

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.62/TT/2012

Coram:

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

Date of Order : 21.01.2016

In the matter of:

Revision of order dated 23.12.2013 in Petition No. 62/TT/2012 in the light of Commission's order dated 8.12.2014 in Review Petition No.08/RP/2014.

And in the matter of:

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

.....**Petitioner**

Vs

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482 008
2. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, 4th floor,
Andehri (East), Mumbai-400 052
3. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara-390 007
4. Electricity Department, Government of Goa,
Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa-403 001



5. Electricity Department,
Administration of Daman and Diu,
Daman-396 210
6. Electricity Department,
Administration of Dadra Nagar Haveli, U.T.,
Silvassa-396 230
7. Chhattisgarh State Electricity Board,
P.O. Sunder Nagar, Dangania, Raipur
Chhattisgarh-492 013
8. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited,
3/54, Press Complex, Agra-Bombay Road
Indore-452 008

....Respondents

For petitioner : Shri M.G. Ramachandran, Advocate, PGCIL
Shri Swapnil Verma, PGCIL
Shri S.S Raju, PGCIL
Shri Mohd. Mohsin, PGCIL

For respondents : None

ORDER

The Commission in its order dated 23.12.2013 in Petition No. 62/TT/2012, filed by Power Grid Corporation of India Limited (PGCIL), granted transmission tariff for “Extension of 765/400 kV Bilaspur Pooling Station (near Sipat) alongwith LILO of Sipat-Seoni ckt-2 with 3X80 MVAR Switchable Line Reactor and 765/400 kV, 1500 MVA Auto Transformer-3” (hereinafter referred to as “transmission assets”) under WRSS XI Scheme in Western region for 2009-14 tariff period.

2. The Investment Approval (IA) for the said transmission assets was granted on 16.2.2009 and the assets were scheduled to be commissioned within 36



months from the date of IA by 16.2.2012 say 1.3.2012. Asset-I and Asset-II were commissioned on 1.4.2012 and 1.8.2012 with a time over-run of 1 month and 5 months respectively. The time over-run of 1 month in case of Asset-I was condoned. Time over-run of 5 months in the case of Asset-II was not condoned and accordingly IDC and IEDC totaling to ₹123.78 lakh for the period of delay of 5 months were disallowed.

3. PGCIL filed a Review Petition No.08/RP/2014 seeking condonation of time over-run of 5 months in case of Asset-II. The Commission vide order dated 8.12.2014 condoned the time over-run of 5 months except for 35 days in the case of Asset-II. The relevant portion of the order dated 8.12.2014 is as under:-

“19. Keeping in view the above, we are of the view that the delay of 20 days in sea travel and 15 days in road travel has not been satisfactorily explained by the petitioner. Accordingly, we disallow time over-run of 35 days in respect of the transformer and, accordingly, the IDC and IEDC for the said period is disallowed”.

4. In the light of the above decision, IDC and IEDC in the case of Asset-II has been disallowed for a period of 35 days and has been proportionally deducted from capital cost of the elements of the instant asset excluding land. The details of disallowed IDC and IEDC are as follows:-

(₹ in lakh)

Details of IDC and IEDC as per Management Certificate dated 2.8.2012			
	IEDC*	IDC	Total
Upto 31.3.2011	-12.83	21.26	8.43
1.4.2011 to 31.3.2012	-5.65	148.75	143.10
1.4.2012 to 30.6.2012	-0.85	93.68	92.83
1.7.2012 to 31.7.2012	-0.28	31.23	30.95
Total IDC and IEDC claimed	-19.61	294.92	275.31
Details of IDC and IEDC for disallowed delay of 35 days			
From 27.6.2012 to 30.6.2012 (4 days)	-0.04	4.12	4.08
For the month of July, 2012 (for 31 days)	-0.28	31.23	30.95



Total disallowed IDC and IEDC (for 35 days)	-0.32	35.35	35.03
--	--------------	--------------	--------------

*IEDC is submitted negative by the petitioner vide Management Certificate to reduce the capital cost.

IDC and IEDC for July, 2012 have been considered as per Management Certificate and remaining 4 days has been considered on pro-rata basis. Accordingly, capital cost of ₹4742.33 lakh (₹4777.36 lakh – ₹35.03 lakh) has been considered as on COD after deducting disallowed IDC and IEDC of ₹35.03 lakh.

Revision in Annual Transmission Charges

5. In view of the above, the annual transmission charges allowed in the case of Asset- II, vide order dated 23.12.2013 in Petition No.62/TT/2012 from the date of commercial operation to 31.3.2014 have been revised. However, the transmission charges for the Asset-I allowed in our order dated 23.12.2013 remain unchanged.

Capital Cost

6. In view of our decision to condone the delay, except for the delay of 35 days, in case of Asset-II, the capital cost has increased on account of IDC and IEDC. Accordingly, the revised capital cost of ₹4742.33 lakh has been considered for the purpose of calculating the transmission tariff in the case of Asset-II after deducting disallowed IDC and IEDC.

Projected Additional Capital Expenditure

7. The petitioner's claim for projected additional capital expenditure is given as under:-



(₹ in lakh)

Year	Work proposed to be added after COD upto cut-off date	Amount to be capitalised/proposed to be capitalised	Justification	
COD to 31.3.2013	Building & Civil Works	418.97	Balance/Retention Payments	
	Sub-Station	2001.29		
	Sub Total	2420.26		
2013-14	Building & Civil Works	58.01		
	Sub-Station	156.92		
	Sub Total	214.93		
	Total	2635.19		

Debt- Equity Ratio

11. The revised debt-equity ratio of the Asset-II considered for the purpose of tariff calculation are as follows:-

(₹ in lakh)

Capital Cost as on COD		
	Amount	% age
Debt	3319.63	70.00
Equity	1422.70	30.00
Total	4742.33	100.00

(₹ in lakh)

Capital Cost as on 31.3.2014		
	Amount	% age
Debt	5164.26	70.00
Equity	2213.26	30.00
Total	7377.52	100.00

12. The revised debt:equity ratio for projected additional capital expenditure considered is as follows:-

(₹ in lakh)

Particulars	Normative			
	2012-13		2013-14	
	Amount	% age	Amount	% age
Debt	1694.18	70.00	150.45	70.00
Equity	726.08	30.00	64.48	30.00
Total	2420.26	100.00	214.93	100.00



Return on Equity (RoE)

13. The revised RoE calculated is as under:-

(₹ in lakh)

Particulars	2012-13 (pro-rata)	2013-14
Opening Equity	1422.70	2148.78
Addition due to Additional Capitalisation	726.08	64.48
Closing Equity	2148.78	2213.26
Average Equity	1785.74	2181.02
Return on Equity (Base Rate)	15.50%	15.50%
Tax rate for the year 2008-09 (MAT)	11.33%	11.33%
Rate of Return on Equity (Pre-Tax)	17.481%	17.481%
Return on Equity (Pre-Tax)	208.11	381.26

Interest on Loan

14. As per Regulation 16(5) of the 2009 Tariff Regulations, the rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio. Accordingly, only actual loans drawn have been considered for the computation of weighted average rate of interest. Detailed calculations in support of the weighted average rates of interest have been given in the Annexure.

15. In view of above, the interest on normative loan has been considered as under:-

(₹ in lakh)

Particulars	2012-13 (pro-rata)	2013-14
Gross loan opening	3319.63	5013.81
Cumulative Repayment upto previous year	-	205.43
Net Loan-Opening	3319.63	4808.38
Additions during the year	1694.18	150.45
Repayment during the year	205.43	373.09
Net Loan-Closing	4808.38	4585.74
Average Loan	4064.01	4697.06
Rate of Interest	9.5281%	9.5290%
Interest	258.15	447.58



Depreciation

16. In view of revised capital cost and projected additional capital expenditure, the revised admissible depreciation is as given hereunder:-

Particulars	₹ in lakh	
	2012-13 (pro-rata)	2013-14
Opening Gross Block	4742.33	7162.59
Addition during 2009-14 due to Projected Additional Capitalization	2420.26	214.93
Closing Gross Block	7162.59	7377.52
Average Gross Block	5952.46	7270.05
Rate of Depreciation	5.1768%	5.1319%
Depreciable Value	5357.21	6543.05
Remaining Depreciable Value	5357.21	6337.62
Depreciation	205.43	373.09

Operation & Maintenance Expenses (O & M Expenses)

17. There is no change in O&M Expenses allowed vide order dated 23.12.2013 in Petition No. 62/TT/2012.

Interest on Working Capital (IWC)

18. The revised IWC for Asset-II is as given under:-

Particulars	₹ in lakh	
	2012-13 (pro-rata)	2013-14
Maintenance Spares	22.29	23.57
O & M Expenses	12.38	13.09
Receivables	197.92	232.56
Total	232.60	269.22
Rate of Interest	13.50%	13.50%
Interest	20.93	36.34

Annual Fixed Charges (AFC)

19. The revised AFC in case of Asset-II are as follows:-



Particulars	(₹ in lakh)	
	2012-13 (pro-rata)	2013-14
Depreciation	205.43	373.09
Interest on Loan	258.15	447.58
Return on Equity	208.11	381.26
Interest on Working Capital	20.93	36.34
O & M Expenses	99.07	157.10
Total	791.69	1395.38

20. The decision in Review Petition No.8/RP/2014 stands implemented in terms of the above. Except for the above, all other terms contained in order dated 23.12.2013 in Petition No. 62/TT/2012 remain unchanged.

sd/-

(A.S. Bakshi)
Member

sd/-

(A.K. Singhal)
Member

sd/-

(Gireesh B. Pradhan)
Chairperson



CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(₹ in lakh)

Details of Loan	2012-13	2013-14
Bond XXXII		
Gross loan opening	100.00	100.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00
Net Loan-Opening	100.00	100.00
Additions during the year	0.00	0.00
Repayment during the year	0.00	8.33
Net Loan-Closing	100.00	91.67
Average Loan	100.00	95.83
Rate of Interest	8.84%	8.84%
Interest	8.84	8.47
Rep Schedule	12 annual installments from 27.3.2014	
Bond XXXIII		
Gross loan opening	100.00	100.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00
Net Loan-Opening	100.00	100.00
Additions during the year	0.00	0.00
Repayment during the year	0.00	0.00
Net Loan-Closing	100.00	100.00
Average Loan	100.00	100.00
Rate of Interest	8.64%	8.64%
Interest	8.64	8.64
Rep Schedule	12 Equal Annual Installments from 8.7.2014	
BOND-XXXIV		
Gross loan opening	192.00	192.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00
Net Loan-Opening	192.00	192.00
Additions during the year	0.00	0.00
Repayment during the year	0.00	0.00



Net Loan-Closing	192.00	192.00
Average Loan	192.00	192.00
Rate of Interest	8.84%	8.84%
Interest	16.97	16.97
Rep Schedule	12 Equal Annual Installments from 21.10.2014	
Bond XXXV		
Gross loan opening	2588.40	2588.40
Cumulative Repayment upto DOCO/previous year	0.00	0.00
Net Loan-Opening	2588.40	2588.40
Additions during the year	0.00	0.00
Repayment during the year	0.00	0.00
Net Loan-Closing	2588.40	2588.40
Average Loan	2588.40	2588.40
Rate of Interest	9.640%	9.640%
Interest	249.52	249.52
Rep Schedule	12 Equal Annual Installments from 31.5.2015	
Total Loan		
Gross loan opening	2980.40	2980.40
Cumulative Repayment upto DOCO/previous year	0.00	0.00
Net Loan-Opening	2980.40	2980.40
Additions during the year	0.00	0.00
Repayment during the year	0.00	8.33
Net Loan-Closing	2980.40	2972.07
Average Loan	2980.40	2976.23
Rate of Interest	9.5281%	9.5290%
Interest	283.97	283.61

