

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 100/TT/2017

Coram:

Shri. P.K.Pujari, Chairperson

Shri. A.K.Singhal, Member

Dr. M.K.Iyer, Member

Date of Order: 9.10.2018

In the matter of:

Approval under Regulation- 86 of CERC (Conduct of Business) Regulations, 1999 and CERC (Terms and Conditions of Tariff) Regulations, 2014 for determination of Transmission Tariff from COD to 31.03.2019 for 02 nos 400 kV line bays along with 02 nos 80 MVAR Switchable Line Reactors at 400 kV Siliguri S/S and 02 nos 400 kV line bays (for 400 kV D/C Siliguri-Bongaigaon TL) at Bongaigaon S/S under "Transmission schemes for enabling import of NER/ER surplus power by NR" in Eastern Region for tariff block 2014-19 period.

And in the matter of:

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

.....**Petitioner**

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited
Vidyut Bhawan, Vidyut Marg, Jaipur - 302 005
2. Ajmer Vidyut Vitran Nigam Ltd
400 Kv Gss Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
3. Jaipur Vidyut Vitran Nigam Ltd
400 Kv Gss Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
4. Jodhpur Vidyut Vitran Nigam Ltd
400 Kv Gss Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
5. Himachal Pradesh State Electricity Board
Vidyut Bhawan



Kumar House Complex Building
Shimla-171 004.

6. Punjab State Electricity Board
The Mall, Patiala - 147 001.
7. Haryana Power Purchase Centre
Shakti Bhawan, Sector-6
Panchkula (Haryana) 134 109.
8. Power Development Deptt.
Govt. Of Jammu & Kashmir
Mini Secretariat, Jammu.
9. Uttar Pradesh Power Corporation Ltd.
(Formerly Uttar Pradesh State Electricity Board)
Shakti Bhawan, 14, Ashok Marg
Lucknow - 226 001.
10. Delhi Transco Ltd.
Shakti Sadan, Kotla Road,
New Delhi-110 002.
11. Bses Yamuna Power Ltd,
Bses Bhawan, Nehru Place ,
New Delhi.
12. Bses Rajdhani Power Ltd,
Bses Bhawan, Nehru Place,
New Delhi.
13. North Delhi Power Ltd,
Power Trading & Load Dispatch Group
Cennet Building,
Adjacent To 66/11 Kv Pitampura-3
Grid Building, Near Pp Jewellers
Pitampura, New Delhi – 110034.
14. Chandigarh Administration
Sector -9, Chandigarh.
15. Uttarakhand Power Corporation Ltd.
Urja Bhawan
Kanwali Road
Dehradun.



16. North Central Railway
Allahabad.
17. New Delhi Municipal Council
Palika Kendra, Sansad Marg,
New Delhi-110002.
18. Sterlite Industries (I) Ltd.
(East North Interconnector Project (Encil))
Mira Corporate Suits,
F-1, Mathura Rd, Ishwar Nagar, Bahapur,
New Delhi- 110065,
Delhi, India.

.....**Respondents**

The following were present:

For Petitioner:

Shri Vivek Kumar Singh, PGCIL
Shri S. K. Venkatesan, PGCIL
Shri S. S. Raju, PGCIL
Shri V. P. Rastogi, PGCIL
Shri Rakesh Prasad, PGCIL
Shri B. Dash, PGCIL
Shri Pankaj Sharma, PGCIL

For Respondents:

Shri R. B. Sharma, Advocate, BRPL
Shri Mohit Mudgal, Advocate, BRPL

ORDER

1. The present petition has been filed by the petitioner, Power Grid Corporation of India Ltd. ("PGCIL") seeking approval of transmission tariff for the asset in subject cited above, under Transmission schemes for enabling import of NER/ER surplus power by NR (hereinafter referred to as "Transmission system") for 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations").



2. The petitioner has made the following prayers in this petition:-

- (i) Approve the Transmission Tariff for the tariff block 2014-19 for the assets covered under this petition.
- (ii) Allow tariff as 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.
- (iii) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred.
- (iv) 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.
- (v) 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.
- (vi) 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 (if any) in relation to the filing of petition.
- (vii) 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.
- (viii) 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.
- (ix) 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.
- (x) Allow the Petitioner if GST is imposed on transmission charges under the proposed GST, the same may be allowed to be recovered from the beneficiaries.

3. The respondents are distribution licensees and power departments, who are procuring transmission service from the petitioner, mainly beneficiaries of



Northern and Eastern Region.

4. The Investment Approval (IA) for implementation of Transmission schemes for enabling import of NER/ER surplus power by NR” was accorded by the Board of Directors of the petitioner vide the Memorandum Ref: C/CP/Import of NER/ER surplus power by NR dated 19.9.2011 at an estimated cost of ₹80.42 Crore including Interest During Construction of ₹ 3.17 crores based on 2nd quarter, 2011 price level. The Board of Directors of the petitioner company accorded approval for Revised Cost Estimate vide letter dated 1.12.2016 at an estimated cost of ₹ 76.19 Crore including IDC of ₹ 2.44 Crore at June 2016 price level.
5. The scheme was discussed and agreed by CEA and NRPC/ERPC and beneficiaries of NR/ER to be implemented by the petitioner. The details of the transmission elements covered under the transmission system are broadly as follows:-

Sub-Station

- (a) **At Bongaigaon (PG) 400kV S/s**
Two (02) 400 kV line bays, without reactors
 - (b) **At Siliguri (PG) 400kV S/s**
Two (02) 400 kV line bays, each with 80 MVAR switchable line reactors
 - (c) **At Purnea (PG) 400kV S/s**
Two (02) 400 kV line bays, without reactors
 - (d) **At Biharshariff (PG) 400kV S/s**
Two (02) 400 kV line bays, each with 80 MVAR switchable line reactors
6. The details of the elements comprising of the entire scope of subject project under the instant transmission system and the petitions under which they are



covered are as follows:-

S. No	Asset name	COD	Remarks
1	02 nos 400 kV Line Bays at Biharsharif S/S alongwith 80 MVAR Switchable Line Reactors & 02 nos 400 kV Line bays at Purnea S/S for the 400 kV D/C Purnea-Biharsharif T/L;	01.04.2013	Covered under Petition No. 99/TT/2013 for 2009-14 Tariff block.
2	01 nos 80 MVAR switchable line reactors at 400 kV Biharshariff S/s	01.05.2013	
3	Asset-I: 02 nos 400 kV line bays (for 400 kV D/C Siliguri-Bongaigaon TL) along with 02 nos 80 MVAR Switchable Line Reactors at 400 kV Siliguri S/S and Asset-II: 02 nos 400kV line bays (for 400 kV D/C Siliguri-Bongaigaon TL) at Bongaigaon S/S.	14.11.2014 (Revised)	Covered under instant petition. (Earlier Covered under Petition No. 42/TT/2013 filed as per Tariff Regulations 2009.)

7. The current status of the Asset, covered under instant petition, submitted by the petitioner is mentioned as below:-

Name of Asset (revised/ current status)	COD status
Asset - 02 nos 400 kV line bays along with 02 nos 80 MVAR Switchable Line Reactors at 400 kV Siliguri S/S and 02 nos 400 kV line bays (for 400 kV D/C Siliguri - Bongaigaon TL) at Bongaigaon S/S	14.11.2014 (Actual-revised)

8. The petitioner has submitted that petition for determination of tariff of instant asset (herein referred as the **Asset**) was earlier filed vide Petition No. 42/TT/2013 for the approval of transmission tariff for the 2009-14 period. Therein the petitioner had claimed tariff for two distinct assets, as mentioned in para 6 above, with COD as 01.04.2013 for Asset-I & as 01.06.2013 for Asset-II and had invoked the clause 3(12) (c) of the Tariff Regulations 2009 for seeking approval of COD.



9. Although the Asset was completed by the petitioner during 2009-14 period, the works associated with corresponding transmission line i.e. 400 kV D/C Siliguri- - Bongaigaon had to be implemented by M/S Sterlite Ltd. through TBCB route and the same could be completed by November 2014.
10. Considering the scenario of non-utilization and no power flow, the Commission vide order dated 10.06.2015 in Petition No. 42/TT/2013, shifted the COD of the then Asset-I and Asset-II to November 2014 i.e. matching with the associated Transmission Line on account of start of actual Power Flow.

Vide order dated 10.06.2015 in 42/TT/2013, Commission observed the following:

Quote

11.....As the Bays and Line Reactors could not have been charged for trial operation without the availability of the transmission line, the case is not covered under the second proviso of Regulation 3(12)(c) of the 2009 Tariff Regulations. Accordingly, the date of commercial operation of Asset-1 and Asset-2 cannot be approved as 1.4.2013 and 1.6.2013 respectively as claimed by the petitioner.

Unquote

At Para 12 of of the same order:

Quote

12. We are of the view that the instant transmission Asset could be charged and trial operation could be successfully carried out only on commissioning of the Bongaigaon-Siliguri Transmission Line, which is stated to have been commissioned in November, 2014. Accordingly, the date of commercial operation of the transmission Asset could be only during the 2014-19 tariff period. However, the petitioner has claimed tariff for the transmission Asset as per the 2009 Tariff Regulations. As such, the petitioner is directed to file a fresh petition claiming tariff for the transmission Asset as per the 2014 Tariff Regulations.....

Unquote

11. Petitioner has further submitted that vide Appeal No.198 of 2015, they had sought relief from Appellate Tribunal of Electricity against Commission's order dated 10.06.2015 in petition no. 42/TT/2013. However, the Tribunal



vide its order dated 18.01.2018 has upheld the aforesaid order of the Commission. Accordingly, we are proceeding ahead with the COD of 14.11.2014 for combined asset decided vide our aforesaid order dated 10.06.2015.

12. The details of the transmission charges claimed by the petitioner for the combined asset are as under:-

(₹ in lakh)

Particulars	Asset				
	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Depreciation	49.43	134.01	141.86	146.08	146.08
Interest on Loan	58.04	149.28	146.24	138.24	125.12
Return on Equity	55.08	149.32	158.06	162.76	162.76
Interest on Working Capital	11.35	30.61	31.61	32.34	32.76
O&M Expenses	137.69	373.80	386.22	399.06	412.26
Total	311.59	837.02	863.99	878.48	878.98

13. The details of the interest on working capital claimed by the Petitioner for the combined asset are as under:-

(₹ in lakh)

Particulars	Asset				
	2014-15 (annualized)	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	54.27	56.07	57.93	59.86	61.84
O&M expenses	30.15	31.15	32.19	33.26	34.36
Receivables	136.46	139.50	144.00	146.41	146.50
Total	220.88	226.72	234.12	239.53	242.70
Interest	29.82	30.61	31.61	32.34	32.76
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%

14. The Annual Fixed Charges were granted for the instant transmission asset vide order dated 29.6.2017 under the first proviso to Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the PoC charges.



15. 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. BSES Rajdhani Power Ltd. (BRPL), Respondent No. 12 has filed reply vide affidavit dated 13.06.2017. BRPL has raised issue of Additional Capitalization, GST & wage revision etc. The petitioner has filed rejoinder dated 19.06.2017 to the reply of BRPL. The objections raised by the respondents and the clarifications given by the petitioner are addressed in the relevant paragraphs of this order.
16. Commission had raised queries vide order dated 29.06.2017, which were replied to by the petitioner vide affidavit dated 31.07.2017. Further, in compliance with Commission's directions during the hearing held on 28.8.2018, petitioner, vide affidavit dated 19.9.2018, has submitted the CEA energisation certificates, CMD certificate as required under Grid Code and the documents to show that the petitioner was ready with the assets on 1.4.2013 and 1.6.2013.

Date of commercial operation(COD)

17. As mentioned earlier, the petitioner had completed its scope of works i.e. the instant Asset in the previous tariff block on 01.04.2013 for Asset-I and on 01.06.2013 for Asset-II and had invoked the relevant clause under the then prevailing tariff regulations for approval of COD. Commission, vide order dated 10.06.2015 in petition no. 42/TT/2013, had directed the petitioner to revise its COD to November 2014 for the combined asset so as to match it with the date of completion of associated 400 kV D/C Siliguri – Bongaigaon



line to be executed by M/S Sterlite Ltd.

18. The petitioner, in response to directions in order dated 10.06.2015, has filed the present petition with revised COD as 14.11.2014 for the combined asset stating it as the date of COD of the associated 400 kV D/C Siliguri – Bongaiaon line of M/s Sterlite.
19. The petitioner, in this regard, has submitted that the certificate of trial operation issued by POSOCO to M/s Sterlite for 400 kV D/C Siliguri-Bongaigaon TL states the completion of successful trial operation as 13.11.2014; accordingly the COD for the purpose of tariff determination has been considered as 14.11.2014 for the asset in the subject petition. CMD certificate has also been issued vide letter dated 19.09.2018. The petitioner has submitted these documents to stake its claim for COD as 14.11.2014. The petitioner has acted in accordance with the directions issued by the Commission vide order dated 10.06.2015 in petition no. 42/TT/2013 and accordingly in view of certificates of POSOCO, CEA and CMD, the COD of subject Asset is approved as 14.11.2014.
20. Further, the petitioner, vide affidavit dated 14.08.2018, also provided the CEA charging certificate pertaining to their original claim of completion of the Asset in all respects by 01.04.2013 and 01.06.2013. As such, the Asset could be put into commercial operation only after 13.11.2014. However, it is observed that the Asset, barring one reactor only, was ready for use in all aspects by 01.04.2013 but was not put into use because of the non-commissioning of the associated transmission line by M/S Sterlite.



Capital Cost

21. This has been dealt in line with Clause (1) and (2) of Regulation 9 of the 2014 Tariff Regulations.
22. The details of approved apportioned cost, capital cost as on the date of commercial operation and estimated additional capital expenditure incurred or projected to be incurred during 2014-15 to 2016-17 along with estimated completion cost for the asset covered in the petition as claimed by the petitioner and considered for the purpose of computation of tariff are as under:-

(₹ in lakh)

Apportioned Approved Cost(FR)	Cost as on COD	Additional capital expenditure			Total Estimated Completion Cost
		2014-15 (actual)	2015-16 (actual)	2016-17 (estimated)	
3713.47	2450.66	18.76	137.34	159.83	2766.59

23. We have considered the submissions of the petitioner. It is observed that the petitioner have submitted the Revised Cost Estimate (RCE) and that the estimated completion cost claimed for subject Asset is within the Revised Cost Estimate (RCE).

Time over-run

24. As per the investment approval dated 16.09.2011, the Asset was scheduled to be commissioned within 18 months from the date of investment approval. Accordingly, the scheduled date of commercial operation was 01.04.2013 against which, the Asset covered in the instant petition have been put under commercial operation as follows:-



Scheduled COD as per IA	COD declared in petition no.: 42/TT/2013	Revised COD	Delay (in days) (From Scheduled COD to Shifted COD)	# Delay (in days) (From 1.5.2013 to revised COD)
1.4.2013	Asset-I : 1.4.2013, Asset-II : 1.6.2013	14.11.2014	593	563

Mid of the two CODs has been considered.

25. As claimed in Petition No. 42/TT/2013, the two transmission assets were scheduled to achieve COD on 1.4.2013 and 1.6.2013. Even though the assets were ready, they could not be put into commercial operation as the corresponding transmission line namely 400 kV D/C Siliguri-Bongaigaon TL, which was awarded through TBCB to M/s Sterlite Limited, was not ready for commercial operation as on the aforesaid dates. The 400 kV D/C Siliguri-Bongaigaon TL was commissioned on 14.11.2014; thus, in our view, the delay in commercial operation of Asset-I and Asset-II by 593 days and 563 days respectively is solely attributable to M/s Sterlite Limited.

26. Further, in the present petition the petitioner has combined the above mentioned two assets which were declared ready for commercial operation as on 1.4.2013 and 1.6.2013 in Petition No. 42/TT/2013. However, the petitioner has submitted neither the segregated IEDC and IDC for the two assets nor date wise break-up of the IEDC and IDC for the combined asset. Therefore, considering the available information, we have pro-rated IEDC and IDC for the period from mid date of the CODs of the two assets as claimed in petition no. 42/TT/2013 i.e, 1.5.2013 to the revised COD of the combined asset which shall be borne by M/s Sterlite



Limited and shall not be capitalized by the petitioner. The petitioner is directed to submit asset wise and date wise break-up of the IEDC and IDC at the time of filing petition for true-up.

Incidental Expenditure During Construction (IEDC) & Interest During Construction (IDC)

27. The petitioner has claimed IEDC of ₹ 57.71 lakh for the Asset. The petitioner has claimed IEDC as on COD, which is within the percentage on hard cost as indicated in the abstract cost estimate. In the instant petition, 10.75% of hard cost is indicated as IEDC in the abstract cost estimate. Hence, the entire IEDC claimed by the petitioner is allowed.

28. The petitioner has claimed IDC of ₹ 34.41 lakh for the Asset. Further, the petitioner has submitted the statement showing discharged of IDC liability as on COD. The IDC on cash basis up to allowable dates has been worked out on the basis of the loan details given in Form-9C for the Asset. Petitioner has submitted that there is no default in the payment of interest.

The IEDC & IDC disallowed as on COD for the purpose of tariff determination is as below:-

(₹ in lakh)			
Calculation of Disallowed IEDC/IDC			
Claimed as per Auditor's Certificate dated 6.09.2016 (1155 Days)	IEDC	IDC	TOTAL
From IA dated 16.09.2011 to 31.03.2014 (928 Days)	35.11	20.91	56.02
From 01.04.2014 to 13.11.2014 (227 Days)	22.66	13.50	36.16
Total Claimed (1155 Days)	57.77	34.41	92.18
Disallowed (563 Days) (From 01.05.2013 to revised COD: 14.11.2014)			
From 01.04.2014 to 13.11.2014 (227 Days) (As Claimed)	22.66	13.50	36.16
Pro-rata for balance 336 Days (From 928 Days claimed above)	12.71	7.57	20.28
Total Disallowed (563 Days)	35.37	21.07	56.44



Initial spares

29. Regulation 13(d) of the 2014 Tariff Regulations provides that initial spares shall be capitalized as a percentage of plant and machinery cost up to cut-off date, subject to following ceiling norms:-

“(d) Transmission System Transmission line: 1.00%

Transmission sub-station (Green Field): 4.00%

Transmission sub-station (Brown Field): 6.00%”

30. The petitioner has claimed ₹ 136.94 lakh as initial spares for the Asset corresponding to sub-station under brown-field category. Initial spare claimed by the petitioner is within the permissible limits and the same is allowed.

31. The petitioner vide affidavit dated 31.07.2017 has submitted that the liability of initial spare discharged up to COD and thereafter, as below:

(₹ in lakh)

Discharged upto COD	Discharged during 2014-15	Discharged during 2015-16	Total Initial spare claimed and Discharged
123.25	8.22	5.48	136.94

32. The following capital cost as on COD, after taking into account the allowable IEDC, IDC and initial spares, is considered for the computation of tariff for the Asset :-

(₹ in lakh)

Claimed as on COD	Less: Pro-rata IEDC (From 1.5.2013 to 14.11.2014)	Less: Pro-rata IDC (From 1.5.2013 to 14.11.2014)	Less: Initial Spare un-discharged upto COD	Capital cost upto COD
2450.66	35.37	21.07	13.70	2380.52



Additional Capital Expenditure (ACE)

33. The cut-off date for the instant Asset is 31.3.2017.

The petitioner has claimed the following additional capital expenditure (ACE) as per Auditor certificate dated 06.09.2016 for the subject Asset:

(₹ in lakh)

2014-15	2015-16	2016-17
18.76	137.34	159.83

Further the petitioner has claimed the entire ACE under Regulation 14(1).

In addition, the petitioner has also claimed the discharge of initial spare liability during 2014-15 & 2015-16 in respect of the Asset.

Accordingly, the ACE claimed by the petitioner and allowed up to 31.03.2019 is summarized in the table below:-

(₹ in lakh)

	2014-15	2015-16	2016-17
Claimed	18.76	137.34	159.83
Allowed	26.98*	142.82*	159.83

*Accrual initial spare added in the respective year add cap

34. The capital cost considered for the purpose of computation of tariff is as follows:-

(₹ in lakh)

Expendi ture up to COD	2014-15	2015-16	2016-17	2017-18	2018-19	Total Estimated Completion Cost up to 31.3.2019
2380.52	26.98	142.82	159.83	0.00	0.00	2710.15

Debt-Equity Ratio

35. This has been dealt with in line with Clause 1 and 5 of Regulation 19 of the 2014



Tariff Regulations.

36. The petitioner has claimed debt: equity ratio of 70:30 as on the date of commercial operation. Debt: equity ratio of 70:30 is considered as provided in Regulation 19 of the 2014 Tariff Regulations. The details of debt : equity ratio in respect of the instant Asset as on the date of commercial operation and as on 31.3.2019 are as under:-

(₹ in lakh)

Particular	Asset			
	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	1666.36	70.00	1897.10	70.00
Equity	714.16	30.00	813.05	30.00
Total	2380.52	100.00	2710.15	100.00

Return on Equity

37. This has been dealt with in line with Clause (1) and (2) of Regulation 24 and Clause (2) of Regulation 25 of the 2014 Tariff Regulations.
38. The petitioner has submitted that it is liable to pay income tax at MAT rate, the RoE has been calculated @ 19.610% after grossing up the RoE with MAT rate of 20.961% as provided under Regulation 25(2)(i) of the 2014 Tariff Regulations. As per Regulation 25(3) of the 2014 Tariff Regulations, the grossed up rate of RoE at the end of the financial year shall be trued up based on actual tax paid together with any additional tax demand including interest thereon duly adjusted for any refund of tax including interest received from the IT authorities pertaining to the 2014-19 period on actual gross income of any financial year.



39. MPPMCL has submitted that the petitioner has not mentioned the effective tax rate for each year of tariff period for all the Asset. The petitioner may be directed to furnish details in the working of effective tax rate along with tax audit report for financial year 2014-15 and the reasons for opting MAT. The petitioner may also be directed to submit the details of deferred tax liability and its treatment in the books of account for the period 2014-19. Since, the petitioner is entitled for Tax Holiday for new transmission project, the petitioner may be directed to supply the information from the date the petitioner intends to claim the benefits of section 80 IA of the Income Tax Act, 1961.

40. We have considered the submissions made by the petitioner and respondent. 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 generating company or 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 as follows:-

(₹ in lakh)

Particulars	Asset				
	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Opening Equity	714.16	722.25	765.10	813.05	813.05
Addition due to Additional Capitalization	8.09	42.85	47.95	0.00	0.00
Closing Equity	722.25	765.10	813.05	813.05	813.05



Average Equity	718.20	743.67	789.07	813.05	813.05
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for the 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%
Return on Equity (Pre-tax)	53.25	145.83	154.74	159.44	159.44

Interest on loan (IOL)

41. This has been dealt with in line with Regulation 26 2014 Tariff Regulations.

42. IOL has been worked out as under:-

(i) Gross amount of loan, repayment of instalments and rate of interest on actual average loan have been considered as per the petition;

(ii) The yearly repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that year; and

(iii) Weighted average rate of interest on actual average loan worked out as per (i) above is applied on the notional average loan during the year to arrive at the interest on loan.

43. Based on above, details of IOL calculated are as follows:-

Particulars	(₹ in lakh)				
	Asset				
	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	1666.36	1685.25	1785.22	1897.10	1897.10
Cumulative Repayment upto previous Year	0.00	47.79	178.68	317.55	460.65
Net Loan-Opening	1666.36	1637.45	1606.54	1579.55	1436.45
Addition due to Additional Capitalization	18.89	99.97	111.88	0.00	0.00
Repayment during the	47.79	130.89	138.88	143.10	143.10



year					
Net Loan-Closing	1637.45	1606.54	1579.55	1436.45	1293.36
Average Loan	1651.91	1622.00	1593.05	1508.00	1364.90
Weighted Average Rate of Interest on Loan	8.9860%	8.9915%	8.9922%	8.9866%	8.9876%
Interest on Loan	56.12	145.84	143.25	135.52	122.67

Depreciation

44. This has been dealt with in line with Regulation 27 of 2014 Tariff Regulations.
45. The instant transmission asset was put under commercial operation on 14.11.2014. Accordingly, it will complete 12 years after 2018-19. As such, depreciation has been calculated annually based on Straight Line Method at the rates specified in Appendix-II to the 2014 Tariff Regulations.
46. Details of the depreciation allowed are as under:-

(₹ in lakh)

Particulars	Asset				
	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	2380.52	2407.50	2550.32	2710.15	2710.15
Additional Capital expenditure	26.98	142.82	159.83	0.00	0.00
Closing Gross Block	2407.50	2550.32	2710.15	2710.15	2710.15
Average Gross Block	2394.01	2478.91	2630.23	2710.15	2710.15
Rate of Depreciation	5.2800%	5.2800%	5.2800%	5.2800%	5.2800%
Depreciable Value	2154.61	2231.02	2367.21	2439.13	2439.13
Remaining Depreciable Value	2154.61	2183.23	2188.53	2121.58	1978.48
Depreciation	47.79	130.89	138.88	143.10	143.10

Operation and Maintenance Expenses (O&M Expenses):-

47. This has been dealt with in line with Clause 29(4)(a) of 2014 Tariff Regulations.
48. The petitioner has claimed the following O&M Expenses for 2014-19 period.



(₹ in lakh)

Particular	Asset				
	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Asset	137.69	373.80	386.22	399.06	412.26

49. As per Regulation 29(4) of the 2014 Tariff Regulations, the following O&M Expenses have been allowed:-

(₹ in lakh)

Particular	Asset				
	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Asset	136.69	373.80	386.22	399.06	412.26

Interest on Working Capital (IWC)

Rate of interest on working capital

50. As per proviso 3 of Regulation 28 of the 2014 Tariff Regulation, SBI Base Rate Plus 350 bps as on 1.04.2014 (i.e.13.50%) has been considered for the instant asset, as the rate of interest on working capital.

51. Accordingly, the interest on working capital is summarized as under:-

(₹ in lakh)

Particulars	Asset				
	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	54.23	56.07	57.93	59.86	61.84
O & M expenses	30.13	31.15	32.19	33.26	34.36
Receivables	134.46	137.79	142.41	144.87	145.00
Total	218.82	225.01	232.53	237.99	241.20
Interest	11.17	30.38	31.39	32.13	32.56

Annual Transmission charges

52. In view of the above, the annual transmission charges being allowed for the instant Asset are summarized hereunder:-



(₹ in lakh)

Particulars	Asset				
	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Depreciation	47.79	130.89	138.88	143.10	143.10
Interest on Loan	56.12	145.84	143.25	135.52	122.67
Return on Equity	53.25	145.83	154.74	159.44	159.44
Interest on Working Capital	11.17	30.38	31.39	32.13	32.56
O&M Expenses	136.69	373.80	386.22	399.06	412.26
Total	305.02	826.74	854.47	869.24	870.03

Filing fee and the publication expenses

53. 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

54. 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.

Service Tax

55. The petitioner has sought to recover Service Tax on transmission charges separately from the respondents, if at any time service tax on transmission is



withdrawn from negative list in future. We have considered the submission of the petitioner. Service tax is not levied on transmission. Further, service tax is subsumed by GST and hence petitioner's prayer is infructuous.

Goods and Services Tax

56. The petitioner has prayed for reimbursement of tax, if any, on account of implementation of GST. GST is not levied on transmission service at present and we are of the view that petitioner's prayer is premature

Sharing of Transmission Charges

57. The IDC and IEDC for the instant Assets from respective CODs, i.e. 1.4.2013 and 1.6.2013, to 14.11.2014 shall be borne by M/s Sterlite as discussed in Para 25 and 26 above. Accordingly Petitioner is directed to bill and recover the same from M/s Sterlite. Thereafter, transmission charges shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations and shall be shared by the beneficiaries and long term transmission customers in Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.

58. This order disposes of Petition No. 100/TT/2017.

Sd/-

(Dr. M. K. Iyer)
Member

Sd/-

(A. K. Singhal)
Member

Sd/-

(P. K. Pujari)
Chairperson

