

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 81/TT/2015

Coram:

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

Date of Hearing : 22.03.2016

Date of Order : 22.07.2016

In the matter of:

Miscellaneous petition for approval under sub-section 4 of Section 28 and Section 79(1)(d) of the Electricity Act, 2003 for determination of Fee and Charges of Fibre Optic Communication System for the period 2009-14 block under expansion of Wideband Communication Network in Eastern Region.

And in the matter of:

Power Grid Corporation of India Limited
"Saudamini", Plot No.2,
Sector-29, Gurgaon -122 001

.....Petitioner

Vs

1. NTPC Limited,
NTPC Bhawan, Core-7, Scope Complex,
7, Institutional Area, Lodhi Road,
New Delhi-110 003
2. National Hydro Power Corporation Limited,
NHPC Office Complex,
Institutional Area, Lodhi Road,
New Delhi-110 003
3. Orissa hydro Power Corporation Limited,
Burla Power House,
Dist. Sambalpur, Burla-768 017
4. Mejia Thermal Power Station
DVC, P.O. MTPS, Dist Bankura-722 183



5. West Bengal State Electricity Distribution Co. Limited,
Bidyut Bhawan, 8th Floor (A Block),
Block DJ, Salt Lake City,
Kolkata-700 091
6. Bihar State Electricity Board,
Vidyut Bhawan, Bailey Road,
Patna-800 001
7. Gird Corporation of Orissa Limited,
Vidyut Bhawan, Janpath,
Bhubaneshwar-751 007
8. Power Department,
Govt. of Sikkim,
Gangtok-727 102
9. Jharkhand State Electricity Board,
Engineering Building, HEC Township,
Dhurwa, Ranchi-834 004
10. Damodar Valley Corporation
DVC Tower, VIP Road,
Calcutta-700 054
11. Powerlinks Transmission Limited,
Vidyut Nagar, P.O. Satellite Township,
Siliguri-734 015

....Respondents

For petitioner : Shri S.K. Venkatesan, PGCIL
Shri S.S Raju, PGCIL
Shri M.M. Mondal, PGCIL
Shri Rakesh Prasad, PGCIL
Shri Jasbir Singh, PGCIL
Shri Anshul Garg, PGCIL

For respondents : Shri S.S. Bhoi, OHPC

ORDER

The petition has been filed by Power Grid Corporation of India Limited (PGCIL) under sub-section (4) of Section 28 and Section 79(1)(d) of Electricity



Act, 2003 (Act) for determination of fee and charges for Fibre Optic Communication system under expansion of Wideband Communication Network in Eastern Region for the 2009-14 period.

2. The details of the assets covered in the instant petition are as under:-

Details of the Asset	COD	
	Scheduled	Actual
Asset-I: 127 km Optical Fibre under expansion of Wideband Communication in ER	26.9.2014	1.11.2013
Asset-II: 170 km Optical Fibre under expansion of Wideband Communication in ER	(say 1.10.2014)	1.3.2014

3. This order has been issued after considering the petitioner's affidavit dated 9.5.2016 and 28.6.2016.

4. The investment approval for the Fibre Optic Communication system under expansion of Wideband Communication Network in Eastern Region was accorded by the Board of Directors of PGCIL vide letter no. C/CP/FO-ER dated 27.03.2012 at an estimated cost of ₹11580 lakh including IDC of ₹654 lakh (based on 4th Quarter, 2011 price level). The scheduled completion time of the project was 30 months from the date of investment approval i.e. 26.9.2014 say 1.10.2014.

5. The broad scope of work covered under the project is as hereinafter:-

- (a) Installation of estimated 1159 km of OPGW fibre optic cable on the existing EHV transmission lines;
- (b) Installation of estimated 2500 km of OPGW fibre optic cable on new /upcoming EHV transmission lines;



- (c) Installation of 53 nos. of Terminals Equipments for Communication based upon Synchronous Digital Hierarchy (SDH) technology in sub-stations of POWERGRID and constituents and generating stations;
- (d) Installation of 76 nos. of Drop Insert Multiplexers at wide band nodes;
- (e) Network Management System (NMS) to monitor the network was also envisaged; and
- (f) 53 nos. of DC Power Supply was envisaged at all the wideband locations. However, the requirement was to be optimized during detailed engineering.

Brief background

6. As per the directives of Government of India vide order dated 4.7.2008, Power System Operation Corporation Ltd. (POSOCO), a wholly owned subsidiary of Power Grid Corporation of India Limited was created and POSOCO is responsible for system operation of National Load Despatch Centre (NLDC) and Regional Load Despatch Centres (RLDCs). Pursuant to Satnam Singh Committee's report, the assets pertaining to system operations have been transferred to POSOCO for which separate tariff orders had been issued by the Commission.

7. Government of India had also constituted a Task Force to look into the financial aspects for augmentation and up-gradation of the State Load Despatch Centres and issues related to emoluments for the personnel engaged in the system operation. The Task Force made certain recommendations with regard to the ownership of the assets. The petitioner constituted committees at the



regional level, subsequent to the Task Force's report, to identify the assets to be transferred to POSOCO. The recommendations of the committees for asset transfer were as follows:-

(A) Assets to be transferred to POSOCO:

- (i) EMS/SCADA system (computer system, hardware and software)
- (ii) Auxiliary power supply system comprising of uninterrupted power supply, diesel generating set etc.
- (iii) Building and civil works.

(B) Assets which will remain with petitioner:

I. Central Portion:

- (i) Fibre Optic Cables (overhead and underground)
- (ii) Fibre Optic Communication Equipment
- (iii) Digital Microwave Communication System (Tower, Antenna, Equipment etc.)
- (iv) PABX
- (v) Power Line Carrier Communication System;
- (vi) Auxiliary power supply system.

II. State Portion: Entire state portion which consists of the following equipment will remain with the petitioner:

- (i) EMS/SCADA system
- (ii) Fibre Optic System
- (iii) Digital Microwave Communication System (Tower, Antenna, Equipment etc.)
- (iv) PABX
- (v) Power Line Carrier Communication System
- (vi) Auxiliary power supply system (part)

8. Thereafter, the petitioner filed a Miscellaneous Petition No. 68/2010 under sub-section (4) of Section 28 of the Act and Regulation 44 "Power to Relax" of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2009 for fixation of tariff norms for recovery of cost for the assets ("Communication system" and "Sub-Load Dispatch Centre system") to



be retained/to be installed by the petitioner after formation of POSOCO for the period 2009-14 block.

9. The Commission in Petition No. 68/2010 vide order dated 8.12.2011, had observed as under:-

“9.....Since the communication system and SLDC system form part of the assets of the CTU, there is a requirement to specify regulations for determination of tariff of these assets. We direct the staff of the Commission to undertake the exercise separately and include these assets of CTU in the tariff regulations applicable for the next tariff period i.e.2014-19. As regards the tariff of these assets for the period 2009-14, we are not inclined to determine the tariff of these assets by exercising our power to relaxation under Regulation 44 of the 2009 regulations since there is no provision for determination of tariff for the assets covered under the communication system and ULDC system. We are of the view that the tariff of these assets shall be determined under our general power of determination of tariff for inter-State transmission system under section 79(1)(d) of the Act.....”

“.....It clearly emerges from the above judgment that the Central Commission can specify the terms and conditions of tariff even in the absence of the regulations. Since no regulation was specified for determination of tariff of the communication system and the ULDC system, the Commission determined the tariff of these assets during the period 2004-09 on levelised basis by adopting some of the parameters of 2004 tariff regulations. We have decided to continue with the levelised tariff for the existing assets in the absence of any provision in 2009 regulations regarding determination of tariff of communication system and ULDC system of the petitioner. For the new assets, the tariff will be decided as per the regulations for communication systems to be framed. Accordingly we direct the staff of the Commission to take necessary action to prepare draft regulations for determination of tariff for the communication system and ULDC system of the petitioner.”

“21. We have considered the submission of the petitioner and the respondents. We are of the view that replacement of microwave links with fibre optic links should be implemented as agreed by the beneficiaries to ensure safe and reliable operation of the power system. Moreover, the petitioner has submitted that surrender of the microwave frequencies would save substantial cost and the fibre optic system would be beneficial in the long run as the fibre optic communication network is required for implementation of new technologies like Wide Area Measurement System (WAMS), Special Protection Schemes (SPS) etc. in view of fast development and complexity of the power system in the country. As regards the regulatory approval, we are of the view that since the project has been agreed to be implemented by the constituents of each of the regions, regulatory approval is not considered necessary. The petitioner is granted liberty to approach the Commission for determination of tariff for the fibre optic network being installed in lieu of microwave links for each of the region separately. As regards the submission of UPPTCL, it is clarified that if the state portion is not being implemented by it separately as proposed earlier, the same shall be



implemented by the petitioner and UPPTCL would be required to share the tariff in proportion to the assets being utilised by it. It is however made clear that the timeline for replacement of the digital microwave by optical fibre should be strictly complied with.”

10. As held in order dated 8.12.2011 in Petition No.68/2010, we would like to continue with the levelised tariff for the existing assets in the absence of any provision in the 2009 Tariff Regulations regarding determination of tariff of communication system and ULDC system of the petitioner. Accordingly, the annual fee and charges of the optic fibre need to be determined as per the principles approved by the Commission vide order dated 8.12.2011 in Petition No 68/2010.

11. Orissa Hydro Power Corporation Limited (OHPCL), Respondent No. 3 has filed reply vide letter dated 8.3.2016. OHPCL has submitted that its Burla Power House is not a user of ERLDC system as it has been deleted from the list of ERLDC. This has been confirmed by POSOCO vide its letter reference ERLDC/Commercial/F&C/2012/636-654 dated 1.5.2012 and it should not be made a respondent by the petitioner. The petitioner has not filed a rejoinder to the reply of the respondent.

12. Having heard the representatives of the parties and perused the material on record, we proceed to dispose of the petition.

13. The annual fee and charges claimed by the petitioner based on the actual date of commercial operation are as follows:-

(₹ in lakh)

Particulars	Asset-I	Asset-II
	Central Sector	
	2013-14	2013-14
Annual Capital Recovery Charges-Total	5.62	1.53



Interest on working capital	0.64	1.02
O & M Expenses	3.10	0.83
Total	9.36	3.38

Date Of Commercial Operation

14. The Commission vide RoP for hearing dated 22.3.2016 directed the petitioner to submit RLDC certificate in respect of the usage of the assets, to determine whether communication signal has been established.

15. In response, the petitioner vide affidavit dated 28.6.2016 has submitted that the instant assets were commissioned during 2009-14 and communication signal has been established and hence the requirement of obtaining RLDC certificate is not applicable in the instant case.

Capital Cost:

16. The petitioner has submitted Auditors' Certificates dated 5.2.2015 in support of capital cost claimed for the instant assets. The details of actual expenditure incurred as on the date of commercial operation (COD) and additional capital expenses incurred for the period from the COD to 31.3.2014, 2014-15 and 2015-16 in respect of Asset-I & Asset-II are as follows:-

(₹ in lakh)

Particulars	Central portion	
	Asset-I: 127.000 km Optic Fibre (COD: 1.11.2013)	Asset-II: 170.234 km Optic Fibre (COD: 1.3.2014)
Expenditure upto COD	77.84	130.61
Add Cap during 2013-14	21.30	2.97
Add Cap during 2014-15	140.00	160.00
Add Cap during 2015-16	136.64	154.61
Total	375.78	448.19



17. The petitioner vide RoP for hearing dated 22.3.2016 was directed to submit the segregated approved apportioned cost for the instant assets and the basis of apportionment. The petitioner vide affidavit dated 9.5.2016 has submitted the segregated approved apportioned cost for the instant assets and has submitted that the apportionment is done on the basis of OPGW cable length etc. The details are as follows:-

(₹ in lakh)				
Name of the Assets	Length (km)	COD	FR apportioned approved cost	Estimated completion cost
2 nos. of OPGW Links under central sector	127	1.11.2013	400.38	375.78
3 nos. of OPGW Links under central sector	170.234	1.3.2014	534.82	448.19
Total			935.20	823.97

Cost Over-Run

18. The total approved apportioned cost of Asset-I and Asset-II is ₹400.38 lakh and ₹534.82 lakh respectively against which the estimated completion cost is ₹375.78 lakh and ₹448.19 lakh respectively. Therefore, there is no cost over-run in case of instant assets.

Time Over-run

19. As per investment approval, the project was scheduled to be commissioned within 30 months from the date of investment approval (i.e. 27.3.2012). Accordingly, the schedule of completion works out to 26.9.2014 (say October 2014). Asset-I and Asset-II have been put under commercial operation on 1.11.2013 and 1.3.2014 respectively. Therefore, there is no time over-run in commissioning of the instant assets.



Treatment of IDC and IEDC

20. The petitioner has claimed Interest During Construction (IDC) of ₹3.64 lakh and ₹5.91 lakh for Asset-I and Asset-II respectively. However, the petitioner has not submitted any detailed working of IDC calculations as well as details of IDC paid after COD for the instant assets. Therefore, as per details submitted by the petitioner vide affidavit dated 9.5.2016 on cash basis, IDC has been worked out based on the loans deployed for instant assets assuming that the petitioner has not made any default in the payment of interest. Thus, IDC on cash basis up to the actual COD i.e. 1.11.2013 and 1.3.2014 works out to ₹6.60 lakh and ₹12.99 lakh for Asset-I and Asset-II respectively. However, as the petitioner has claimed IDC of ₹3.64 lakh and ₹5.91lakh for Asset-I and Asset-II respectively and the same is considered for the purpose of tariff in this order. The petitioner is directed to submit the details of IDC calculations at the time of truing-up.

21. Similarly, the petitioner has submitted Auditors' Certificate dated 5.2.2015 in support of its claim for Incidental Expenditure during Construction (IEDC) of ₹0.51 lakh and ₹0.79 lakh for Asset-I and Asset-II respectively as on COD. The petitioner has not submitted any detailed working for IEDC. However, the petitioners' claim is within the percentage on Hard Cost as indicated in the Abstract Cost Estimate and the same is considered for the purpose of tariff in this order. The petitioner is directed to submit the year wise details of actual IEDC paid till COD at the time of truing-up.



Capital Cost for the purpose of annual fee and charges

22. The details of Capital Cost as on COD considered for the purpose of annual fee and charges in the instant petition, after allowing IDC/IEDC for Asset-I and Asset-II are as under:-

Particulars	(₹ in lakh)	
	Asset-I	Asset-II
Capital Cost claimed as on COD inclusive of IDC and IEDC	77.84	130.61

Projected Additional Capital Expenditure

23. The petitioner has submitted Auditors' Certificate dated 5.2.2015 in support of its claim for additional capital expenditure incurred/projected to be incurred claimed for 2013-14, 2014-15 & 2015-16 as discussed at para-16. The additional capital expenditure incurred/projected to be incurred is for balance and retention payments and is allowed for 2013-14. However, the additional capital expenditure incurred/to be incurred for 2014-15 and 2015-16 is beyond the tariff period 2009-14 and as such the same shall be considered in tariff period 2014-19. Accordingly the capital cost as on COD and 31.3.2014 as considered for tariff purpose in this order is as under:-

Particulars	(₹ in lakh)	
	Asset-I	Asset-II
Capital cost as on COD	77.84	130.61
Additional capitalization during 2013-14	21.30	2.97
Total	99.14	133.58

24. However, we have noted that the major portion of the cost of the instant assets has been claimed by the petitioner as balance/retention payments on



account of additional capitalization. The petitioner is directed to submit reasons/explanation at the time of truing-up.

Debt-Equity Ratio

25. The details of debt-equity ratio of the instant assets as on COD and as on 31.3.2014 are as follows:-

(₹ in lakh)

Particulars	Asset-I			
	As on COD		As on 31.3.2014	
	Amount	% age	Amount	% age
Loan/Debt	54.49	70.00	69.40	70.00
Equity	23.35	30.00	29.74	30.00
Total	77.84	100.00	99.14	100.00
Particulars	Asset-II			
	As on COD		As on 31.3.2014	
	Amount	% age	Amount	% age
Loan/Debt	91.43	70.00	93.51	70.00
Equity	39.18	30.00	40.07	30.00
Total	130.61	100.00	133.58	100.00

Rates for Recovery of loan and equity

26. The Capital Recovery Factor for Loan and Equity in respect of instant assets have been calculated by applying weighted average rate of interest and Return on Equity using a recovery factor for loan and equity for 15 years (i.e. 180 months) and weighted average interest on loan works out to be 8.8508% and 9.0854% for Asset-I and Asset-II respectively in the instant petition. The Capital Recovery Factor for equity has been considered on post-tax return on equity of 15.50%. The details of weighted average rate of interest on loan are attached at Annexure-3 and Annexure-4 of the order. Thus, the rates considered on annual basis, have been converted to monthly rates and are as follows:-



CRF as on COD to be considered for Fee & Charges for 2013-14		
Particulars	Central portion	
	Asset-I: 127 km Optic Fibre	Asset-II: 170.234 km Optic Fibre
Loan	0.010054	0.010194
Equity	0.014340	0.014340
Total	0.024394	0.024534

27. Accordingly, the amount of monthly capital recovery charges as on COD for Central portion for Asset-I and Asset-II have been considered by calculating the capital recovery charges for loan and equity using respective Capital Recovery Factors and are as below:-

(₹ in lakh)

Particulars	Central portion	
	Asset-I: 127 km Optic Fibre	Asset-II: 170.234 km Optic Fibre
Loan	0.55	0.93
Equity	0.33	0.56
Total	0.88	1.49

28. The petitioner has prayed to be allowed to bill and adjust impact of Interest on loan due to change in interest rate on account of floating rate of interest applicable, if any, during the tariff period from the respondents. The interest on loan has been calculated on the basis of prevailing rate of actual loan applicable as on COD. Any change in rate of interest subsequent to the date of commercial operation will be considered at the time of truing up.

29. The petitioner has further submitted that capital recovery on account of equity has been claimed @15.50% and it be allowed to recover the tax component from the beneficiaries.



30. The Commission in its order dated 18.3.2011 in Petition No. 28/2010 approved the fees and charges for the period upto 31.3.2009 by considering CRF corresponding to equity on the basis of return on equity at the rate of 14% per annum (post-tax) in accordance with the terms and conditions for determination of tariff applicable during 2004-09. Whereas, during 2009-14, consequent to creation of POSOCO, fees and charges of the assets transferred to POSOCO were allowed as per RLDC Regulations 2009, the assets retained with the CTU are neither covered under the RLDC Regulations nor under the 2009 Tariff Regulations. The tariff regulations applicable for the period 2009-14 provide for recovery of RoE (pre-tax), calculated by grossing up the base rate (normally @ 15.5% per annum) with the Corporate Tax/MAT rate for the year 2008-09 and is to be trued up subsequently with reference to the actual tax rate applicable under the provisions of the relevant Finance Act each year during the tariff period. As already mentioned earlier in this order, PGCIL filed a miscellaneous Petition No. 68/2010 for fixation of tariff norms for recovery of cost of assets ("Communication System" and "Sub-Load Despatch Centre System") to be retained or to be installed by the petitioner after formation of POSOCO for the tariff period 2009-14. It was decided, vide order dated 8.12.2011 in Petition No. 68/2010, to continue with the levelised tariff for the existing assets in the absence of any provision in the 2009 Tariff Regulations regarding determination of tariff of communication system and ULDC system of the petitioner. In our opinion, the concept of grossing up linked with the tariff determination for ordinary assets cannot *per se* be applied for calculating fees and charges in accordance with the Capital Recovery Factor (CRF) concept. By considering the grossed-up value of RoE, CRF gets distorted because of



factoring of tax component. Therefore, in departure from the provisions for recovery of RoE specified under the tariff regulations presently applicable, post-tax RoE of 15.50% per annum, converted to monthly rates has been considered. As RoE has been considered post-tax, the petitioner shall be entitled to recover income-tax from the respondents in proportion of the fees and charges shared by them in accordance with this order.

31. Further, we are of the view that there is a need to review the Capital Recovery Factor methodology applied while determining fee and charges for Communication system. Accordingly, the staff is directed to examine the issue and submit to the Commission for appropriate directions.

Operation & Maintenance Expenses (O&M Expenses)

32. The petitioner vide affidavit dated 9.5.2016 has claimed O&M Expenses for 2013-14 amounting to ₹2.63 lakh and ₹0.63 lakh for Asset-I and Asset-II respectively. The petitioner has submitted that the claim of the O&M Expenses has been considered @ 7.5% of the capital cost subject to actual expenditure at the time of truing-up.

33. The petitioner has further submitted that it may approach the commission for suitable revision in the norms for O&M Expenditure due to impact of wage revision. The petitioner has also submitted that the claim for fee and charges is exclusive of incentive, late payment surcharge, FERV, any statutory taxes, levies, duties, cess, filing fees, license fee or any other kind of impositions etc. Such kinds of payments are generally included in the O & M Expenses. We do



not see any reason why the actual amount admissible is inadequate to meet the requirement of the employee cost. As regards impact of wage revision, we would like to clarify that any application filed by the petitioner in this regard will be dealt with in accordance with the provisions of the appropriate Tariff Regulations.

34. In this regard, the Commission vide order dated 8.12.2011 in petition no. 68/2010 has directed as follows:

“(C) O&M Charges: 27. We have examined the data submitted by the petitioner regarding actual O&M expenses during 2002-03 to 2009-10 for the communication system. It is observed that O&M charges for the year 2008-09 vary from 3.54% to 8.59% of the capital cost as on 31.03.2009 for different regions. We are of the view that the petitioner should be allowed O & M expenses on actual for the communication systems already in operation under ULDC schemes in different regions. However, for the new systems, the O&M norms would be decided at the time of framing of regulation for communication system.”

35. In view of the above, O&M expenses are allowable on actual basis. The O&M Expenditure claimed by the petitioner for Asset-I and Asset-II is allowed subject to actual at the time of truing-up.

Interest on working capital

36. The petitioner is entitled to claim interest on working capital and in the absence of specific regulation in respect of ULDC petitions, it has been considered as per the 2009 Tariff Regulations. The components of the working capital and the petitioner’s entitlement to interest thereon are discussed hereinafter:-



(i) Receivables

As per Regulation 18(1) (c) (i) of the 2009 Tariff Regulations, receivables as a component of working capital will be equivalent to two months of fixed cost. The petitioner has claimed the receivables on the basis of 2 months of annual fee and charges claimed in the petition. In the fee and charges being allowed, receivables have been worked out on the basis of 2 months fee and 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 as part of the working capital 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 to be included in the working capital. The petitioner has claimed O&M Expenses for 1 month of the respective year. This has been considered in the working capital in respect of instant assets.

(iv) Rate of Interest on Working Capital

In accordance with clause (3) of Regulation 18 of the 2009 Tariff Regulations, as amended, rate of interest on working capital shall be on normative basis and shall be equal to State Bank of India Base Rate plus 350 basis point. As such, rate of interest on working capital @ 13.20% (Base rate of 9.70% as on 1.4.2013 plus 350 basis points) has been



considered in respect of Asset-I and Asset-II. Interest on working capital has been worked out accordingly.

37. Necessary computations in support of interest on working capital are given under:-

(₹ in lakh)

Particulars	Asset-I	Asset-II
	Annualized	
	2013-14	2013-14
Maintenance Spares	0.95	1.13
O & M Expenses	0.53	0.63
Receivables	2.91	4.38
Total	4.39	6.15
Rate of Interest	13.20%	13.20%
Interest	0.58	0.81

Annual Fee and charges

38. The detailed calculations of fee and charges being worked out on annualized basis for the instant assets are attached at Annexure-1 and Annexure-2 of this order and are as follows:-

(₹ in lakh)

Particulars	Asset-I	Asset-II
	Central portion	
2013-14 (pro-rata)	7.28	2.19

Filing fee and Publication Expenses

39. The petitioner has sought reimbursement of filing fee paid by it. The petitioner has clarified that reimbursement of expenditure has been claimed in terms of Regulation 42 of the 2009 Tariff Regulations. The petitioner shall recover the filing fee in connection with the present petition, directly from the beneficiaries on *pro-rata* basis.



Licence Fee

40. The petitioner has submitted that the license fee has been a new component of cost to the transmission license 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 42A of the 2009 Tariff Regulations.

Service tax

41. The petitioner has made a prayer to be allowed to bill and recover the service tax on fee and charges separately from the respondents, if it is subjected to such service tax in future. We consider petitioner's prayer premature and accordingly this prayer is rejected.

Sharing of Annual Fees and Charges

42. OHPCL has submitted that its Burla Power House is not a user of ERLDC system as it has been deleted from the list of ERLDC. The same has been confirmed by POSOCO vide letter dated 1.5.2012. Accordingly, OHPCL is not liable to bear any fee and charges in the case of instant assets.

43. The fee and charges for Fiber Optic Communication system covered under Central Sector portion shall be shared on similar lines as system operation charges by the users in the ratio of 45:45:10 as per Regulation 22 (1) of Fees and charges of Regional Load Despatch Centre and other related matters Regulations, 2009 as under:-

Distribution licensees and buyers : 45% of system operation charges;

Generating stations and sellers : 45% of system operation charges;



Inter-state Transmission licensees : 10% of system operation charges"

44. Further, as specified under Regulation 5 of Central Electricity Regulatory Commission (sharing of revenue derived from utilization of transmission assets for other business) Regulations, 2007, the revenue earned by the petitioner from utilisation of these assets for other business shall be adjusted on monthly basis in the bills of the respective month in the proportion given in para 51 above.

45. This order disposes of Petition No. 81/TT/2015.

sd/-
(M.K. Iyer)
Member

sd/-
(A.S. Bakshi)
Member

sd/-
(A.K. Singhal)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson



Annexure-1

(₹ in lakh)

Central Portion-Fee and Charges (2009-14)		
Particulars	On Capital expenditure upto COD (1.11.2013)	2013-14
Gross Capital Cost	77.84	21.30
Gross Notional Loan	54.49	14.91
Gross Equity	23.35	6.39
Years	15.00000	14.58333
Months	180.00	175.00
Weighted Average Rate of Interest p.a.	8.8508%	8.8508%
Weighted Average Rate of Interest p.m.	0.7376%	0.7376%
Monthly Recovery Factors-Loan	0.010054	0.010193
Monthly Capital Recovery Charge-Loan	0.55	0.15
Annual Capital Recovery Charge-Loan	6.57	1.82
Rate of Return on Equity p.a. (As per Regulation 2009)	15.50%	15.50%
Rate of Return on Equity p.m.	1.29%	1.29%
Monthly Recovery Factors-Equity	0.014340	0.014445
Monthly Capital Recovery Charge-Equity	0.33	0.09
Annual Capital Recovery Charge-Equity	4.02	1.11
Monthly Capital Recovery Charge-Total	0.88	0.24
Annual Capital Recovery Charge-Total	10.59	2.93
Total Fee & Charges (Annualized)		
Particulars		2013-14
Annual Capital Recovery Charge-Loan		6.57
Annual Capital Recovery Charge-Equity		4.02
Annual Capital Recovery Charge-Total		10.59
O&M Expenses		6.31
Interest on Working Capital		0.58
Total Fee & Charges (Annualized)		17.48
Interest on Working Capital (Annualized)		
Particulars		2013-14
Maintenance Spares		0.95
O&M Expenses (1 Month)		0.53
Receivables		2.91
Total		4.39
Rate of Interest on Working Capital (SBI Base rate as on 1.4.2013 plus 350 points)		13.20%
Total Interest on Working Capital (Annualized)		0.58
Allowable Fee & Charges (2009-14)		
Particulars		2013-14 (Pro-rata)
Annual Capital Recovery Charge-Loan		2.74
Annual Capital Recovery Charge-Equity		1.67



Annual Capital Recovery Charge- Total		4.41
O&M Expenses		2.63
Interest on Working Capital		0.24
Total Allowable Fee & Charges (2009-14)		7.28
Note: Additional Capitalisation after date of commercial operation shall be considered in the next period (As per prevailing practice in respect of ULDC petitions).		



Annexure-2

(₹ in lakh)

Central Portion-Fee and Charges (2009-14)		
Particulars	On Capital expenditure upto COD (1.3.2014)	2013-14
Gross Capital Cost	130.61	2.97
Gross Notional Loan	91.43	2.08
Gross Equity	39.18	0.89
	130.61	2.97
Years	15.00000	14.91667
Months	180.00	179.00
Weighted Average Rate of Interest p.a.	9.0854%	9.0854%
Weighted Average Rate of Interest p.m.	0.7571%	0.7571%
Monthly Recovery Factors -Loan	0.010194	0.010220
Monthly Capital Recovery Charge-Loan	0.93	0.02
Annual Capital Recovery Charge Loan	11.18	0.25
Rate of Return on Equity p.a. (As per Regulation 2009)	15.50%	15.50%
Rate of Return on Equity p.m.	1.29%	1.29%
Monthly Recovery Factors -Equity	0.014340	0.014360
Monthly Capital Recovery Charge-Equity	0.56	0.01
Annual Capital Recovery Charge-Equity	6.74	0.15
Monthly Capital Recovery Charge -Total	1.49	0.03
Annual Capital Recovery Charge - Total	17.93	0.41
Total Fee & Charges (Annualized)		
Particulars		2013-14
Annual Capital Recovery Charge -Loan		11.18
Annual Capital Recovery Charge -Equity		6.74
Annual Capital Recovery Charge - Total		17.93
O&M Expenses		7.56
Interest on Working Capital		0.81
Total Fee & Charges (Annualized)		26.30
Interest on Working Capital (Annualized)		
Particulars		2013-14
Maintenance Spares		1.13
O&M Expenses (1 Month)		0.63
Receivables		4.38
Total		6.15
Rate of Interest on Working Capital (SBI Base rate as on 1.4.2013 plus 350 points)		13.20%
Total Interest on Working Capital (Annualized)		0.81
Allowable Fee & Charges (2009-14)		
Particulars		2013-14



		(Pro-rata)
Annual Capital Recovery Charge -Loan		0.93
Annual Capital Recovery Charge -Equity		0.56
Annual Capital Recovery Charge - Total		1.49
O&M Expenses		0.63
Interest on Working Capital		0.07
Total Allowable Fee & Charges (2009-14)		2.19
Note: Additional Capitalisation after date of commercial operation shall be considered in the next period (As per prevailing practice in respect of ULDC petitions).		



Annexure-3

(₹ in lakh)

Wt. Average Rate of Interest on COD (for 2009-14)				
Loan	Amount of Loan as on COD- 1.11.2013	Rate of interest as on COD- 1.11.2013	Interest	Weighted Average Rate of Interest
Bond XXXVIII	15.00	9.25%	1.39	
Bond XL	19.49	9.30%	1.81	
Bond XLII	20.00	8.80%	1.76	
Bond XLIII	14.91	7.93%	1.18	
Total Loan	69.40		6.14	8.8508%



Annexure-4

(₹ in lakh)

Wt. Average Rate of Interest on COD (for 2009-14)				
Loan	Amount of Loan as on COD- 1.3.2014	Rate of interest as on COD- 1.3.2014	Interest	Weighted Average Rate of Interest
Bond XXXVIII	30.00	9.25%	2.78	
Bond XL	30.00	9.30%	2.79	
Bond XLII	31.43	8.80%	2.77	
Bond XLIII	2.08	7.93%	0.16	
Total Loan	93.51		8.50	9.0854%

