executed within the cut-off date, after prudence check of the details of such deferred liability, total estimated cost of package, reason for such with-holding of payment and release of such payments etc....."

42. The consultancy fee was paid by the petitioner after the cut-off date for the services rendered by PGCIL before the cut-off date. We are of the view that the petitioner is eligible for consultancy charges under Regulation 9(2)(VIII) of the 2009 Tariff Regulations. Therefore, we are inclined to allow consultancy fee paid to PGCIL amounting ₹48.10 lakh and ₹46.34 lakh for Asset-I and Asset-II respectively as additional capital expenditure for 2010-11.

43. Revised additional capital expenditure of ₹399.86 lakh has been claimed on cash basis on account of shifting of tower with pile foundation due to change in river course in case of Asset-I as discussed at para-33. An amount of ₹397.05 lakh on



this account has already been allowed vide order dated 17.3.2011 in Petition No. 287/2009. As such, the differential additional capital expenditure of ₹2.81 lakh is also allowed.

44. As regards replacement of insulators, we have noted in order dated 17.3.2011 in Petition No. 287/2009 as under:-

“We have considered the submissions of the petitioner and the material facts on record. The petitioner has incurred an expenditure of Rs 4.27 crore for replacement of porcelain insulators with composite long rod polymer insulators on the 400 kV D/C Bareilly Mandola Line in order to obviate the possibility of tripping due to high level of pollution in the National Capital Region. Considering the estimated impact of partial grid failure on the economy and public at large, we are of the view that the expenditure is considered necessary for the efficient and successful operation of the transmission system and accordingly, is allowed to be capitalized under Regulation 9(2)(iv) of 2009 regulations. The petitioner has submitted in its affidavit dated 7.7.2010 that the cost of replaced porcelain insulators is Rs 25,340,252. Proviso to Regulation 7(1)(c) of 2009 regulations provide that assets forming part of the project but not in use shall be taken out of the capital cost. In accordance with this provision, Rs 25,340,252 towards the cost of the porcelain insulators which have been taken out of service has been reduced from the capital cost. The petitioner is directed to make fresh efforts for sale of porcelain insulators and any loss suffered by the petitioner on account of decapitalisation after adjusting the cost of sale of porcelain insulators may be brought to the notice of the Commission for appropriate directions in the matter.”

45. A net amount of ₹173.17 lakh on this account has already been allowed vide order dated 17.3.2011 in Petition No. 287/2009. As such, the differential additional capital expenditure of ₹2.44 lakh is also being considered for the purpose of tariff.

46. Therefore, in view of the above, the details of allowable additional capital expenditure considered on cash basis for the purpose of determining tariff for 2009-14 period is as follows:-



(₹ in lakh)

Particulars	Asset-I					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Consultancy Fees to PGCIL	-	48.10	-	-	-	48.10
Pile Foundation	7.97	348.89	43.00	-	-	399.86
Total	7.97	396.99	43.00	-	-	447.96
Particulars	Asset-II					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Consultancy Fees to PGCIL	-	46.34	-	-	-	46.34
Insulator Replacement	96.02	-	79.59	-	-	175.61
Total	96.02	46.34	79.59	-	-	221.95

47. Thus, the capital cost as on 31.3.2009/1.4.2009 and 31.3.2014 allowed earlier vide order dated 17.3.2011 in Petition No. 287/2009 and considered now after revision of capital cost of the instant assets as on COD, for truing-up is as under:-

(₹ in lakh)

Capital cost as on 1.4.2009	Claimed/ Approved	Additional capital expenditure during 2009-14					Capital cost as on 31.3.2014
		2009-10	2010-11	2011-12	2012-13	2013-14	
Asset-I							
20993.75	vide order dated 17.3.2011	397.05	-	-	-	-	21390.80
20976.94	Incurred during 2009-14	7.97	396.99	43.00	-	-	21424.90
Capital cost as on 1.4.2009	Claimed/ Approved	Additional capital expenditure during 2009-14					Capital cost as on 31.3.2014
Asset-II							
20907.79	vide order dated 17.3.2011	173.17	-	-	-	-	21080.96
20891.60	Incurred during 2009-14	96.02	46.34	79.59	-	-	21113.55

Debt: Equity Ratio

48. Clause (2) of Regulation 12 of the 2009 Tariff Regulations provides that:-

“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.”

49. The debt: equity ratio of 70:30 for additional capital expenditure as claimed by the petitioner is in accordance with the Regulation 12 (2) of the 2009 Tariff Regulations and hence, same has been considered towards financing of the additional capital expenditure.

50. The admitted debt: equity ratio of 70:30 as on 31.3.2009 was also considered by the Commission in order dated 17.3.2011 in Petition No. 287/2009 in line 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.

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

(₹ in lakh)

Particulars	Asset-I			
	Cost as on 1.4.2009		Cost as on 31.3.2014	
	Amount	%	Amount	%
Debt	14683.86	70.00	14997.43	70.00
Equity	6293.08	30.00	6427.47	30.00
Total	20976.94	100.00	21424.90	100.00



Particulars	Asset-II			
	Cost as on 1.4.2009		Cost as on 31.3.2014	
	Amount	%	Amount	%
Debt	14624.12	70.00	14779.48	70.00
Equity	6267.48	30.00	6334.06	30.00
Total	20891.60	100.00	21113.55	100.00

Return on Equity ("RoE")

52. Regulation 15 of the 2009 Tariff Regulations provide that

"15. (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 12.

(2) Return on equity shall be computed on pre-tax basis at the base rate of 15.5% for thermal generating stations, transmission system and run of the river generating station, and 16.5% for the storage type generating stations including pumped storage hydro generating stations and run of river generating station with pondage and shall be grossed up as per clause (3) of this regulation:

Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in **Appendix-II**:

Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.

(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 financial year during the tariff period shall be trued up in accordance with Regulation 6 of these regulations".



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

Year	MAT Rate claimed in the current petition (in % age)	Grossed up ROE (Base Rate/(1-t)) claimed in the current petition (in % age)
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

54. The details of return on equity calculated are as under:-

Particulars	(₹ in lakh)				
	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity	6293.08	6295.47	6414.57	6427.47	6427.47
Addition due to Additional Capitalisation	2.39	119.10	12.90	-	-
Closing Equity	6295.47	6414.57	6427.47	6427.47	6427.47
Average Equity	6294.28	6355.02	6421.02	6427.47	6427.47
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for the respective year	16.995%	19.931%	20.008%	20.008%	20.961%
Rate of Return on Equity (Pre-Tax)	18.674%	19.358%	19.377%	19.377%	19.610%
Return on Equity (Pre-Tax)	1175.39	1230.21	1244.20	1245.45	1260.43
Particulars	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity	6267.48	6296.29	6310.19	6334.06	6334.06
Addition due to Additional Capitalisation	28.81	13.90	23.88	0.00	0.00
Closing Equity	6296.29	6310.19	6334.06	6334.06	6334.06
Average Equity	6281.88	6303.24	6322.13	6334.06	6334.06
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for the	16.995%	19.931%	20.008%	20.008%	20.961%



respective year					
Rate of Return on Equity (Pre-Tax)	18.674%	19.358%	19.377%	19.377%	19.610%
Return on Equity (Pre-Tax)	1173.08	1220.18	1225.04	1227.35	1242.11

55. 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. The RoE as trued up and allowed is as follows:-

(₹ in lakh)

Return on Equity	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	1111.39	1121.80	1121.80	1121.80	1121.80
Claimed by the petitioner	1175.41	1231.15	1246.31	1247.60	1262.60
Allowed after true up in this order	1175.39	1230.21	1244.20	1245.45	1260.43
Return on Equity	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	1101.01	1105.55	1105.55	1105.55	1105.55
Claimed by the petitioner	1180.63	1235.63	1240.59	1242.98	1257.92
Allowed after true up in this order	1173.08	1220.18	1225.04	1227.35	1242.11

Interest on Loan ("IoL")

56. Regulation 16 of the 2009 Tariff Regulations provides that:-

"16. (1) The loans arrived at in the manner indicated in regulation 12 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

(3) The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year:

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed,.



(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiary or the transmission customers shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan.”

57. Regulation 16 of the 2009 Tariff Regulations provide the methodology for working out weighted average rate of IoL. The petitioner has claimed actual repayment of loan for calculation of interest on loan instead of considering depreciation as repayment. As per the 2009 Tariff Regulations repayment for the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that period and same has been considered for the purpose of truing-up of tariff calculations in this order. The interest rates as submitted by the petitioner vide affidavit dated 12.8.2015 have been considered for calculating the IoL.



58. In these calculations, interest on loan has been worked out as under:-
- (a) The normative loan outstanding as on 1.4.2009 has been worked out by deducting the cumulative repayment as admitted upto 31.3.2009 from the gross normative loan. The rate of interest is taken as weighted average rate of interest calculated on the basis of the actual average loan portfolio for each year of the tariff period;
- (b) The repayment during each year of the tariff period 2009-14 has been considered to be equal to the depreciation allowed for that period. Tariff is worked out considering normative loan and normative repayments; and
- (c) Weighted average rate of interest on actual loan worked out as per (a) above is applied on the notional average loan during the year to arrive at the interest on loan.
59. Detailed calculations of the weighted average rate of interest have been given at Annexure-1 to Annexure-2 to this order.
60. The details of Interest on Loan calculated are as follows:-

(₹ in lakh)

Particulars	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	14683.86	14689.44	14967.33	14997.43	14997.43
Cumulative Repayment upto Previous Year	2719.46	3812.51	4916.25	6031.61	7148.10
Net Loan-Opening	11964.40	10876.93	10051.08	8965.82	7849.33
Addition due to Additional Capitalisation	5.58	277.89	30.10	-	-
Repayment during the year	1093.05	1103.74	1115.36	1116.49	1116.49
Net Loan-Closing	10876.93	10051.08	8965.82	7849.33	6732.84
Average Loan	11420.66	10464.00	9508.45	8407.58	7291.09



Weighted Average Rate of Interest on Loan	9.5505%	9.0863%	9.0286%	9.0286%	9.4488%
Interest	1090.73	950.79	858.48	759.09	688.92
Particulars	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	14624.12	14691.33	14723.77	14779.48	14779.48
Cumulative Repayment upto Previous Year	2800.73	3891.53	4986.09	6083.98	7183.97
Net Loan-Opening	11823.39	10799.80	9737.68	8695.50	7595.51
Addition due to Additional Capitalisation	67.21	32.44	55.71	-	-
Repayment during the year	1090.80	1094.56	1097.89	1099.99	1099.99
Net Loan-Closing	10799.80	9737.68	8695.50	7595.51	6495.53
Average Loan	11311.60	10268.74	9216.59	8145.51	7045.52
Weighted Average Rate of Interest on Loan	9.5505%	9.0863%	9.0286%	9.0286%	9.4489%
Interest	1080.32	933.05	832.13	735.43	665.72

61. 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 average loan portfolio and rate of interest. The details of IoL allowed are as follows:-

Interest on Loan	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	1104.21	1011.49	904.99	798.49	691.99
Claimed by the petitioner	1090.67	951.86	860.59	761.07	690.75
Allowed after true up in this order	1090.73	950.79	858.48	759.09	688.92
Interest on Loan	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	1083.81	984.89	879.96	775.03	670.10
Claimed by the petitioner	1088.90	948.77	846.48	748.58	678.08
Allowed after true up in this order	1080.32	933.05	832.13	735.43	665.72



Depreciation

62. Regulation 17 of the 2009 Tariff Regulations provides for computation of depreciation in the following manner, namely:-

“17. **Depreciation** (1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site;

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

(3) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system:

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.

(5) In case of the existing projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2009 from the gross depreciable value of the assets.

(6) 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.”

63. The date of commercial operation of assets covered in the petition fall in the year 2006-07. Accordingly, the assets will complete 12 years beyond 2013-14 and thus depreciation has been calculated annually based on Straight Line Method on the admitted capital expenditure upto 31.3.2009 as per revised calculations.

64. The details of the depreciation calculated are as follows:-



(₹ in lakh)

Particulars	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Gross Block (Revised)	20976.94	20984.91	21381.90	21424.90	21424.90
Additional Capital expenditure	7.97	396.99	43.00	0.00	0.00
Closing Gross Block	20984.91	21381.90	21424.90	21424.90	21424.90
Average Gross Block	20980.93	21183.41	21403.40	21424.90	21424.90
Rate of Depreciation	5.2097%	5.2104%	5.2111%	5.2112%	5.2112%
Depreciable Value	18882.84	19065.07	19263.06	19282.41	19282.41
Remaining Depreciable Value	16163.37	15252.55	14346.81	13250.80	12134.31
Depreciation	1093.05	1103.74	1115.36	1116.49	1116.49
Particulars	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Gross Block (Revised)	20891.60	20987.62	21033.96	21113.55	21113.55
Additional Capital expenditure	96.02	46.34	79.59	0.00	0.00
Closing Gross Block	20987.62	21033.96	21113.55	21113.55	21113.55
Average Gross Block	20939.61	21010.79	21073.75	21113.55	21113.55
Rate of Depreciation	5.2093%	5.2095%	5.2097%	5.2099%	5.2099%
Depreciable Value	18845.65	18909.71	18966.38	19002.19	19002.19
Remaining Depreciable Value	16064.54	15037.80	13999.91	12937.83	11837.85
Depreciation	1090.80	1094.56	1097.89	1099.99	1099.99

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

(₹ in lakh)

Depreciation	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	1104.21	1114.69	1114.69	1114.69	1114.69
Claimed by the petitioner	1093.09	1104.58	1117.25	1118.42	1118.42
Allowed after true-up in this order	1093.05	1103.74	1115.36	1116.49	1116.49



Depreciation	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	1093.70	1098.27	1098.27	1098.27	1098.27
Claimed by the petitioner	1097.94	1108.60	1111.99	1114.16	1114.16
Allowed after true-up in this order	1090.80	1094.56	1097.89	1099.99	1099.99

Operation & Maintenance Expenses (O&M Expenses)

66. 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 are same as considered in the order dated 17.3.2011 in Petition No. 287/2009 and the details are as follows:-

(₹ in lakh)

O&M Expenses	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	154.24	163.10	172.45	182.29	192.62
Claimed by the petitioner	154.24	163.10	172.45	182.29	192.62
Allowed after true up in this order	154.24	163.10	172.45	182.29	192.62
O&M Expenses	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	148.60	157.13	166.14	175.62	185.57
Claimed by the petitioner	148.60	157.13	166.14	175.62	185.57
Allowed after true up in this order	148.60	157.13	166.14	175.62	185.57

Interest on Working Capital (IWC)

67. As per the 2009 Tariff Regulations the components of the working capital and the interest thereon are discussed as follows:-



(i) Receivables

As per Regulation 18(1) (c) (i) of the 2009 Tariff Regulations, receivables will be equivalent to two months average billing calculated on target availability level. The petitioner has claimed the receivables on the basis of 2 months transmission charges claimed in the petition. In the tariff being allowed, receivables have been worked out on the basis of 2 months' transmission charges.

(ii) Maintenance spares

Regulation 18(1)(c)(ii) of the 2009 Tariff Regulations provides for maintenance spares @ 15% per annum of the O & M Expenses from 1.4.2009. The value of maintenance spares has accordingly been worked out.

(iii) O & M Expenses

Regulation 18(1) (c) (iii) of the 2009 Tariff Regulations provides for O&M Expenses for one month as a component of working capital. The petitioner has claimed O&M Expenses for 1 month of the respective year in the petition. This has been considered in the working capital.

(iv) Rate of interest on working capital

As provided under 18(3) of the 2009 Tariff Regulations, SBI PLR rate of 12.25% as on 1.4.2009 has been considered for the purpose of working out the interest on working capital.

68. Necessary calculations in support of interest on working capital are as under:-

Particulars	(₹ in lakh)				
	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	23.14	24.47	25.87	27.34	28.89
O & M expenses	12.85	13.59	14.37	15.19	16.05



Receivables	598.52	587.41	577.70	562.91	555.33
Total	634.51	625.47	617.94	605.45	600.28
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	77.73	76.62	75.70	74.17	73.53
Particulars	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	22.29	23.57	24.92	26.34	27.84
O & M expenses	12.38	13.09	13.85	14.64	15.46
Receivables	594.99	580.08	565.88	551.83	544.23
Total	629.66	616.74	604.64	592.81	587.53
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	77.13	75.55	74.07	72.62	71.97

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

(₹ in lakh)					
Interest on Working Capital	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	76.91	75.85	74.10	72.37	70.67
Claimed by the petitioner	77.73	76.68	75.82	74.29	73.66
Allowed after true up in this order	77.73	76.62	75.70	74.17	73.53
Interest on Working Capital	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
As approved vide Order dated 17.3.2011	75.76	74.32	72.58	70.87	69.18
Claimed by the petitioner	77.62	76.49	74.99	73.51	72.85
Allowed after true up in this order	77.13	75.55	74.07	72.62	71.97

Transmission Majoration Factor (TMF)

70. The petitioner has submitted that Transmission Majoration Factor (TMF) was allowed vide order dated 1.7.2004 in Petition No. 51 of 2004. Thus, the petitioner has claimed Transmission Majoration Factor for 2009-14 and included the same in the proposed true-up of Annual Transmission Charges.



71. UPPCL has submitted that 2004 Tariff Regulations and the 2009 Tariff Regulations are silent about TMF and should not be allowed. UPPCL has also submitted that TMF was prescribed in 2001 when adequate provision was not made in the corresponding regulations in respect of insurance charges and O&M Expenses. UPPCL has further submitted that the rate of TMF at 10% is high compared to the margin of traders at 1% and the petitioner is getting ATC on the entire investment with adequate RoE alongwith O&M Expenses. As such the Commission has to maintain a balance between the need of private investment in the power sector and the consumer and allowing TMF to the petitioner would not be rational. This being so, TMF may not be allowed to the petitioner.

72. Regulation 4.10A was inserted vide first amendment to CERC (T&C) of Tariff Regulation 2001. TMF @10% mark up (pre-tax) on the Transmission Charges had been approved in earlier orders, vide order dated 30.7.2009 in Petition No.64/2009 and order dated 17.3.2011 in Petition No.287/2009. This has been considered for the purpose of computation of tariff for 2009-14 period.

Incentive

73. The petitioner has claimed the 'Incentive' (pre-tax) based on the actual availability during 2009-13 and estimated availability during 2013-14 on Annual Fixed Charges (including Majoration Charges).

74. JVVNL has submitted that the petitioner's claim of additional incentive on account of revision of various components of AFC should not be allowed as the beneficiaries have been paying the bills on a timely basis wherein the beneficiaries



are already under severe financial stress. The petitioner in its rejoinder has submitted that its claim is as per the 2009 Tariff Regulations and the prayer of JVVNL is baseless and therefore be dismissed.

75. We have considered the submissions of both JVVNL and the petitioner. Regulation-23 of the 2009 Tariff Regulations-2009 specifies as under:-

“23. Computation and Payment of Transmission Charge for Inter-State Transmission System

(1) The fixed cost of the transmission system shall be computed on annual basis, in accordance with norms contained in these regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the users, who shall share these charges in the manner specified in Regulation 33.

(2) The transmission charge (inclusive of incentive) payable for a calendar month for a transmission system or part thereof shall be

xxxx

xxxx

(3) The transmission charges shall be calculated separately for part of the transmission system having differing NATAF, and aggregated thereafter, according to their sharing by the beneficiaries.

(4) The transmission licensee shall raise the bill for the transmission charge (inclusive of incentive) for a month based on its estimate of TAFM. Adjustments, if any, shall be made on the basis of the TAFM to be certified by the Member-Secretary of the Regional Power Committee of the concerned region within 30 days from the last day of the relevant month.”

76. Accordingly, the petitioner is allowed to calculate and bill incentive as per Regulation 23 of the 2009 Tariff Regulations for recovery.

Sales Tax Liability

77. The petitioner has submitted that it had applied for registration under U.P. Sales Tax Act in the State of Lucknow and was granted certificates of Registration



on 3.3.2004 and had mentioned its business as “Transmission of Electricity and Power” in the Application form under the heading “Business of the Company”. However, the U.P. Sales Tax Department had issued a notice dated 14.9.2011, under Section 7(4) of the Central Sales Tax Act, 1956 for cancellation of registration stating that the Registration can be issued only for the business of generation or distribution of electricity, whereas the Company is into transmission of electricity. The Department had issued a show-cause notice under Section 10(A) of the Central Sales Tax Act 1956 on 2.5.2012, as to why penalty should not be levied for purchase of goods against issue of Form C. The Department had stated that as the company is in the transmission business, it is not entitled for Form C. Accordingly, the Department had levied a penalty equivalent to the Differential Tax, i.e. 12% Tax to be paid less 4% Concessional Tax paid by way of issuance of Form C, as under:-

(₹ in lakh)

Financial Year	Amount of penalty
2004-05	1173.00
2005-06	1256.00
2006-07	63.00
2007-08	3.00
Total	2497.00

78. The petitioner has further submitted that they have not yet made payment of such penal amount to Central Sales Tax Department. Accordingly, the above penal amount has been treated as a Contingent Liability in its books of Account and an Appeal has been filed before the Hon’ble Allahabad High Court. The petitioner has submitted that the instant petition has been filed without prejudice to this Appeal and has sought liberty to request approval of the Commission for capitalization of



such penal sales tax amount and the transmission charges pertaining to the corresponding capitalization once the above liability is actually incurred by it.

79. UPPCL has submitted that the amount is a penal amount and has been treated as contingent liability by the petitioner. UPPCL has further submitted that as the matter is sub-judice it will be premature to allow the amount to be capitalised. It is clear from the petitioner's submission that the said liability is penal in nature and in any case the case is sub-judice. Further, such liabilities are covered under O&M Expenses. Hence, we are not inclined to allow it.

Annual Fixed Charges (AFC) For 2009-13 and Revised AFC for 2013-14

80. The detailed computation of the various components of the trued up annual fixed charges for the instant transmission asset for 2009-13 and revised AFC for 2013-14 in the tariff period 2009-14 allowed are as under:-

(₹ in lakh)					
Particulars	Asset-I				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1093.05	1103.74	1115.36	1116.49	1116.49
Interest on Loan	1090.73	950.79	858.48	759.09	688.92
Return on Equity	1175.39	1230.21	1244.20	1245.45	1260.43
Interest on Working Capital	77.73	76.62	75.70	74.17	73.53
O & M Expenses	154.24	163.10	172.45	182.29	192.62
Sub-Total	3591.14	3524.46	3466.19	3377.49	3331.99
Transmission Majoration Factor	359.11	352.45	346.62	337.75	333.20
Total	3950.25	3876.90	3812.81	3715.24	3665.19
Particulars	Asset-II				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1090.80	1094.56	1097.89	1099.99	1099.99
Interest on Loan	1080.32	933.05	832.13	735.43	665.72
Return on Equity	1173.08	1220.18	1225.04	1227.35	1242.11
Interest on Working Capital	77.13	75.55	74.07	72.62	71.97
O & M Expenses	148.60	157.13	166.14	175.62	185.57
Sub-Total	3569.93	3480.47	3395.27	3311.01	3265.36
Transmission Majoration Factor	356.99	348.05	339.53	331.10	326.54
Total	3926.93	3828.52	3734.79	3642.11	3591.90



Filing Fee and the Publication Expenses

81. 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 42 of the 2009 Tariff Regulations.

Licence Fee

82. The petitioner has submitted that in O&M norms for tariff block 2009-14 the cost associated with license fees had not been captured and the license fee may be allowed to be recovered separately from the respondents. The petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 42 A (1) (b) of the 2009 Tariff Regulations.

Sharing of Transmission Charges

83. In view of Transmission Service Agreement entered into between the petitioner and respondent No. 1 and also BPTAs entered into between respondent No. 1 and the beneficiaries respondents No. 2 to 18, respondent No. 1 shall raise bills for the charges, including the Transmission Majoration Factor approved in this order. The transmission charges allowed shall be recovered on monthly basis in accordance with Regulation 23 and shall be shared by the respondents in accordance with Regulation 33 of the 2009 Tariff Regulations up to 30.6.2011. With effect from 1.7.2011, the billing, collection and disbursement of the transmission charges shall be governed by the provision of Central Electricity Regulatory



Commission (Sharing of Inter-state Transmission Charges and Losses) Regulations, 2010 as amended from time to time.

84. The petitioner has been availing promotional scheme of Transmission Majoration Factor (TMF) since COD, in accordance with Regulation 4.10A introduced vide Central Electricity Regulatory Commission (Terms & Conditions of Tariff) (First Amendment) Regulations, 2001, dated 21.9.2001 which were to remain in force for the entire life of the transmission project unless reviewed earlier or extended by the Commission. It is pertinent to mention that TMF was introduced to encourage private sector participation in transmission sector, however, subsequently a number of private players/JVs have entered into the area of transmission on or after 1st April 2004. The Commission is of the view that there is a need to review the impact of the promotional scheme of TMF and its continuation. Accordingly, Commission directs the staff to examine the issue and submit to the Commission.

85. This order disposes of Petition No.20/TT/2014.

sd/-
(M.K. Iyer)
Member

sd/-
(A.S. Bakshi)
Member

sd/-
(A.K. Singhal)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson



Annexure-1

(₹ in lakh)

Asset-I						
CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN						
	Details of Loan	2009-10	2010-11	2011-12	2012-13	2013-14
1	IFC					
	Gross loan opening	4440.44	4524.42	4524.42	4524.42	4524.42
	Cumulative Repayment upto DOCO/previous year	736.59	1113.63	1490.66	1867.70	2244.73
	Net Loan-Opening	3703.85	3410.80	3033.76	2656.73	2279.69
	Additions during the year	83.98	0.00	0.00	0.00	0.00
	Repayment during the year	377.04	377.04	377.04	377.04	377.04
	Net Loan-Closing	3410.80	3033.76	2656.73	2279.69	1902.66
	Average Loan	3557.32	3222.28	2845.24	2468.21	2091.17
	Rate of Interest	8.80%	8.80%	8.80%	8.80%	8.80%
	Interest	313.04	283.56	250.38	217.20	184.02
	Rep Schedule	24 equal half yearly instalments from 15.07.2007				
2	ADB					
	Gross loan opening	3948.31	4022.98	4022.98	4022.98	4022.98
	Cumulative Repayment upto DOCO/previous year	654.95	990.20	1325.45	1660.70	1995.94
	Net Loan-Opening	3293.36	3032.78	2697.53	2362.29	2027.04
	Additions during the year	74.67	0.00	0.00	0.00	0.00
	Repayment during the year	335.25	335.25	335.25	335.25	335.25
	Net Loan-Closing	3032.78	2697.53	2362.29	2027.04	1691.79
	Average Loan	3163.07	2865.16	2529.91	2194.66	1859.41
	Rate of Interest	9.14%	9.14%	9.14%	9.14%	9.14%
	Interest	289.10	261.88	231.23	200.59	169.95
	Rep Schedule	24 semi annual equal instalments from 15.07.2007				
3	IDFC					
	Gross loan opening	3336.12	3399.22	3399.22	3399.22	3399.22
	Cumulative Repayment upto DOCO/previous year	553.39	836.66	1119.93	1403.20	1686.46
	Net Loan-Opening	2782.73	2562.56	2279.29	1996.03	1712.76
	Additions during the year	63.10	0.00	0.00	0.00	0.00
	Repayment during the year	283.27	283.27	283.27	283.27	283.27
	Net Loan-Closing	2562.56	2279.29	1996.03	1712.76	1429.49
	Average Loan	2672.65	2420.93	2137.66	1854.39	1571.12
	Rate of Interest	10.48%	9.34%	9.20%	9.20%	10.08%
	Interest	280.09	226.11	196.66	170.60	158.37
	Rep Schedule	48 quarterly instalments from 15.04.2007				
4	SBI					
	Gross loan opening	2970.75	3026.94	3026.94	3026.94	3026.94
	Cumulative Repayment upto DOCO/previous year	552.44	804.69	1056.93	1309.18	1561.42
	Net Loan-Opening	2418.31	2222.26	1970.01	1717.77	1465.52
	Additions during the year	56.19	0.00	0.00	0.00	0.00
	Repayment during the year	252.25	252.25	252.25	252.25	252.25
	Net Loan-Closing	2222.26	1970.01	1717.77	1465.52	1213.28



Average Loan	2320.28	2096.13	1843.89	1591.64	1339.40
Rate of Interest	10.19%	9.16%	9.03%	9.03%	10.15%
Interest	236.44	192.01	166.50	143.73	135.95
Rep Schedule	48 quarterly instalments from 31.03.2007				
Total Loan					
Gross loan opening	14695.62	14973.56	14973.56	14973.56	14973.56
Cumulative Repayment upto DOCO/previous year	2497.37	3745.17	4992.96	6240.76	7488.56
Net Loan-Opening	12198.25	11228.39	9980.60	8732.80	7485.00
Additions during the year	277.94	0.00	0.00	0.00	0.00
Repayment during the year	1247.80	1247.80	1247.80	1247.80	1247.80
Net Loan-Closing	11228.39	9980.60	8732.80	7485.00	6237.21
Average Loan	11713.32	10604.50	9356.70	8108.90	6861.11
Rate of Interest	9.5505%	9.0863%	9.0286%	9.0286%	9.4488%
Interest	1118.68	963.56	844.78	732.12	648.29



Annexure-2

(₹ in lakh)

Asset-II						
CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN						
	Details of Loan	2009-10	2010-11	2011-12	2012-13	2013-14
1	IFC					
	Gross loan opening	4422.26	4512.49	4512.49	4512.49	4512.49
	Cumulative Repayment upto DOCO/previous year	733.03	1109.07	1485.11	1861.15	2237.19
	Net Loan-Opening	3689.23	3403.42	3027.38	2651.34	2275.30
	Additions during the year	90.23	0.00	0.00	0.00	0.00
	Repayment during the year	376.04	376.04	376.04	376.04	376.04
	Net Loan-Closing	3403.42	3027.38	2651.34	2275.30	1899.26
	Average Loan	3546.32	3215.40	2839.36	2463.32	2087.28
	Rate of Interest	8.80%	8.80%	8.80%	8.80%	8.80%
	Interest	312.08	282.96	249.86	216.77	183.68
	Rep Schedule	24 equal half yearly instalments from 15.07.2007				
2	ADB					
	Gross loan opening	3932.14	4012.37	4012.37	4012.37	4012.37
	Cumulative Repayment upto DOCO/previous year	651.77	986.13	1320.50	1654.86	1989.23
	Net Loan-Opening	3280.37	3026.24	2691.87	2357.51	2023.14
	Additions during the year	80.23	0.00	0.00	0.00	0.00
	Repayment during the year	334.36	334.36	334.36	334.36	334.36
	Net Loan-Closing	3026.24	2691.87	2357.51	2023.14	1688.78
	Average Loan	3153.30	2859.05	2524.69	2190.33	1855.96
	Rate of Interest	9.14%	9.14%	9.14%	9.14%	9.14%
	Interest	288.21	261.32	230.76	200.20	169.63
	Rep Schedule	24 semi annual equal instalments from 15.07.2007				
3	IDFC					
	Gross loan opening	3322.45	3390.25	3390.25	3390.25	3390.25
	Cumulative Repayment upto DOCO/previous year	550.71	833.23	1115.75	1398.27	1680.79
	Net Loan-Opening	2771.74	2557.02	2274.50	1991.98	1709.46
	Additions during the year	67.80	0.00	0.00	0.00	0.00
	Repayment during the year	282.52	282.52	282.52	282.52	282.52
	Net Loan-Closing	2557.02	2274.50	1991.98	1709.46	1426.94
	Average Loan	2664.38	2415.76	2133.24	1850.72	1568.20
	Rate of Interest	10.48%	9.34%	9.20%	9.20%	10.08%
	Interest	279.23	225.63	196.26	170.27	158.07
	Rep Schedule	48 quarterly instalments from 15.04.2007				
4	SBI					
	Gross loan opening	2958.59	3018.95	3018.95	3018.95	3018.95
	Cumulative Repayment upto DOCO/previous year	549.29	800.87	1052.45	1304.03	1555.61
	Net Loan-Opening	2409.30	2218.08	1966.50	1714.92	1463.34
	Additions during the year	60.36	0.00	0.00	0.00	0.00
	Repayment during the year	251.58	251.58	251.58	251.58	251.58
	Net Loan-Closing	2218.08	1966.50	1714.92	1463.34	1211.76



Average Loan	2313.69	2092.29	1840.71	1589.13	1337.55
Rate of Interest	10.19%	9.16%	9.03%	9.03%	10.15%
Interest	235.77	191.65	166.22	143.50	135.76
Rep Schedule	48 quarterly instalments from 31.03.2007				
Total Loan					
Gross loan opening	14635.44	14934.06	14934.06	14934.06	14934.06
Cumulative Repayment upto DOCO/previous year	2484.80	3729.31	4973.81	6218.32	7462.82
Net Loan-Opening	12150.64	11204.76	9960.25	8715.75	7471.24
Additions during the year	298.62	0.00	0.00	0.00	0.00
Repayment during the year	1244.51	1244.51	1244.51	1244.51	1244.51
Net Loan-Closing	11204.76	9960.25	8715.75	7471.24	6226.74
Average Loan	11677.70	10582.50	9338.00	8093.49	6848.99
Rate of Interest	9.5505%	9.0863%	9.0286%	9.0286%	9.4489%
Interest	1115.28	961.56	843.09	730.73	647.15

