

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Review Petition No. 56/RP/2016**

**in  
Petition No.134/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 Order : 31.07.2017**

**In the matter of:**

Review Petition under Section 94 of the Electricity Act, 2003 read with Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, seeking review of order dated 19.9.2016 in Petition No. 134/TT/2015.

**And in the matter of:**

Torrent Power Grid Limited,  
Torrent House, Off Ashram Road,  
Navrangpura, Ahmedabad-380 009

.....**Petitioner**

**Vs**

1. Torrent Power Limited (TPL)  
Torrent House, Off Ashram Road,  
Ahmedabad-380 009
2. Power Grid Corporation of India Ltd.  
B-9, Qutab Institutional Area,  
Katwaria Sarai, New Delhi-110 016
3. Western Regional Power Committee,  
F-3, MIDC Area, Marol,  
Opp. SEEPZ, Central Road,  
Andheri (East), Mumbai-400 093
4. PTC India Ltd.  
2<sup>nd</sup> Floor, NBCC Tower,



15, Bhikaji Cama Place,  
New Delhi-110 066

5. M.P. Power Management Company Limited  
Shakti Bhavan, Vidyut Nagar, Rampur,  
Jabalpur-482 008
6. Gujarat Urja Vikas Nigam Limited,  
Sardar Patel Vidyut Bhavan, Race Course,  
Vadodra-390 007
7. Maharashtra State Electricity Distribution Co. Ltd.  
"Prakashgad", Bandra (East),  
Mumbai-400 051
8. Chhattisgarh State Power Transmission Co. Ltd.  
P.O. Sundernagar, Dangania,  
Raipur-492 013
9. Goa Electricity Department,  
Govt. of Goa, Vidyut Bhavan,  
3<sup>rd</sup> Floor, Panaji, Goa-403 001
10. Secretary, UT of Dadra Nagar Haveli,  
Silvasa-396 230
11. Secretary, UT of Daman & Diu,  
Moti Daman-396 220

....Respondents

**For Petitioner** : Shri Chetan Bundela, TPGL  
Shri Tapan Pandya, TPGL

**For Respondent** : Shri Rajeev Kumar Gupta, MPPMCL

### **ORDER**

This review petition has been filed by Torrent Power Grid Limited (TPGL) seeking review of the order dated 19.9.2016 in Petition No.134/TT/2015 wherein the transmission tariff allowed for 2009-14 tariff period was trued-up and tariff for 2014-19 tariff period was allowed for LILO of Vapi-Jhanor, 400 kV D/C line from SUGEN to a



point near Gandhar with LILO of one circuit of existing Gandhar-Dehgam 400 kV D/C line, 400 kV line from LILO Point on Jhanor (Gandhar)-Dehgam line to 400 kV Sub-station of PGCIL at Pirana (Kamod) and opening of LILO Point near Gandhar.

### **Brief facts of the case**

2. The Review Petitioner is a joint venture company between Torrent Power Limited (TPL), a Torrent Group Company and Power Grid Corporation of India Limited (PGCIL) and is an inter-State transmission licensee. The Review Petitioner was granted inter-State transmission license on 16.5.2007, to build, own and operate the transmission system for evacuation of power from SUGEN CCPP. The entire project has been executed in three different phases. Phase-1, Phase-2 and Phase-3 of the project were commissioned on 1.3.2009 and 1.4.2010 and 1.4.2011 respectively. The transmission tariff for Phase-1 for the 2004-09 period was allowed vide order dated 11.7.2011 in Petition No. 275/2009 and for 2009-14 tariff period it was allowed vide order dated 19.7.2011 period in Petition No 159/2009. Tariff for Phase-2 of the project was approved vide order dated 22.4.2013 in Petition No. 318/2010 for the period from COD to 31.3.2014 and tariff for Phase-3 was determined in Petition No. 106/TT/2012, vide order dated 15.1.2015, for the period from COD to 31.3.2014.

3. Thereafter, the Review Petitioner filed Petition No. 134/TT/2015 for truing-up tariff for 2009-14 period, separately for three phases and determination of transmission tariff for 2014-19 block as a single combined asset of LILO of Vapi-Jhanor, 400 kV D/C Line from SUGEN to a point near Gandhar with LILO of one circuit of existing Gandhar- Dehgam 400 kV D/C Line, 400 kV line from LILO Point on Jhanor (Gandhar)-Dehgam line to 400 kV SS



of PGCIL at Pirana (Kamod) and opening of LILO Point near Gandhar under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (the 2009 Tariff Regulations) and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (the 2014 Tariff Regulations) respectively. The tariff for 2009-14 tariff period was trued-up and final tariff for 2014-19 tariff period was allowed vide order dated 19.9.2016 in Petition No. 134/TT/2015. While allowing tariff for Phase-1 and 2 of the instant project for the 2009-14 tariff period, the Commission disallowed the time over-run of one month and 8 months respectively and disallowed the IDC and IEDC for the period of time over-run.

4. The Review Petitioner has filed the instant review petition on the ground that there are apparent errors in order dated 19.9.2016 in Petition No. 134/TT/2015 with respect to consideration of liquidated damages, treatment of IDC, debt-equity ratio, and rates of interest on loan and RoE considered for Phase-3 of the project.

### **Grounds for Review**

5. The Review Petitioner has made the following submissions in support of its claim for review:-

a) While approving the tariff for 2009-14 tariff period, a part of the capital cost was disallowed, being IDC and IEDC, on account of time over-run in completion of the project. Further, it was stated in the impugned order that the amount of Liquidated Damages (LD) shall be considered as part of tariff for 2014-19 tariff period. However, it was not considered during the financial year 2014-15. The IDC and IEDC have already been deducted and deduction of LD amounts to duplication of the impact of delay.



b) A part of the capital cost, being IDC and IEDC, was disallowed while approving the tariff for 2009-14 tariff period, owing to time over-run in completion of the project. Accordingly, cost of IDC and IEDC for 1 month and 8 months for Phase-2 and Phase-3 respectively has been disallowed. While cost for disallowance of IEDC is arrived at by pro-rating the IEDC cost for the months of delay considered, inadvertently, the pro-rated cost for disallowance of IDC seems not to be in accordance with the same. Hence, this inadvertent error needs to be rectified.

c) While approving the tariff for 2009-14 tariff period, it has been stated at para-33 of the impugned order that the actual deployment of fund through debt and equity for the project as a whole has been considered. The same is in line with the methodology specified as per Regulation 12 of the 2009 Tariff Regulations. However, while computing the debt and equity components for tariff, an inadvertent error has crept in so far as the consideration of the debt-equity ratio and corresponding amounts of debt and equity is concerned at para-34 of the impugned order. Thus, it has resulted into reduction in eligible equity amount. Therefore, the figures for debt and equity need to be rectified.

d) The rate of interest on loan and rate of ROE considered for Phase-3 is different from what has been provided in the 2009 Tariff and these needs to be rectified.

6. The review petition was admitted vide order dated 24.1.2017 and the respondents were directed to file their replies. In response, M.P. Power Management Company Limited, (MPPMCL), Respondent No.5 has filed its reply vide affidavit dated 1.2.2017. MPPMCL



has submitted that the impugned order provided for adjustment of LD at the time of truing-up, if the LD realized by the Review Petitioner was more than IDC and IEDC disallowed. MPPMCL has further submitted that as the LD realized is less than the IDC and IEDC disallowed, the question of review does not arise and accordingly, the prayer of the Review Petitioner be rejected. The Review Petitioner has filed rejoinder to the reply vide affidavit dated 16.2.2017.

### **Analysis and Decision**

7. We have considered the submissions made by the Review Petitioner and MPPMCL. As regards LD, the Review Petitioner was given liberty to claim LD from the contractor for the delay in commissioning of the asset in order dated 9.1.2015 in Petition No. 106/TT/2012. It was also observed that if the LD realized by the Review Petitioner is more than the IDC and IEDC disallowed, the same shall be adjusted at the time of truing up. The Review Petitioner in truing-up petition i.e. Petition No. 134/TT/2015 has adjusted the LD amount of ₹741.66 lakh by reversal of liability and shown in Form-5 (Element wise break up of project cost) as reversal of liability. The reversal of liability has been quantified vide order dated 19.9.2016 in Petition No. 134/TT/2015 for the period 2014-19 as ₹923.34 lakh (which includes ₹741.66 lakh for 2014-15 towards LD recoverable). The same was considered in the flow of liability in para 71, 72 and 73 of the impugned order. The Review Petitioner has indicated the amount of ₹741.66 lakh being LD recoverable as reversal of liability but has not claimed the same as additional capital expenditure. Thus, reversal of liability was only considered for adjustment of liability and not considered as additional capital expenditure during 2014-15. The Review Petitioner in the instant petition



has mentioned that, the IDC and IEDC have already been deducted and subsequently, the liability reversal towards LD amounts also been deducted which makes duplicate recovery for time over-run in commissioning of the assets. In this regard, the Review Petitioner was directed vide ROP dated 17.11.2016 to submit details of duplication by reconciling the IDC recovery and LD Charges. The Review Petitioner has submitted the statement in this regard as under:-

(₹ in lakh)				
Particulars		Petition	Approved	Review
<b>As per table at para-24 of the order</b>				
Total capital cost as on COD on cash basis	a	27589.48	27589.49	27589.49
Disallowed IDC/IEDC	b	-	929.9	929.9
Disallowed spares	c	40.23	40.23	40.23
Total capital cost as on COD on cash basis	d=a-b-c	27549.25	26619.36	26619.36
<b>As per table at para-30 of the order</b>				
Approved Add Cap for the period 2009-14	e	1655.84	1655.84	1655.84
Total Capital cost as on 31.3.2014	f=d+e	29205.1	28275.2	28275.2
Un-discharged liabilities as on 31.3.2014	g	2040.65	2040.65	2040.65
Liabilities not considered for tariff	h	-	172.29*	172.29
Liquidated Damages received	i	741.66	741.66*	-
<b>As per table at para-76 of the order</b>				
Add cap for period 2014-19	j=g-h-i	1298.99	1126.70	1868.36
<b>As per table at para-76 of the order</b>				
Total capital cost as on 31.3.2019	k=j+f	30504.09	29401.90	30143.56
Effective reduction in capital cost	L=b+i	741.66	1671.56	929.90

\*In order dated 19.9.2016 the reversal of liability considered by Commission is ₹913.58 lakh which has been now shown by the Review Petitioner by splitting into ₹172.29 and ₹741.66 lakh.

As per the above statement, the Review Petitioner has submitted that in para 24 of the impugned order, the capital cost has been reduced to the extent of disallowed IDC and IEDC to arrive the capital cost as on COD of ₹26619.36 lakh. The Review Petitioner has further submitted that while considering the additional capital expenditure for 2014-15, only ₹1126.70 lakh has been considered without considering the liability amount



which has been reversed towards LD amount. The Review Petitioner has prayed to consider the liability amount to be part of the additional capital expenditure during 2014-15 period. It is observed that instead of claiming the adjustment of liability as additional capital expenditure, the Review Petitioner has simply shown the amount under reversal of liability. Therefore, in the absence of detailed explanation, the reversal of liability has been considered only in the flow of liability and the same was not considered as part of allowable additional capital expenditure. Hence, there is no error apparent in the impugned order. However, the Review Petitioner now has clarified the duplication in detail. Therefore, the liability amount of ₹741.66 lakh which was not considered as allowable additional capital expenditure is allowed as additional capital expenditure during 2014-15 period. Accordingly, the tariff for 2014-19 period has been revised in later part of this order.

8. The Review Petitioner has submitted that the amount of IEDC disallowed was arrived at in the impugned order by pro-rating the IEDC for the period of time over-run, however, the same method was not followed in the case of IDC. We have considered the submissions of the Review Petitioner. The allowable IDC was not determined on pro-rata basis as submitted by the Review Petitioner. The IDC was allowed up to scheduled COD based on the actual loan drawl and interest rate as submitted by the Review Petitioner. Thus, there is no error apparent in the order. Accordingly, the review on this count is rejected.

9. The Review Petitioner has submitted that while computing the debt and equity components for tariff, an inadvertent error has crept with regard to debt:equity ratio and





corresponding amounts of debt and equity, in para 34 of the impugned order which has resulted in reduction in eligible equity amount. We have gone through the calculation of debt:equity ratio. It is noticed from the Balance Sheet of the Review Petitioner that as on the date of commercial operation of Phase 2, the equity was ₹9000 lakh and debt was ₹13500 lakh and as on date of commercial operation of Phase 3, equity was ₹9000 lakh and debt was ₹21400 lakh. Since the actual cash expenditure incurred as on COD was ₹17725.90 lakh and ₹28521.79 lakh for Phase 2 and 3 respectively, the debt portion was adjusted first and the balance portion was treated as equity resulting in the debt:equity ratio of 76.16:23.84 for Phase 2 and 75.03:24.97 for Phase 3. It is however noticed that Clause (1) of Regulation 12 of the 2009 Tariff Regulations, provides as under:-

“12. Debt-Equity Ratio. (1) For a project declared under commercial operation on or after 1.4.2009, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff:

x x x x”

As per the above regulation, as on COD if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan and if equity is less than 30%, actual equity shall be considered. In the present case, the equity invested as on 1.4.2010 was ₹9000 lakh which is 50.77% and 31.55% for Phase 2 and 3 respectively of the actual capital cost. Therefore, the equity is required to be confined to 30% and the balance has been treated as loan in terms of Clause (1)



of Regulation 12 of the 2009 Tariff Regulations. Therefore, there is sufficient reason to recast the debt-equity ratio.

10. The debt-equity ratio has been revised by first adjusting the equity up to 30% of capital cost as on COD by considering the equity deployment of ₹9000 lakh as mentioned in the Balance Sheet for 2009-10 and 2010-11. The debt-equity ratio for phase 2 and Phase 3 are re-determined as under:-

SI No	Particulars	Total cost as on COD of Phase 2 (1.4.2010)	Total cost as on COD of Phase 3 (1.4.2011)
1	Cash expenditure incurred by the petitioner	17725.90	28521.79
2	Equity (₹9000 lakh or 30% of cash expenditure, whichever is less)	5317.77	8556.53
3	Loan (A-B)	12408.13	19965.26
4	Debt %	70.00	70.00
5	Equity %	30.00	30.00

11. The capital cost allowed as on COD of concerned Phases has been apportioned by the re-determined debt-equity ratio as under:-

Particulars	Claimed		Allowed	
	D/E Ratio	₹ in lakh	D/E Ratio	₹ in lakh
<b>As on COD of Phase 1</b>				
Loan of IOL	70.00	926.09	70.00	926.09
Equity for ROE	30.00	396.89	30.00	396.89
<b>Total</b>	<b>100.00</b>	<b>1322.98</b>	<b>100.00</b>	<b>1322.98</b>

Particulars	Claimed		Allowed	
	D/E Ratio	₹ in lakh	D/E Ratio	₹ in lakh
<b>As on COD of Phase 2</b>				
Loan of IOL	70.00	5423.47	70.00	5381.96
Equity for ROE	30.00	2324.34	30.00	2306.56
<b>Total</b>	<b>100.00</b>	<b>7747.81</b>	<b>100.00</b>	<b>7688.52</b>



Particulars	Claimed		Allowed	
	D/E Ratio	₹ in lakh	D/E Ratio	As on COD
<b>As on COD of Phase 3</b>				
Loan of IOL	70.00	12963.09	70.00	12325.50
Equity for ROE	30.00	5555.61	30.00	5282.36
<b>Total</b>	<b>100.00</b>	<b>18518.7</b>	<b>100.00</b>	<b>17607.86</b>

Particulars	Claimed		Allowed	
	D/E Ratio	₹ in lakh	D/E Ratio	As on COD
<b>For Phase 1+Phase2+Phase3</b>				
Loan of IOL	70.00	19312.64	70.00	18633.55
Equity for ROE	30.00	8276.85	30.00	7985.81
<b>Total</b>	<b>100.00</b>	<b>27589.49</b>	<b>100.00</b>	<b>26619.36</b>

12. The Review Petitioner has submitted that the rates considered for interest on loan and RoE considered in the impugned order are not as provided in the 2009 Tariff Regulations. As pointed out by the Review Petitioner, the rate of interest on loan and RoE for Phase-3 were inadvertently wrongly considered in the impugned order while allowing the tariff from the date of COD to 31.3.2014 as detailed below. Accordingly, the same is corrected in this order as under:-

Year	Rate of Return on Equity		Interest on Loan	
	Rates		Rates	
	% considered in order	% to be considered	% considered in order	% to be considered
2011-12	15.50	19.377	11.41	11.97
2012-13	19.377	19.377	11.97	11.58
2013-14	19.377	19.610	11.58	11.75

### **Consequential revision in tariff**

13. In the light of the above discussions, the tariff for Phase 3 of the project for the period 2010-11, 2011-12, 2012-13 and 2013-14 has been revised in this order taking into consideration the revised rate for RoE and Interest on Loan. Accordingly, the Debt:Equity ratio, RoE, Interest on Loan, Interest on Working Capital and the



transmission charges allowed for the assets covered in Phase-2 and 3 of the Project for 2009-14 tariff period has been revised, as under:-

a) The debt:equity ratio considered for Phase 2 and Phase 3 in para 34 of the order dated 19.9.2016 in Petition No. 134/TT/2015 has been revised as shown under:-

(₹ in lakh)

Particulars	As on COD					
	Phase I		Phase II		Phase III	
	Amount	%	Amount	%	Amount	%
Debt	926.09	70.00	5381.96	70.00	12325.50	70.00
Equity	396.89	30.00	2306.55	30.00	5282.36	30.00
<b>Total</b>	<b>1322.98</b>	<b>100.00</b>	<b>7688.52</b>	<b>100.00</b>	<b>17607.86</b>	<b>100.00</b>
Particulars	As on 31.3.2014					
	Phase-I		Phase II		Phase III	
	Amount	%	Amount	%	Amount	%
Debt	1089.49	70.00	5846.80	70.00	12856.35	70.00
Equity	466.92	30.00	2505.77	30.00	5509.86	30.00
<b>Total</b>	<b>1556.41</b>	<b>100.00</b>	<b>8352.57</b>	<b>100.00</b>	<b>18366.22</b>	<b>100.00</b>

b) Return on Equity allowed for Phase-2 and 3 of the project in para 37 of the order dated 19.9.2016 has been revised as under:-

### Phase-2

(₹ in lakh)

Return on Equity (ROE)	2010-11	2011-12	2012-13	2013-14
Opening Normative Equity	2306.55	2514.85	2514.95	2513.03
Addition due to Additional Capitalisation	208.30	0.10	-1.92	-7.26
Closing Normative Equity	2514.85	2514.95	2513.03	2505.77
Average Normative Equity	2410.70	2514.90	2513.99	2509.40
Return on Equity (Base Rate )	15.50%	15.50%	15.50%	15.50%
MAT rate for respective Financial Year	19.931%	20.008%	20.008%	20.961%
Rate of Return on Equity (Pre Tax )	19.358%	19.377%	19.377%	19.610%
<b>Return on Equity (Pre Tax)</b>	<b>466.66</b>	<b>487.31</b>	<b>487.14</b>	<b>492.09</b>



### Phase-3

Particulars	(₹ in lakh)		
	2011-12	2012-13	2013-14
Opening Normative Equity	5282.36	5364.84	5376.29
Addition due to Additional Capitalisation	82.48	11.45	133.57
Closing Normative Equity	5364.84	5376.29	5509.86
Average Normative Equity	5323.60	5370.57	5443.08
Return on Equity (Base Rate )	15.50%	15.50%	15.50%
MAT rate for respective Financial Year	20.008%	20.008%	20.961%
Rate of Return on Equity (Pre Tax )	19.377%	19.377%	19.610%
<b>Return on Equity (Pre Tax)</b>	<b>1031.55</b>	<b>1040.65</b>	<b>1067.39</b>

c) The Interest on Loan allowed for Phase-2 and 3 of the Project in para 41 of the order dated 19.9.2016 has been revised as under:-

### Phase-2

Interest on Loan (IOL)	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	5381.96	5867.99	5868.21	5863.74
Cumulative Repayment up to Previous Year	0.00	425.22	868.79	1312.05
Net Loan-Opening	5381.96	5442.76	4999.42	4551.68
Addition due to Additional Capitalisation	486.02	0.22	-4.47	-16.94
Repayment during the year	425.22	443.56	443.27	442.28
Net Loan-Closing	5442.76	4999.42	4551.68	4092.46
Average Loan	5412.36	5221.09	4775.55	4322.07
Weighted Average Rate of Interest on Loan	11.4100%	11.9700%	11.5800%	11.7500%
<b>Interest on Loan</b>	<b>617.55</b>	<b>624.96</b>	<b>553.01</b>	<b>507.84</b>

### Phase-3

Particulars	(₹ in lakh)		
	2011-12	2012-13	2013-14
Gross Normative Loan	12325.50	12517.96	12544.68
Cumulative Repayment upto Previous Year	0.00	936.96	1882.18
Net Loan-Opening	12325.50	11581.00	10662.51
Addition due to Additional Capitalisation	192.46	26.73	311.67
Repayment during the year	936.96	945.22	957.98
Net Loan-Closing	11581.00	10662.51	10016.19
Average Loan	11953.25	11121.75	10339.35
Weighted Average Rate of Interest on Loan	11.9700%	11.5800%	11.7500%
<b>Interest on Loan</b>	<b>1430.80</b>	<b>1287.90</b>	<b>1214.87</b>



d) The Interest on Working Capital allowed for Phase-2 and 3 of the Project in para 52 of the order dated 19.9.2016 has been revised as under:-

**Phase-2**

Particulars	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	8.02	8.48	8.96	9.47
O & M expenses	4.46	4.71	4.98	5.26
Receivables	265.94	274.36	262.61	256.20
Total	278.41	287.55	276.56	270.94
Rate of Interest	11.75%	11.75%	11.75%	11.75%
<b>Interest</b>	<b>32.71</b>	<b>33.79</b>	<b>32.50</b>	<b>31.83</b>

**Phase-3**

(₹ in lakh)

Particulars	2011-12	2012-13	2013-14
Maintenance Spares	32.77	34.64	36.62
O & M expenses	18.21	19.25	20.34
Receivables	616.03	596.86	593.46
<b>Total</b>	<b>667.00</b>	<b>650.75</b>	<b>650.42</b>
Rate of Interest	11.75%	11.75%	11.75%
<b>Interest</b>	<b>78.37</b>	<b>76.46</b>	<b>76.42</b>

e) The Annual Fixed Charges for Phase-2 and 3 for 2009-14 tariff period allowed in para 54 of the order dated 19.9.2016 has been revised as under:-

**Phase-2**

Particulars	2010-11	2011-12	2012-13	2013-14
Depreciation	425.22	443.56	443.27	442.28
Interest on Loan	617.55	624.96	553.01	507.84
Return on equity	466.66	487.31	487.14	492.09
Interest on Working Capital	32.71	33.79	32.50	31.83
O & M Expenses	53.47	56.54	59.76	63.15
<b>Total</b>	<b>1595.62</b>	<b>1646.17</b>	<b>1575.67</b>	<b>1537.20</b>



### Phase-3

Particulars	(₹ in lakh)		
	2011-12	2012-13	2013-14
Depreciation	936.96	945.22	957.98
Interest on Loan	1430.80	1287.90	1214.87
Return on equity	1031.55	1040.65	1067.39
Interest on Working Capital	78.37	76.46	76.42
O & M Expenses	218.47	230.95	244.10
<b>Total</b>	<b>3696.16</b>	<b>3581.19</b>	<b>3560.77</b>

f) In view of the above, the Annual Fixed Charges for the Project as a whole (Phase-1, 2 and 3) for the 2009-14 tariff period allowed in para 55 of the order dated 19.9.2016 has been revised as follows:-

AFC for Phase 1+ Phase 2+Phase 3	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	76.33	507.83	1462.91	1470.67	1482.44
Interest on Loan	104.09	728.47	2162.07	1934.03	1807.55
Return on equity	80.78	557.32	1609.47	1618.27	1651.04
Interest on Working Capital	5.96	39.18	118.56	115.11	114.29
O & M Expenses	10.30	64.34	286.52	302.88	320.11
<b>Total</b>	<b>277.46</b>	<b>1897.14</b>	<b>5639.53</b>	<b>5440.95</b>	<b>5375.44</b>

### Revision of trued-up tariff of 2014-19 tariff period

**Determination of balances as on 1.4.2014 for the project as whole to determine single tariff.**

14. Due to the revision of debt:equity ratio during 2009-14 period, the balances as on 1.4.2014 for the project as whole has been revised. Accordingly, the para 57 of the order dated 19.9.2016 in Petition No. 134/TT/2015 is revised as under:-



<b>Determination of balances as on 1.4.2014 for the project as whole to determine single tariff.</b>				
<b>Particulars</b>	<b>Balances as admitted/determined as on 31.3.2014 while truing up of tariff for 2009-14 period</b>			<b>Balances for the project as whole as on 1.4.2014</b>
	<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>	
Admitted Capital Cost	1556.41	8352.57	18366.22	<b>28275.20</b>
Cumulative Depreciation	407.22	1747.06	2840.16	<b>4994.44</b>
Debt Equity Ratio	70:30	70:30	70:30	<b>70:30</b>
Gross Normative Equity - Normal ROE	466.92	2505.77	5509.86	<b>8482.55</b>
Gross Normative Loan	1089.49	5846.80	12856.35	<b>19792.64</b>
Cumulative Re-payment of loan	408.58	1754.33	2840.16	<b>5003.07</b>

15. As discussed at para 7 above, additional capital expenditure of ₹741.66 lakh has been added to the additional capital expenditure of ₹1126.70 lakh which was earlier allowed for 2014-15 period in the impugned order.

16. In view of the above, para 67 of the order dated 19.9.2016 shall be read as under:-

“67. Accordingly, ₹1868.36 lakh (i.e. ₹1211.61 lakh-₹84.91 lakh+₹741.66 lakh) has been considered as additional capital expenditure during 2014-15”

17. Accordingly, the AFC allowed for the 2014-19 period for the Combined Asset has been revised in the following paras.

a) The additional capital expenditure allowed in para 70 of the order dated 19.9.2016 is revised as under:-





(₹ in lakh)

Additional Capital Expenditure	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1) Claimed	1953.27	0	211.19	0	0	2164.46
2) Disallowed	<b>84.91</b>	0	211.19	0	0	296.10
<b>3) Allowed (3=1-2)</b>	<b>1868.36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1868.36</b>

b) The debt:equity ratio for as on 1.4.2014 as shown in para 75 of the order dated 19.9.2016 in Petition No. 134/TT/2015 is revised as under:-

(₹ in lakh)

Particulars	Balances as on 31.3.2014, as determined during true-up of 2009-14 tariff			Considered for single tariff for project as whole as on 1.4.2014
	Phase I	Phase II	Phase III	
Admitted Capital Cost	1556.41	8352.57	18366.22	<b>28275.20</b>
Gross Normative Loan	466.92	2505.77	5509.86	<b>8482.55</b>
Gross Normative Equity	1089.49	5846.80	12856.35	<b>19792.64</b>
Debt:Equity Ratio	<b>70 : 30</b>	<b>70 : 30</b>	<b>70 : 30</b>	<b>70 : 30</b>

c) The Debt:Equity allowed in para-76 of the order dated 19.9.2016 is revised as under:-

(₹ in lakh)

Particulars	As on 1.4.2014		As on 31.3.2019	
	Amount	% age	Amount	% age
Debt	19792.64	70.00	21100.49	70.00
Equity	8482.55	30.00	9043.06	30.00
<b>Total</b>	<b>28275.19</b>	<b>100.00</b>	<b>30143.55</b>	<b>100.00</b>

d) The RoE allowed in para-79 of the order dated 19.9.2016 is revised as under:-

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	8482.55	9043.06	9043.06	9043.06	9043.06
Addition due to additional capital expenditure	560.51	0.00	0.00	0.00	0.00
Closing Equity	9043.06	9043.06	9043.06	9043.06	9043.06
Average Equity	8762.81	9043.06	9043.06	9043.06	9043.06
Return on Equity (Base	15.50%	15.50%	15.50%	15.50%	15.50%



Rate )					
MAT rate for respective Financial Year-2013-14	20.961%	20.961%	20.961%	20.961%	20.961%
Rate of Return on Equity (Pre Tax )	19.610%	19.610%	19.610%	19.610%	19.610%
<b>Return on Equity (Pre Tax)</b>	<b>1718.39</b>	<b>1773.34</b>	<b>1773.34</b>	<b>1773.34</b>	<b>1773.34</b>

e) The Interest on Loan allowed in para-84 of the order dated 19.9.2016 is revised as under:-

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Gross Normative Loan</b>	19792.64	21100.49	21100.49	21100.49	21100.49
Cumulative Repayment up to Previous Year	5003.07	6545.92	8138.09	9730.26	11322.43
Net Loan-Opening	14789.57	14554.57	12962.40	11370.23	9778.05
Addition due to Additional Capitalisation	1307.85	0.00	0.00	0.00	0.00
Normative Repayment during the year	1542.85	1592.17	1592.17	1592.17	1592.17
Net Loan-Closing	14554.57	12962.40	11370.23	9778.05	8185.88
Average Loan	14672.07	13758.49	12166.31	10574.14	8981.97
Weighted Average Rate of Interest on Loan	11.9500%	10.9600%	10.2200%	10.2700%	10.3500%
<b>Interest on Loan</b>	<b>1753.31</b>	<b>1507.93</b>	<b>1243.40</b>	<b>1085.96</b>	<b>929.63</b>

f) The depreciation allowed in para-91 of order dated 19.9.2016 is revised as under:-

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	28275.20	30143.56	30143.56	30143.56	30143.56
Addition during 2009-14 due to Projected Additional Capitalisation	1868.36	0.00	0.00	0.00	0.00
Closing Gross Block	30143.56	30143.56	30143.56	30143.56	30143.56
Average Gross Block	29209.38	30143.56	30143.56	30143.56	30143.56
Rate of Depreciation	5.2820%	5.2820%	5.2820%	5.2820%	5.2820%
Depreciable Value	26288.44	27129.20	27129.20	27129.20	27129.20
Elapsed Life ( At the beginning of the year)	3	4	5	6	7
Balance Useful life of the asset ( At the beginning of the year)	31	30	29	28	27



Remaining Depreciable Value	21294.00	20591.92	18999.75	17407.57	15815.40
Depreciation	<b>1542.85</b>	<b>1592.17</b>	<b>1592.17</b>	<b>1592.17</b>	<b>1592.17</b>
Cumulative depreciation	6537.28	8129.46	9721.63	11313.80	12905.91

g) The interest on working capital allowed in para 96 of the order dated 19.9.2016 is as under:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	43.72	45.19	46.68	48.23	49.83
O & M expenses	24.29	25.10	25.93	26.79	27.68
Receivables	906.25	883.92	840.57	815.54	790.76
<b>Total</b>	<b>974.25</b>	<b>954.21</b>	<b>913.18</b>	<b>890.55</b>	<b>868.27</b>
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%
<b>Interest on working capital</b>	<b>131.52</b>	<b>128.82</b>	<b>123.28</b>	<b>120.22</b>	<b>117.22</b>

h) In view of above, the Annual Transmission Charges allowed for 2014-19 period for the Combined Asset in para-97 of the order dated 19.9.2016 is revised as under:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1542.85	1592.17	1592.17	1592.17	1592.17
Interest on Loan	1753.31	1507.93	1243.40	1085.96	929.63
Return on Equity	1718.39	1773.34	1773.34	1773.34	1773.34
Interest on Working Capital	131.52	128.82	123.28	120.22	117.22
O & M Expenses	291.44	301.25	311.20	321.51	332.19
<b>Total</b>	<b>5437.51</b>	<b>5303.52</b>	<b>5043.39</b>	<b>4893.22</b>	<b>4744.56</b>

18. The Review Petition No.56/RP/2016 is disposed of in terms of the above. Except for the above, all other terms contained in order dated 19.9.2016 in Petition No. 134/TT/2015 remains unchanged.

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

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

sd/-  
**(A.K. Singhal)**  
Member

sd/-  
**(Gireesh B. Pradhan)**  
Chairperson

