

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 08/TT/2018

**Shri P.K. Pujari, Chairperson
Dr. M. K. Iyer, Member**

Date of Order: 3.12.2018

In the matter of:

Determination of Transmission Tariff from DOCO to 31.03.2019 for Asset-1- Main SCADA EMS System of SLDC of Manipur, Asset-2- Main SCADA EMS System of SLDC of Mizoram, Asset-3- Main SCADA EMS System of SLDC of Arunachal Pradesh and Asset-4- Main SCADA EMS System of SLDC of Nagaland under "Expansion/ Upgradation of SCADA/EMS system at SLDC of North Eastern Region" for the period 2014-19 block under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

And in the matter of

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

.....Petitioner

Vs

1. Assam Electricity Grid Corporation Limited,
(Formerly Assam State Electricity Board),
Bijulee Bhawan, Paltan Bazar,
2. Meghalaya Energy Corporation Limited,
(Formerly Meghalaya State Electricity Board),
Short Round Road, Shilong-793 001
3. Government of Arunachal Pradesh,
Itanagar, Arunachal Pradesh
4. Power and Electricity Department,
Government of Mizoram,



Order in Petition No. 8/TT/2018

Aizwal

5. Electricity Department,
Government of Manipur,
Keishampat,
Imphal
6. Department of Power,
Government of Nagaland,
Kohima, Nagaland
7. Tripura State Electricity Corporation Limited,
Bidyut Bhawan,
North Banamalipur,
Agartala, Tripura

.....**Respondents**

For Petitioner : Shri S.K. Venkatesan, PGCIL
Shri S.S. Raju, PGCIL
Shri B. Dash, PGCIL

For Respondents : None

ORDER

1. The instant petition has been filed by Power Grid Corporation of India Ltd. (hereinafter referred to as "the petitioner") for determination of transmission tariff from COD to 31.3.2019 for Asset-1: Main SCADA EMS System of SLDC of Manipur, Asset-2: Main SCADA EMS System of SLDC of Mizoram, Asset-3: Main SCADA EMS System of SLDC of Arunachal Pradesh and Asset-4: Main SCADA EMS System of SLDC of Nagaland under "Expansion/Upgradation of SCADA/EMS system at SLDC of North Eastern Region" (the project) for the period 2014-19 block in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter "the 2014 Tariff Regulations").

2. The petitioner has made the following prayers:-

- (i) Approve the Transmission Tariff for the tariff block 2014-19 block for the asset



covered under this petition.

- (ii) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization projected to be incurred.
- (iii) Tariff may be allowed on the estimated completion cost, since few elements of the project are yet to be completed, the completion cost for the assets covered under instant Petition are within the overall project cost.
- (iv) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, 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 as provided under clause 25 of the Tariff regulations 2014.
- (v) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure in relation to the filing of petition.
- (vi) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.
- (vii) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the respondents.
- (viii) Allow the Petitioner to bill and recover Service tax on Transmission Charges separately from the respondents, if at any time service tax on transmission is withdrawn from negative list at any time in future. Further, any taxes and duties including cess etc. imposed by any statutory/ Govt/ municipal authorities shall be allowed to be recovered from the beneficiaries.
- (ix) Allow the Petitioner if GST is imposed on transmission charges under the proposed GST w.e.f. 01.04.2016 the same may be allowed to be recovered from the beneficiaries.



(x) Allow tariff up to 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for purpose of inclusion in the PoC charges.

(xi) Allow the petitioner to bill tariff from actual DOCO.

3. The issue of Expansion and Upgradation of SCADA/EMS system at NERLDC and SLDCs of North Eastern Region was discussed and agreed in 12th TCC & NERPC meeting held on 15th November, 2011 at Amritsar; Special TCC held on 09th February, 2013 at Shillong; 13th TCC & NERPC meeting held on 09th July, 2013 at Faridabad and 14th TCC & NERPC held on 04th September, 2013 at Agartala.

4. The investment approval of the project was accorded by Board of Directors of POWERGRID in its 298th meeting held on 5.2.2014 vide Memorandum Ref: C/CP/NER-SCADA dated 17.02.2014, at an estimated cost of ₹56.18 Crores including IDC of ₹3.17 Crores, based on December 2013 price level.

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

- I. Installation of new EMS/SCADA platform equipped with Hardware & Software at existing SLDCs of Assam, Tripura establishment of SLDCs at Arunachal Pradesh, Mizoram, and Manipur and Nagaland.
- II. Installation of RTUs and Integration of RTUs/ SAS to Control Centre on IEC 60870-5- 101/104 protocol.
- III. Integration of Control Centers of SLDCs with Main and Backup NERLDC on ICCP protocol.



- IV. Installation of New Video Projection System (VPS) for SLDCs of Assam, Tripura, Meghalaya, Mizoram, Manipur, Arunachal Pradesh & Nagaland.
- V. Installation of Video Conferencing System (VCS) at SLDCs for online meeting among SLDCs and NERLDC.
- VI. Installation of Auxiliary Power Supply (APS) System for Control Centers.
- VII. Construction of Control Room Building on top of existing SLDC building for Meghalaya.
6. The instant transmission assets were scheduled to be commissioned within 27 months from the date of approval of Board of Directors of the petitioner i.e. 5.2.2014. Accordingly, the Scheduled Date of Commissioning (SCOD) of the transmission system comes to 05.05.2016. The details of the elements covered in the instant petition are as follows:-

Asset	State	Work	COD	Petition no.
Asset-I	Assam	Main SCADA/EMS System of SLDCs	1.4.2016	113/TT/2016
Asset-II	Meghalaya			
Asset-III	Tripura			
Asset-1	Manipur		9.11.2016 (actual)	Covered under instant petition
Asset-2	Mizoram		10.4.2017 (actual)	
Asset-3	Arunachal Pradesh		15.1.2018 (actual)	
Asset-4	Nagaland		15.1.2018 (actual)	

7. No comments or suggestions have been received from the general public in response to the notices published by the petitioner under Section 64 of the Electricity Act.
8. This order has been issued after considering the petitioner's affidavits dated 1.11.2017 (the main petition), 28.2.2018, 25.4.2018, 25.5.2018 and 12.7.2018. No reply has been filed by the respondents.



9. The details of the transmission charges claimed by the petitioner are as under:-

(₹ in lakh)

Asset-1			
Particulars	2016-17	2017-18	2018-19
Depreciation	12.12	37.22	42.31
Interest on Loan	10.80	30.81	32.15
Return on Equity	11.27	34.59	39.32
Interest on Working Capital	0.75	2.24	2.48
O & M Expenses	-	-	-
Total	34.94	104.86	116.26

(₹ in lakh)

Asset-2		
Particulars	2017-18	2018-19
Depreciation	29.76	37.39
Interest on Loan	26.32	30.52
Return on Equity	27.66	34.75
Interest on Working Capital	1.83	2.84
O & M Expenses	-	-
Total	85.57	104.90

(₹ in lakh)

Asset-3		
Particulars	2017-18	2018-19
Depreciation	7.78	41.04
Interest on Loan	6.95	34.72
Return on Equity	7.23	38.14
Interest on Working Capital	0.47	2.44
O & M Expenses	-	-
Total	22.43	116.34

(₹ in lakh)

Asset-4		
Particulars	2017-18	2018-19
Depreciation	8.25	43.92
Interest on Loan	7.06	35.61
Return on Equity	7.67	40.82
Interest on Working Capital	0.49	2.58
O & M Expenses	-	-
Total	23.47	122.93



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

(₹ in lakh)

Asset-1			
Particulars	2016-17	2017-18	2018-19
O&M Expenses	-	-	-
Maintenance Spares	-	-	-
Receivables	14.77	17.48	19.38
Total Working Capital	14.77	17.48	19.38
Rate of Interest	12.80%	12.80%	12.80%
Interest on Working Capital	0.75	2.24	2.48

(₹ in lakh)

Asset-2		
Particulars	2017-18	2018-19
O&M Expenses	-	-
Maintenance Spares	-	-
Receivables	14.63	17.48
Total Working Capital	14.63	17.48
Rate of Interest	12.80%	12.80%
Interest on Working Capital	1.83	2.24

(₹ in lakh)

Asset-3		
Particulars	2017-18	2018-19
O&M Expenses	-	-
Maintenance Spares	-	-
Receivables	17.61	19.40
Total Working Capital	17.61	19.40
Rate of Interest	12.80%	12.80%
Interest on Working Capital	0.47	2.44

(₹ in lakh)

Asset-4		
Particulars	2017-18	2018-19
O&M Expenses	-	-
Maintenance Spares	-	-
Receivables	18.43	20.50
Total Working Capital	18.43	20.50
Rate of Interest	12.80%	12.80%
Interest on Working Capital	0.49	2.58



11. Having heard the representatives of the petitioner present at the hearing and perused the material on record, we proceed to dispose of the petition.

Date of Commercial operation (COD)

12. The petitioner has claimed date of commercial operation of Assets 1 to 4 as 09.11.2016, 10.04.2017, 15.01.2018 & 15.01.2018 respectively. The petitioner has submitted the following documents in support of COD.

- a) In support of commissioning of COD for Asset-1, letter of self-declaration of COD dated 14.3.2017 and NERLDC certificate dated 15.3.2017; vide affidavit dated 1.11.2017.
- b) In support of commissioning of COD for Asset-2, letter of self-declaration of COD dated 10.7.2017 and NERLDC certificate dated 4.7.2017; vide affidavit dated 1.11.2017.
- c) In support of commissioning of COD for Asset-3, NERLDC certificate dated 7.5.2018 and letter of self-declaration of COD dated 22.5.2018; vide affidavit dated 25.5.2018.
- d) In support of commissioning of COD for Asset-4, NERLDC certificate dated 7.5.2018 and letter of self-declaration of COD dated 22.5.2018; vide affidavit dated 25.5.2018.

13. The Commission vide RoP dated 7.3.2018, directed the petitioner to submit CMD Certificates as required under Grid Code and CEA certificates for the assets covered in the instant petition clearly stating the date of COD.

14. In response, petitioner filed its reply vide affidavit dated 25.5.2018 and submitted that the CMD certificate as required under Grid Code, as well as the CEA Certificate, are not applicable for the subject assets.



Analysis and Decision

15. We have considered the submission of the petitioner. As regards petitioner's submission with respect to the non-applicability of Regulation 43 of the Central Electricity Authority (Measures Related to Safety and Electricity Supply) Regulations, 2010, the Commission vide order dated 29.11.2017 in Petition No. 113/TT/2016 had observed as under:

"9..... As regards the petitioner's contention regarding non-applicability of Regulation 43 of CEA Regulations, CEA may confirm whether the contention of petitioner regarding non-applicability of Regulation 43 is correct. A copy of this order may be served upon CEA by the petitioner. The reply of CEA shall be considered at the time of truing-up."

16. The petitioner is directed to comply with the above direction in the present petition also, at the time of truing up.

17. As regards the requirement of the CMD certificate, Regulation 6.3A (4-vi) of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016 specifies as below:-

"The transmission licensee shall submit a certificate from the CMD/CEO/MD of the Company that the transmission line, sub-station and communication system conform to the relevant Grid Standard and Grid Code, and are capable of operation to their full capacity."

18. In line with the Regulation as quoted above, the petitioner is directed to submit the CMD certificate with respect to the subject assets at the time of true-up.

19. Accordingly, taking into consideration the submissions made by the petitioner and having examined the NERLDC certificates in support of trial operation, the dates of commercial operation of the instant assets are allowed as claimed i.e. 9.11.2016, 10.4.2017, 15.1.2018 and 15.1.2018 for Asset-1, Asset-2, Asset-3 & Asset-4 respectively, subject to true-



up as observed in order dated 29.11.2016 in petition no. 113/TT/2016

Capital cost

20. The petitioner vide Auditor's Certificates dated 18.7.2017 (Asset-1 and 2), 23.5.2018 (Asset-3&4) and 6.8.2018 (Asset-3&4) has submitted the details of capital cost as on COD and estimated additional capital expenditure incurred or projected to be incurred for instant assets till 31.3.2019 which are as follows:-

(₹ in lakh)

Asset	Apportioned Approved cost (FR)	capital cost as on DOCO	Add-cap 2016-17	Projected Add-cap		Capital cost as on 31.3.19	Projected add-cap		Estimated Completion cost
				2017-18	2018-19		2019-20	2020-21	
1	745.26	435.32	115.12	82.26	71.28	703.98	-	-	703.98
2	642.45	384.84	--	199.75	12.1	596.69	-	-	596.69
3	992.28	586.96	--	0	130.98	717.94	11.49	3.52	732.95
4	910.28	619.49	--	0.09	152.73	772.31	13.41	4.12	789.84
Total	3290.27	2026.61	115.12	282.1	367.09	2790.92	24.9	7.64	2823.46

Cost over-run

21. The total estimated completion cost of instant transmission assets is ₹2823.46 lakh against the apportioned approved cost of ₹3290.27 lakhs. Hence, there is no cost over-run for subject Assets. As regards the downward cost variation, the petitioner has submitted the following reasons:-

a) Communication equipment (decrease of ₹3.03 Crores):

The main reason of cost variation in communication equipment is due to reduction in cost of Computer System Hardware to the extent of ₹2.7 Crores. Continuous innovation and increasing market competition, specifically in lower-cost overseas markets such as China, India, and Southeast Asia, greatly contributed to lower prices of computer hardware



systems. This has resulted in the receipt of lower rates in competitive bidding. There is also minor decrease in the cost of other communication system equipment such as software and auxiliary power supply due to lower rates received in competitive bidding.

b) IDC (decrease of ₹0.28 Crores):

During estimation for FR, IDC was considered based on the interest rate of 10.5 % of Domestic loans. On actual the weighted average rate of interest of loans is around 8.16 % for Asset-3 and 7.82% for Asset-4 respectively. The actual IDC accrued up to DOCO has been considered at the time of claim of Tariff.

c) IEDC Establishment and contingency (decrease of ₹0.56 Crores):

During estimation for FR 10.75 % of equipment cost has been considered for IEDC. The actual amount of IEDC has been taken at the time of claim.

22. Considering the petitioner submission as detailed above, the claimed capital cost with downward variation as compared to the FR cost, is considered for the grant of tariff.

Time over-run

23. As per the Investment Approval dated 5.2.2014, the instant assets were scheduled to be commissioned within 27 months from the date of approval of Board of Directors. Accordingly, the SCOD of the instant assets comes to 5.5.2016 against which the instant Asset-1 to Asset-4 have been commissioned on 09.11.2016, 10.04.2017, 15.01.2018 & 15.01.2018 with a delay of 188 days, 340 days, 620 days and 620 days respectively.

24. The petitioner vide affidavit dated 1.11.2017 & 25.5.2018, has submitted asset-wise delay for subject assets as follows:-



24.1. Asset-1: Main SCADA/EMS System of SLDCs of Manipur

- a) Delay in handing over the work-front i.e., the SLDC building of Manipur: The SLDC building of Manipur, where main SCADA EMS System was to be installed, was made ready by MSPDCL, Manipur only during early 2015.
- b) Law and Order situations: Work in Manipur was further delayed due to strike/insurgency/ road blockades, etc. during 2015-16.
- c) Natural calamities: Further, work in Manipur, Imphal was also hampered due to a major earthquake that hit the state during January'2016 resulting in massive damage in the state.
- d) The activity wise delay for Asset-1 submitted by petitioner is as under:-

Asset	Activity	Period of activity				Reasons for delay
		Planned		Achieved		
		From	To	From	To	
Asset-1	Supplies	23.7.2014	15.2.2016	5.5.2014	6.10.2016	1. Late handling over of state SLDC building 2. Bandhs and Law & order issues
	Installation	22.8.2014	1.4.2016	8.12.2015	25.8.2016	
	Testing and commissioning	4.4.2016	4.5.2016	12.9.2016	9.11.2016	

- e) The chronology of events for justification of delay furnished by petitioner are as under:-

S. No.	From	To	Location	Period of Hindrance (days)	Over lapping period	Net Hindrance	Activity	Cause of Hindrance
1	05.05.2014	06.05.2015	SLDC, Manipur	365	0	365	Supply	MOM of 15 th TCC & 15 th NERPDC meeting confirmed the late handing over of SLDC building
2	11.05.2014	14.05.2014		4	4	0	Supply & Survey	National Highway bandh called by land Ownership Action Committee.



3	26.07.2014	26.07.2014		1	1	0	Supply & Survey	18Hrs ILP Bandh by JCILPS
4	04.09.2014	08.09.2014		5	5	0	Supply	Indefinite National Highway bandh by Naga group in Manipur
5	18.01.2015	18.01.2015		1	1	0	Supply	24Hrs State wide strike called by JAC.
6	11.03.2015	13.03.2015		3	3	0	Supply	Indefinite Strike and Bandh called by Joint Action Committe and AMMSU
7	27.04.2015	28.04.2015		2	2	0	Supply	48Hrs total bandh in all Naga Inhabited areas by UNC
8	20.06.2015	20.06.2015		1	1	0	Supply	Millitant attacked causes tense in the area.
9	07.07.2015	16.07.2015		7	7	0	Supply	Violence/Clash for demanding Inner Line Permit
10	27.07.2015	29.07.2015		3	3	0	Supply	38Hrs bandh called by JAC
11	20.08.2015	22.08.2015		3	3	0	Supply	Landslide cut-off National highway of Imphal-Dimapur
12	21.09.2015	21.09.2015		1	1	0	Supply	State wide general strike called by NRFM against the forced merger of Manipur into the indian Union.
13	15.10.2015	15.10.2015		1	1	0	Supply	18Hrs State wide general strike called by NRFM against the forced merger of Manipur into the Indian Union
14	06.01.2016	08.01.2016		3	0	3	Supply	Deadly Earthquake caused damage to whole part of Manipur
15	21.05.2016	26.05.2016		7	0	7	Supply	Large area flooded due to heavy rain
16	18.06.2016	18.06.2016		1	0	1	Supply	24Hrs total bandh by UNC



17	10.08.2016	10.08.2016		1	0	1	Supply	Bomb Blast at the Main town shocked the whole area
18	06.10.2016	06.10.2016		1	0	1	Supply	Indefinite National Highway bandh by CCoFA for fuel adulteration issue.
19	01.11.2016	19.03.2017		139	0	139	Supply	Economic blockage called by UNC.
20	16.12.2016	16.12.2016		1	1	0	Supply	24Hrs Bandh called by women vendors in State of Manipur
21	19.12.2016	20.12.2016		2	2	0	Supply	Violence broke out Over the Naga economic Blockage
22	02.07.2017	20.07.2017		19	0	19	Supply	Flood, Landslides due to un-stoppable rain
TOTAL				781	35	746		

24.2. Asset-2: Main SCADA/EMS System of SLDCs of Mizoram

- Delay in handing over the work-front i.e., the SLDC building of Mizoram: SLDC building made ready by P&E, Mizoram, was handed over in June-2016, which was beyond control of the petitioner.
- Natural calamities: Work was further delayed due to natural calamities like landslides, poor road condition, road block, storm/rain etc. in 2015-16 and 2016-17 which were beyond control of the petitioner and thus, delayed the supply & execution of project.
- The activity wise delay for Asset-2 submitted by petitioner is as under:-

Asset	Activity	Period of activity				Reasons for delay
		Planned		Achieved		
		From	To	From	To	
Asset-2	Supplies	23.7.2014	15.2.2016	13.5.2014	18.6.2016	1. Late handling over of state SLDC building 2. Natural Calamities
	Installation	22.8.2014	1.4.2016	10.8.2014	15.1.2017	
	Testing and commissioning	4.4.2016	4.5.2016	16.1.2017	10.4.2017	



d. The chronology of events for justification of delay submitted by petitioner are as under:-

Sl. No	From	To	Location	Period of Hindrance (days)	Over lapping period	Net Hindrance	Activity	Cause of Hindrance
1	13.05.14	13.06.16	SLDC, MIZORAM	760	0	760	Supply	Late handing over of work-front i.e. SLDC building by P&E, Mizoram
2	23.09.2014	28.09.2014		5	5	0	Supply	The indefinite Economic blockade on NH44 severely affecting Mizoram.
3	25.02.2015	25.02.2015		1	1	0	Supply	The twelve-hour Mizoram bandh, called by the opposition Mizo National Front to protest against the hike in the price of rice and rates of different taxes and service charges by the state government
4	02.04.2015	07.04.2015		6	6	0	Supply	Seasonal cyclonic rain storms have affected power supply and surface transport in Mizoram and Tripura
5	18.04.2015	23.04.15		6	6	0	Supply	Heavy rainfall hit Mizoram
6	26.04.15	29.04.15		4	4	0	Supply	Assam districts launch indefinite economic blockade on Mizoram.
7	19.08.2015	30.08.2015		12	12	0	Supply	Disaster faced in Aizawl city due to heavy rain causing road sinking, flood & landslide which resulted in delay in supplying of material in advance
8	15.09.2015	17.09.2015		3	3	0	Supply	Supply of material (in advance) was disrupted by natural calamities.
9	24.09.2015	26.09.2015		3	3	0	Supply	Landslides disrupted in supplying the material in advance
10	05.04.2016	09.04.2016		5	5	0	Supply	Storm affects power, transport in Mizoram, Tripura
11	21.04.2016	05.05.2016		15	15	0	Supply	Rail Links To Tripura, Mizoram Suffer As Rains Trigger Massive Landslides In Assam District



12	22.05.2016	24.05.2016		3	3	0	Supply	Road Blockage due to heavy rain causing delay in work.
13	26.07.2016	5.08.2016		11	0	11	Supply	Massive landslide in Mizoram.
14	17.09.2016	21.09.2016		5	0	5	Supply	Delay in supplying of material and team movement due to heavy rain, landslides and road blockage.
15	23.10.2016	25.10.2016		3	0	3	Supply	Poor road condition due to severe monsoon and lack of fund for maintenance of roads.
16	21.12.2016	07.01.2017		18	0	18	Supply	Economic blockade on both the highways leading to Manipur which effect in other landlocked regions of North East India – both Tripura and Mizoram
17	02.04.17	04.04.17		2	0	2	Supply	property damaged by hailstorm in Mizoram
TOTAL				862	63	779		

24.3. Asset-3: Main SCADA/EMS System of SLDCs of Arunachal Pradesh

- a. Delay in handing over the work-front i.e., the SLDC building in Chimpu: SLDC building made ready by DOP, Arunachal Pradesh, was handed over in May'2017.
- b. Natural calamities: Work was further delayed due to Natural calamities like landslides, poor road condition, road block, storm/rain intermittent violence/ insurgency etc which were beyond control of transmission licensee and eventually, delayed the supply & execution of project.
- c. The activity wise delay for Asset-3 submitted by petitioner is as under:-

Asset	Activity	Period of activity				Reasons for delay
		Planned		Achieved		
		From	To	From	To	
Asset-3	Supplies	23.7.2014	15.2.2016	5.5.2014	21.9.2017	1. Late handing over of state SLDC building. 2. Natural calamities
	Installation	22.8.2014	1.4.2016	10.9.2014	3.10.2017	
	Testing and commissioning	4.4.2016	4.5.2016	8.10.2017	15.1.2018	



d. The chronology of events for justification of delay submitted by petitioner are as under:-

S. No.	From	To	Location	Period of Hindrance (days)	Overlapping period	Net Hindrance	Activity	Cause of Hindrance
1	05.05.2014	11.05.2017	SLDC, Arunachal Pradesh	1101	0	1101	Supply	Late handing over of work-front i.e. SLDC building space in Chimpu.
2	13.05.2014	14.05.2014		2	2	0	Supply & Survey	Heavy Rain causing flood in different parts of the state.
3	25.06.2014	25.06.2014		1	1	0	Supply	12Hr Strike called by All Arunachal Pradesh Students' Union(AAPSU).
4	08.07.2014	09.07.2014		2	2	0	Supply	36Hr bandh called by AAPSU in protest against the non-fulfillment of its charter of demands.
5	22.08.2014	24.08.2014		3	3	0	Supply	Flash flood and landslide due to heavy rain causing the movement of vehicle in the state.
6	26.03.2015	26.03.2015		1	1	0	Supply	Bandh called by All Nyishi Students' Union(ANSU) opposing the installation of pre-paid electric meter.
7	19.10.2015	19.10.2015		1	1	0	Supply	12Hr Bandh called by All Nyishi Students' Union(ANSU) demanding its charter of demand.
8	25.04.2016	01.07.2016		68	68	0	Supply	Landslide due to heavy rain.
9	30.05.2016	30.06.2016		31	31	0	Supply	Poor Road condition made the transporters to hardly move in to the state
10	07.06.2016	08.06.2016		2	2	0	Supply & survey	Natural calamities like landslides, poor road condition, Road Block, storm/rain intermittent violence/insurgency.
11	26.06.2016	27.06.2016		2	2	0	Supply & survey	
12	10.07.2016	10.07.2016		1	1	0	Supply	24Hr Bandh By AAPSU for fulfilling its charter of demand.



13	10.08.2016	12.08.2016	3	3	0	Supply	Violence eruption.
14	16.08.2016	17.08.2016	2	2	0	Supply	Landslide due to heavy rain
15	19.09.2016	19.09.2016	1	1	0	Supply	Sudden death of Chief Minister causing tense in the main City.
16	14.12.2016	15.12.2016	2	2	0	Supply & survey	Insurgency in Arunachal Pradesh.
17	9.07.2017	20.07.2017	22	0	22	Supply	Massive Landslide, flood due to incessant rain.
18	21.07.2017	21.07.2017	1	1	0	Supply	12Hr capital complex bandh by APCC(Arunachal Pradesh Congress committee)
19	18.09.2017	18.09.2017	1	1	0	Supply	12Hr bandh called by AAPSU against granting citizenship to Chakma and Hajong Refugees.
TOTAL			1247	124	1123		

24.4. Asset-4: Main SCADA/EMS System of SLDCs of Nagaland

- (a) Delay in handing over of work-front i.e. SLDC building of Nagaland: SLDC building was made ready by D.O.P., Nagaland in 2nd Week-March 2017 which delayed the commissioning of asset.
- (b) Natural calamities: Work was further delayed due to natural calamities like landslides, Road Block, storm/rain intermittent Violence/ insurgency etc. which were beyond control of transmission licensee and delayed the supply & execution of project.
- (c) The activity wise delay for asset-4 submitted by petitioner is as under:-

Asset	Activity	Period of activity				Reasons for delay
		Planned		Achieved		
		From	To	From	To	
Asset-4	Supplies	23.7.2014	15.2.2016	5.5.2014	28.8.2017	1. Late handing over of state SLDC building 2. Natural Calamities
	Installation	22.8.2014	1.4.2016	13.9.2014	3.10.2017	
	Testing and commissioning	4.4.2016	4.5.2016	6.10.2017	15.1.2018	



(d) The chronology of events for justification of delay submitted by petitioner is as under:-

Sl. No.	From	To	Location	Period of Hindrance (days)	Overlapping period	Net Hindrance	Activity	Cause of Hindrance
1	05.05.2014	11.03.2017	SLDC, Nagaland	1009	0	1009	Supply & Survey	Confirmed the late handling over of work front i.e SLDC, Building
2	30.06.2014	30.06.2014		1	0	1	Supply	12Hr Bandh called by NFHRCC (Nagaland foothill road co-ordination Committee) regarding the foothill road construction issues.
3	26.07.2014	25.08.2014		31	31	0	Supply	Assam and Nagaland(Dimapur) border dispute.
4	25.07.2015	31.08.2015		38	38	0	Supply	Flood, Landslide due to heavy rainfall.
5	18.04.2016	26.04.2016		9	9	0	Supply	Flood, Landslides due to Heavy rain.
6	15.05.2016	18.05.2016		4	4	0	Supply	Heavy rain caused flood in different parts of the state.
7	10.06.16	10.06.16		1	1	0		Bandh on NH 2 called in Nagaland.
8	25.06.2016	05.07.2016		11	11	0	Supply	Heavy rain caused flood & landslide in different parts of the state.
9	17.10.2016	29.10.2016		10	10	0	Supply	Indefinite National Highway Bandh called by CCoFA(Co-ordination Committee on Fuel Adulteration) on fuel adulteration issue.
10	03.02.2017	04.02.2017		14	2	12	Supply	Violence eruption. Bandh called by Joint Co-ordination Committee.
11	11.07.2017	25.07.2017		15	0	15	Supply	Flood, Landslide due to heavy rain.
12	20.08.2017	25.08.2017		6	0	6	Supply	Road blockage due to landslide and heavy rainfall.
TOTAL				1149	106	1043		

25. The Commission vide RoP dated 7.3.2018, directed the petitioner to submit the



documentary proof for handling over of work front i.e. SLDC building of Manipur, Mizoram and Arunachal Pradesh. In response, petitioner vide affidavit dated 25.5.2018 filed its reply and submitted documentary proof for the same, the details for which are as follows:-

Asset	SLDC	Date of handing over of SLDC building
Asset-1	Manipur	May, 2015
Asset-2	Mizoram	June, 2016
Asset-3	Arunachal Pradesh	April, 2017
Asset-4	Nagaland	March, 2017

Analysis and Decision

26. We have considered the submissions made by the petitioner. As per the Investment Approval dated 5.2.2014, there was 27 months timeline for completion of the project. The petitioner has submitted that time over-run is mainly caused due delay in handing over of the work front, law and order situations and natural calamities. The asset-wise analysis of the time overrun is as mentioned below:-

Asset -1:

27. From the submission of the petitioner, it is observed that there was delay in handing over the building in which main SCADA/ EMS System was to be installed. The same was made ready by MSPDCL, Manipur only during early 2015. There were frequent bandhs, militant attacks and a bomb blast as well. Further, there were landslides, flood and a major earthquake. All this took place during the period from 5.5.2015 to 20.7.2017. This covers the period of 188 days from SCOD (5.5.2016) till actual COD (9.11.2016) i.e. entire time over-run. As such, it is observed that the delay of 188 is on account of the reasons which were beyond the control of the petitioner and accordingly, the delay of 188 days in case of Asset-1 is



condoned.

Asset-2

28. From the submission of the petitioner, it is observed that there was delay in handing over the SLDC building of Mizoram. The SLDC building made ready by P&E, Mizoram was handed over in June-2016. Further there were indefinite economic blockade, several bandhs, cyclonic rain storms, heavy rainfall, landslides, road-blockage and hailstorm. All this took place from the period from 13.5.2014 to 4.4.2017. The actual COD of Asset-2 is 10.4.2017. As such, there is a delay of 340 days from SCOD (5.5.2016) to actual COD (10.4.2017). Out of this, delay till 4.4.2017 totaling to 334 days is condoned since the reasons for delay for this period as described above were out of control of the petitioner. However, no justification has been furnished by the petitioner for remaining delay of 6 days from 5.4.2017 to 10.4.2017 and hence, the same is not condoned.

Asset-3

29. From the submission of the petitioner, it is observed that there was delay in handing over the SLDC building in Chimpu. SLDC building made ready by DOP, Arunachal Pradesh was handed over in April, 2017. Further, there were heavy rains, floods, frequent landslides as well. All this took place from the period from 5.5.2014 to 18.9.2017. The actual COD of Asset-3 is 15.1.2018. As such, there is a delay of 620 days from SCOD (5.5.2016) to actual COD (15.1.2018). Out of this, delay till 18.9.2017 totaling to 501 days is condoned since the reasons for delay for this period as described above were out of control of the petitioner. However, no justification has been furnished by the petitioner for remaining delay of 119 days from 19.9.2017 to 15.1.2018 and hence, the same is not condoned.

Asset-4:



30. From the submission of the petitioner, it is observed that there was delay in handing over the SLDC building of Nagaland. SLDC building was made ready by D.O.P., Nagaland in 2nd Week of March 2017. Further there were heavy rains, bandhs, disputes as well. All this took place from the period from 5.5.2014 to 25.8.2017. The actual COD of Asset-4 is 15.1.2018. As such, there is a delay of 620 days from SCOD (5.5.2016) till actual COD (15.1.2018). Out of this, delay till 18.9.2017 totaling to 501 days is condoned since the reasons for delay for this period as described above were out of control of the petitioner. However, no justification has been furnished by the petitioner for remaining delay of 119 days from 19.9.2017 to 15.1.2018 and hence, the same is not condoned.

Treatment of IDC

31. The petitioner has submitted the information related to IDC in the original petition dated 1.11.2017 for Asset-1& Asset-2 and vide affidavit dated 12.7.2018 for Asset-3 & Asset-4. The IDC discharged up to COD and the “IDC to be discharged” after COD i.e. in 2016-17, 2017-18 & 2018-19 have also been furnished for all the assets. The asset-wise IDC claimed by the petitioner are as detailed below:-

Asset	IDC as per certificate	IDC Discharged up to DOCO	IDC Discharged in 2016-17	(₹in lakh)	
				IDC to be discharged in 2017-18	IDC to be discharged in 2018-19
1	22.73	15.43	0.04	7.26	--
2	18.62	13.70	--	4.92	--
3	45.54	36.99	--	0.40	8.15
4	33.95	26.29	--	3.57	4.10

32. As discussed in the foregoing paras in respect of time over-run, the time over-run in case of Asset-1 has been condoned. As such, the IDC till actual COD in case of Asset-1 has



been allowed. In case of Asset-2, Asset-3 and Asset-4, the time over-run has been condoned till 4.4.2017, 18.9.2017 and 18.9.2017. Accordingly, IDC has been allowed only till the respective dates in case of these assets.

33. Based on the available information, i.e. loan details in Form-9C, the statement showing IDC discharged up to COD for the asset in which the loan wise drawl dates and interest payment dates have been furnished, IDC has been worked out till dates upto which time over-run has been condoned in case of each asset. Interest calculated upto the interest payment dates have been allowed as IDC on cash basis as on COD. The balance amount, if any, is allowed as discharged in the subsequent years on projected basis, subject to true-up. Accordingly, the IDC allowed for instant assets has been summarized as under:-

Asset	IDC allowed on accrual basis	IDC allowed on cash basis as on COD	(₹in lakh)		
			IDC Discharged in 2016-17 (allowed on projected basis)	IDC to be discharged in 2017-18 (allowed on projected basis)	IDC to be discharged in 2018-19 (allowed on projected basis)
1	22.73	15.43	0.04	7.26	--
2	18.25	13.70	--	4.55	--
3	35.58	32.68	--	0.40	2.51
4	22.34	22.34	--	--	--

Treatment of IEDC

34. The following IEDC have been claimed by the petitioner in respect of the assets:-

(₹in lakh)	
Asset	IEDC claimed
1	29.01
2	38.69
3	76.83
4	84.50



35. The petitioner has submitted that entire IEDC claimed in Auditor's Certificate is on cash basis and is paid up to COD of the assets.

36. It is noticed that the IEDC claimed by the petitioner is within the approved limit of 10.75% of the hard cost except in case of Asset-4, wherein the IEDC has been restricted to ₹72.17 lakh subject to further deduction pertaining to time over-run.

37. As discussed in the foregoing paras in respect of time over-run, the time over-run in case of Asset-1 has been condoned. As such, the IEDC till actual COD in case of Asset-1 has been allowed. In case of Asset-2, Asset-3 and Asset-4, the time over-run has been condoned till 4.4.2017, 18.9.2017 and 18.9.2017. Accordingly, IEDC has been allowed pro-rata only till the respective dates in case of these assets. Accordingly, following IEDC have been allowed.

(₹in lakh)

Asset	IEDC allowed
1	29.01
2	38.01
3	70.48
4	66.21

Treatment of initial spares

38. The initial spares claimed by the petitioner vide Auditor Certificate dated 18.7.2017 for Asset-1 & 2 and vide Auditor Certificate dated 23.5.2018 & 6.8.2018 for Asset-3 & 4 is as follows:

(₹in lakh)

Asset	P&M cost	Initial spares claimed
1	652.24	3.33
2	539.38	3.33
3	610.58	3.33
4	671.39	3.33



39. The Commission vide RoP dated 7.3.2018, directed the petitioner for clarifying the claim of initial spares with respect of the states like Manipur, Mizoram, Arunachal and Nagaland. In response, the petitioner vide reply dated 25.5.2018 submitted that for the implementation of SCADA/EMS in the respective states, capital expenditure has been invested by the petitioner and further as per standard procedure, initial spares are procured alongwith main equipment so that if any of the main equipment parts fails after COD, spares should be available readily so that they can be replaced immediately to give uninterrupted service.

Analysis and decision

40. We have considered the submission made by the petitioner. The initial spares claimed by the petitioner are within the ceiling limit of 3.5% of the capital cost as specified in the 2014 tariff regulations. Hence, the same are allowed.

Capital cost as on COD

41. Capital cost allowed as on COD after making the necessary adjustment in respect capital expenditure of IDC and IEDC is as follows:-

(₹in lakh)						
Asset	Capital cost claimed as on COD	Less: IDC claimed	Less: IEDC claimed	Add: IDC allowed	Add: IEDC allowed	Capital cost allowed as on COD
	1	2	3	4	5	6=1-2-3+4+5
Asset-1	435.32	22.73	29.01	15.43	29.01	428.02
Asset-2	384.84	18.62	38.69	13.70	38.01	379.24
Asset-3	586.95	45.54	76.83	32.68	70.48	567.74
Asset-4	619.49	33.95	84.50	22.34	66.21	589.59

Projected additional capital expenditure

42. The additional capital expenditure claimed by petitioner for Asset-1 to Asset-4 is as follows:



(₹in lakh)

Asset	Projected Exp. For FY					Total additional capital expenditure claimed
	2016-17	2017-18	2018-19	2019-20	2020-21	
Asset-1	115.12	82.26	71.28	0.00	0.00	268.66
Asset-2	0.00	199.75	12.10	0.00	0.00	211.85
Asset-3	0.00	0.00	130.98	11.49	3.52	145.99
Asset-4	0.00	0.09	152.73	13.41	4.12	170.35
Total	115.12	282.10	367.09	24.90	7.64	796.85

Analysis and decision:

43. Petitioner has submitted the additional capital expenditure is mainly on account of balance/ retention payment covered under Regulation 14(1)(i) of Tariff Regulations, 2014. The date of commercial operation has been considered as 9.11.2016, 10.4.2017, 15.1.2018, 15.1.2018 for Asset-1, Asset-2, Asset-3 & Asset-4 respectively and accordingly, the cut-off date comes for Asset-1, Asset-2, Asset-3 & Asset-4 as 31.3.2019, 31.3.2020, 31.3.2020, 31.3.2020 respectively. The additional capital expenditure claimed by petitioner upto 31.3.2019 on account of balance/ retention payment covered under Regulation 14(1)(i) of Tariff Regulations, 2014 has been allowed and additional capital expenditure claimed by petitioner for FY 2019-20 & FY 2020-21 is not being considered as the tariff period is ending on 31.3.2019 and same shall be considered in tariff period 2019-24 in terms of Tariff Regulation prevailing at that time. Accordingly, the additional capital expenditure allowed is as under:-

(₹in lakh)

Asset	Additional capital expenditure allowed for FY			Total additional capital expenditure allowed
	2016-17	2017-18	2018-19	
Asset-1	115.12	82.26	71.28	268.66
Asset-2	0.00	199.75	12.10	211.85
Asset-3	0.00	0.00	130.98	130.98
Asset-4	0.00	0.09	152.73	152.82



Capital cost as on 31.3.2019

44. Detail of the capital cost considered as on 31.3.2019 after considering capital cost allowed on as on COD, discharge of IDC and add-cap allowed on projected basis is as follows:-

(₹ in lakhs)

Asset	Capital Cost on COD	Projected Additional capital expenditure for						Total estimated cost as on 31.3.2019
		2016-17		2017-18		2018-19		
		Add-cap	Discharge of IDC	Add-cap	Discharge of IDC	Add-cap	Discharge of IDC	
Asset-1	428.02	115.12	0.04	82.26	7.26	71.28	-	703.97
Asset-2	379.24	-	-	199.75	4.55	12.10	-	595.64
Asset-3	567.74	-	-	0.00	0.40	130.98	2.51	701.61
Asset-4	589.59	-	-	0.09	0.00	152.73	-	742.42

Debt- equity ratio

45. Details of debt-equity in respect of the asset as on the date of commercial operation and as on 31.3.2019 are as follows:-

(₹ in lakh)

Asset-1			
Particulars	%	As on COD	31.3.2019
Debt	70.00	299.61	492.78
Equity	30.00	128.41	211.19
Total	100.00	428.02	703.97
Asset-2			
Particulars	%	As on COD	31.3.2019
Debt	70.00	265.47	416.95
Equity	30.00	113.77	178.69
Total	100.00	379.24	595.64
Asset-3			
Particulars	%	As on COD	31.3.2019
Debt	70.00	397.42	491.13
Equity	30.00	170.32	210.48
Total	100.00	567.74	701.61



Asset-4			
Particulars	%	As on COD	31.3.2019
Debt	70.00	412.72	519.70
Equity	30.00	176.88	222.73
Total	100.00	589.59	742.42

Return on equity

46. The petitioner has submitted that RoE has been calculated at the rate of 19.61% after grossing up the RoE with MAT rate of 20.96% as per the Regulations. The petitioner has further submitted that as per Regulation 25(2)(i) of the 2014 Tariff Regulations, the grossed up RoE is subject to truing up based on the actual tax paid along with any additional tax or interest, duly adjusted for any refund of tax including the interest received from IT authorities, pertaining to the tariff period 2014-19 on actual gross income of any financial year. Any under-recovery or over-recovery of grossed up ROE after truing up shall be recovered from or refunded to the beneficiaries on year to year basis. The petitioner has further submitted that adjustment due to any additional tax demand including interest duly adjusted for any refund of the tax including interest received from IT authorities shall be recoverable/ adjustable after completion of income tax assessment of the financial year.

47. We have considered the submissions of the petitioner. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of return on equity with the effective tax rate for the purpose of return on equity. It further provides that in case the transmission licensee is paying Minimum Alternative Tax (MAT), the MAT rate including surcharge and cess will be considered for the grossing up of return on equity. Accordingly, the MAT rate applicable during 2013-14 has been considered for the purpose of return on equity, which shall be trued up with actual tax rate in accordance with Regulation 25(3) of the 2014



Tariff Regulations. Accordingly, the RoE allowed is given below:-

Asset-1

(₹ in lakh)

Particulars	2016-17	2017-18	2018-19
Opening Equity	128.41	162.95	189.81
Addition due to Additional Capitalisation	34.55	26.86	21.38
Closing Equity	162.95	189.81	211.19
Average Equity	145.68	176.38	200.50
Return on Equity (Base Rate)	15.50%	15.50%	15.50%
Tax rate for the year 2013-14 (MAT)	20.961%	20.961%	20.961%
Rate of Return on Equity (Pre Tax)	19.610%	19.610%	19.610%
Return on Equity (Pre Tax)	11.19	34.59	39.32

Asset-2

(₹ in lakh)

Particulars	2017-18	2018-19
Opening Equity	113.77	175.06
Addition due to Additional Capitalisation	61.29	3.63
Closing Equity	175.06	178.69
Average Equity	144.42	176.88
Return on Equity (Base Rate)	15.50%	15.50%
Tax rate for the year 2013-14 (MAT)	20.961%	20.961%
Rate of Return on Equity (Pre Tax)	19.610%	19.610%
Return on Equity (Pre Tax)	27.62	34.69

Asset-3

(₹ in lakh)

Particulars	2017-18	2018-19
Opening Equity	170.32	170.44
Addition due to Additional Capitalisation	0.12	40.04
Closing Equity	170.44	210.48
Average Equity	170.38	190.46
Return on Equity (Base Rate)	15.50%	15.50%
Tax rate for the year 2013-14 (MAT)	20.961%	20.961%
Rate of Return on Equity (Pre Tax)	19.610%	19.610%
Return on Equity (Pre Tax)	6.96	37.35



Asset-4

(₹ in lakh)

Particulars	2017-18	2018-19
Opening Equity	176.88	176.90
Addition due to Additional Capitalisation	0.03	45.82
Closing Equity	176.90	222.73
Average Equity	176.89	199.82
Return on Equity (Base Rate)	15.50%	15.50%
Tax rate for the year 2013-14 (MAT)	20.961%	20.961%
Rate of Return on Equity (Pre Tax)	19.610%	19.610%
Return on Equity (Pre Tax)	7.22	39.18

Interest on loan (IOL)

48. IOL has been worked out as under:

- i. Gross amount of loan, repayment of installments and rate of interest have been considered as per Form 9C given in the petition.
- ii. The Normative repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that period.
- iii. Weighted average rate of interest on actual average loan considered as per (i) above, is applied on the notional average loan during the year to arrive at the interest on loan.

49. The calculation of the IOL in respect of the assets is as under:-

Asset-1

(₹ in lakh)

Particular	2016-17	2017-18	2018-19
Gross Normative Loan	299.61	380.22	442.88
Cumulative Repayment up to Previous year	0.00	12.04	49.26
Net Loan-Opening	299.61	368.18	393.62
Addition due to Additional Capitalization	80.61	62.66	49.90
Repayment during the year	12.04	37.22	42.31
Net Loan-Closing	368.18	393.62	401.22
Average Loan	333.89	380.90	397.42
Weighted Avg Rate of Interest on Loan	8.1981%	8.0915%	8.0907%
Interest	10.72	30.82	32.15



Asset-2

(₹ in lakh)

Particular	2017-18	2018-19
Gross Normative Loan	265.47	408.48
Cumulative Repayment up to Previous year	0.00	29.72
Net Loan-Opening	265.47	378.76
Addition due to Additional Capitalization	143.01	8.47
Repayment during the year	29.72	37.32
Net Loan-Closing	378.76	349.91
Average Loan	322.11	364.33
Weighted Avg Rate of Interest on Loan	8.3643%	8.3612%
Interest	26.28	30.46

Asset-3

(₹ in lakh)

Particular	2017-18	2018-19
Gross Normative Loan	397.42	397.70
Cumulative Repayment up to Previous year	0.00	7.49
Net Loan-Opening	397.42	390.21
Addition due to Additional Capitalization	0.28	93.43
Repayment during the year	7.49	40.19
Net Loan-Closing	390.21	443.46
Average Loan	393.81	416.83
Weighted Avg Rate of Interest on Loan	8.1626%	8.1595%
Interest	6.69	34.01

Asset-4

(₹ in lakh)

Particular	2017-18	2018-19
Gross Normative Loan	412.72	412.78
Cumulative Repayment up to Previous year	0.00	7.77
Net Loan-Opening	412.72	405.01
Addition due to Additional Capitalization	0.06	106.92
Repayment during the year	7.77	42.16
Net Loan-Closing	405.01	469.76
Average Loan	408.86	437.39
Weighted Avg Rate of Interest on Loan	7.8172%	7.8167%
Interest	6.65	34.19



Depreciation

50. The depreciation for tariff period i.e. 2014-19 has been worked out based on Straight Line Method as specified in Regulation 27 and at rates specified in Appendix-II to 2014 Tariff Regulations.

51. Based on the above, the depreciation has been calculated as follows:-

Asset-1

Particulars	(₹ in lakh)		
	2016-17	2017-18	2018-19
Opening Gross Block	428.02	543.17	632.69
Addition Capital Expenditure	115.15	89.52	71.28
Closing Gross Block	543.17	632.69	703.97
Average Gross Block	485.59	587.93	668.33
Rate of Depreciation	6.33%	6.33%	6.33%
Depreciable Value	437.03	529.14	601.50
Remaining Depreciable Value	437.03	517.09	552.24
Depreciation	12.04	37.22	42.31

Asset-2

Particulars	(₹ in lakh)	
	2017-18	2018-19
Opening Gross Block	379.24	583.54
Addition Capital Expenditure	204.30	12.10
Closing Gross Block	583.54	595.64
Average Gross Block	481.39	589.59
Rate of Depreciation	6.33%	6.33%
Depreciable Value	433.25	530.63
Remaining Depreciable Value	433.25	500.91
Depreciation	29.72	37.32

Asset-3

Particulars	(₹ in lakh)	
	2017-18	2018-19
Opening Gross Block	567.74	568.14
Addition Capital Expenditure	0.40	133.48
Closing Gross Block	568.14	701.61
Average Gross Block	567.94	634.88
Rate of Depreciation	6.33%	6.33%
Depreciable Value	510.97	511.15
Remaining Depreciable Value	510.97	503.66
Depreciation	7.49	40.19



Asset-4

(₹ in lakh)

Particulars	2017-18	2018-19
Opening Gross Block	589.59	589.68
Addition Capital Expenditure	0.09	152.74
Closing Gross Block	589.68	742.42
Average Gross Block	589.64	666.05
Rate of Depreciation	6.33%	6.33%
Depreciable Value	530.67	599.45
Remaining Depreciable Value	530.67	591.68
Depreciation	7.77	42.16

Operation & Maintenance Expenses (O&M Expenses)

52. The petitioner has not claimed O&M Expenses in respect of the instant assets. In this respect, the petitioner has submitted that the Annual Maintenance Contract (AMC) of SCADA/EMS system established under ULDC Scheme for all the constituents shall be responsibility of the respective SLDCs in line with NER-ULDC project.

53. We have considered the submission made by the petitioner and accordingly, no O&M Expenses have been considered for the tariff determination in respect of the instant assets.

Interest on working capital

54. The petitioner is entitled to claim interest on working capital as per the 2014 Tariff Regulations. The components of the working capital and the petitioner's entitlement to interest thereon are discussed hereunder:-

(i) Receivables

Receivables as a component of working capital will be equivalent to two months fixed cost. The petitioner has claimed the receivables on the basis of 2 months' annual transmission charges. In the tariff being allowed, receivables have been worked out on the basis of 2 months' transmission charges.

(ii) Maintenance spares



Regulation 28 of the 2014 Tariff Regulations provides for maintenance spares @ 15% per annum of the O&M expenses. The value of maintenance spares has accordingly been worked out.

(iii) O & M expenses

Operation and maintenance expenses have been considered for one month as a component of working capital. The petitioner has claimed O&M expenses for 1 month of the respective year as claimed in the petition. This has been considered in the working capital.

(iv) Rate of interest on working capital

The rate of interest on working capital has been considered as SBI base rate plus 350 basis points as on 1st April of the respective year as per the Regulation.

(v) The interest on working capital as determined is shown in the table given below:-

Asset-1

(₹ in lakh)			
Particulars	2016-17	2017-18	2018-19
Maintenance Spares	-	-	-
O & M expenses	-	-	-
Receivables	14.76	17.48	19.38
Total	14.76	17.48	19.38
Interest	0.74	2.24	2.48

Asset-2

(₹ in lakh)		
Particulars	2017-18	2018-19
Maintenance Spares	-	-
O & M expenses	-	-
Receivables	14.60	17.44
Total	14.60	17.44
Interest	1.79	2.20

Asset-3

(₹ in lakh)		
Particulars	2017-18	2018-19
Maintenance Spares	-	-
O & M expenses	-	-
Receivables	17.28	18.99
Total	17.28	18.99
Interest	0.45	2.39



Asset-4

(₹ in lakh)

Particulars	2017-18	2018-19
Maintenance Spares	-	-
O & M expenses	-	-
Receivables	17.70	19.67
Total	17.70	19.67
Interest	0.46	2.48

Transmission charges

55. The transmission charges being allowed for the assets are as follows:-

Asset-1

(₹ in lakh)

Particulars	2016-17	2017-18	2018-19
Depreciation	12.04	37.22	42.31
Interest on Loan	10.72	30.82	32.15
Return on Equity	11.19	34.59	39.32
Interest on Working Capital	0.74	2.24	2.48
O & M Expenses	0.00	0.00	0.00
Total	34.70	104.86	116.26

Asset-2

(₹ in lakh)

Particulars	2017-18	2018-19
Depreciation	29.72	37.32
Interest on Loan	26.28	30.46
Return on Equity	27.62	34.69
Interest on Working Capital	1.79	2.20
O & M Expenses	0.00	0.00
Total	85.41	104.67

Asset-3

(₹ in lakh)

Particulars	2017-18	2018-19
Depreciation	7.49	40.19
Interest on Loan	6.69	34.01
Return on Equity	6.96	37.35
Interest on Working Capital	0.45	2.39
O & M Expenses	0.00	0.00
Total	21.59	113.94



Asset-4

(₹ in lakh)

Particulars	2017-18	2018-19
Depreciation	7.77	42.16
Interest on Loan	6.65	34.19
Return on Equity	7.22	39.18
Interest on Working Capital	0.46	2.48
O & M Expenses	0.00	0.00
Total	22.11	118.01

Filing fee and the publication expenses

56. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 52 of the 2014 Tariff Regulations. 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 clause (1) of Regulation 52 of the 2014 Tariff Regulations.

License fee and RLDC Fees and Charges

57. The petitioner has requested to allow the petitioner to bill and recover License fee and RLDC fees and charges, separately from the respondents. We are of the view that the petitioner shall be entitled for reimbursement of licence fee and RLDC fees and charges in accordance with Clause (2)(b) and (2)(a), respectively, of Regulation 52 of the 2014 Tariff Regulations.

Goods and Services Tax

58. The petitioner has prayed for reimbursement of tax, if any, on account of proposed implementation of GST. The petitioner has submitted that the Commission should allow to recover GST from the beneficiaries, if imposed on transmission charges under the proposed



GST when implemented by Government of India. We are of the view that petitioner's prayer is premature.

Sharing of charges:-

59. The Charges for the Unified Scheme under State sector mentioned shall be shared by the respective states in proportion to the capital cost of the respective state portion as per provision of 43(2) CERC Tariff Regulations, 2014.

60. This order disposes of Petition No. 08/TT/2018.

Sd/-

Dr. M. K. Iyer
Member

Sd/-

P.K. Pujari
Chairperson

