

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 123/TT/2017

Coram:

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

Date of Order: 05.09.2018

In the matter of:

Approval of transmission tariff for LILO of one ckt of 400 kV D/C Teesta III-Kishanganj line (LILO-I) at Rangpo and associated bays at Rangpo Sub-station under Sikkim Generation Projects-Part-B in Eastern Region from COD to 31.3.2019 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,
"Saudamini", Plot No. 2,
Sector 29, Gurgaon-122001
Haryana

....Petitioner

Vs

1. Gati Infrastructure Chuzachen Ltd.
1-7-293, MG Road, 268, Udyog Vihar, Phase-Iv,
Secunderabad, Andhra Pradesh - 500003
2. Gati Infrastructure Bhasmay Power Ltd.
1-7-293, MG Road, 268, Udyog Vihar, Phase-Iv,
Secunderabad, Andhra Pradesh - 500003
3. PTC India Ltd.
2nd Floor, NBCC Tower
15, Bhikaji Cama Palace,
New Delhi
4. Lanco Energy Pvt. Ltd.
Plot No. 397, 2nd Floor,
Udyog Vihar, Phase III,
Gurgaon, Haryana- 122016



5. Dans Energy Private Ltd.
5thFloor, DLF Building No. 8, Tower C,
DLF Cyber City Phase- II
Gurgaon, Haryana- 122002
6. Jal Power Corporation Ltd,
405-406, Raja House, 30-31,
Nehru Place, New Delhi- 110019
7. Madhya Bharat Power Corporation Ltd.
NH-31-A, Golitar, Singtam,
Gangtok -737 134, Sikkim
8. Bihar State Power (Holding) Company Ltd.
(Formerly Bihar State Electricity Board -BSEB)
Vidyut Bhavan, Bailey Road, Patna – 800 001
9. West Bengal State Electricity Distribution Company
Bidyut Bhawan, Bidhan Nagar
Block DJ, Sector-II, Salt Lake City
Calcutta - 700 091,
10. Grid Corporation of Orissa Ltd.
Shahid Nagar, Bhubaneswar - 751 007
11. Damodar Valley Corporation
DVC Tower, Maniktala
Civic Centre, VIP Road, Calcutta - 700 054
12. Power Department
Government of Sikkim,
Gangtok - 737 101
13. Jharkhand State Electricity Board
In Front of Main Secretariat
Doranda, Ranchi - 834002
14. Teesta Valley Power Transmission Ltd.
2nd Floor, Vijaya Building,
Barakhamba Road, CP, New Delhi - 110001
15. Teesta Urja Limited
02nd Floor, Vijaya Building
17 Barakhamba Road, Connaught Place
New Delhi 110001

...Respondents

For Petitioner : Shri Vivek Kumar Singh, PGCIL
Shri S. S. Raju, PGCIL



Shri B. Dash, PGCIL
Shri Rakesh Prasad, PGCIL

For Respondents : None

ORDER

The present petition has been filed by Power Grid Corporation of India Ltd. ("PGCIL") seeking approval of transmission tariff for LILO of one ckt of 400 kV D/C Teesta III-Kishanganj line (LILO-I) at Rangpo and associated bays at Rangpo Sub-station (hereinafter referred to as "transmission assets") under Sikkim Generation Projects-Part-B in Eastern Region (hereinafter referred to as "transmission system") for 2014-19 tariff period under 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:-

"1) Approve the Transmission Tariff for the tariff block 2014-19 block for the assets covered under this petition, as per para –8.2 above.

2) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred / projected to be incurred.

3) Transmission Tariff may be allowed on the estimated completion cost, since RCE for the project is under approval.

4) 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.

5) Allow the Petitioner to approach Hon'ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19.

6) 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.

7) 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.

8) 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.

9) 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.

10) 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.

11) 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.

12) 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.

13) Condone the delay in completion of subject assets on merit of the same being out of the control of Petitioner in line with CERC Regulations'2014 12(2)(i) "uncontrollable factors".

and pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice"

3. The Investment Approval (IA) for the said system was accorded by the Board of Directors of the petitioner vide Memorandum No.C/CP/Sikkim Generation Projects-Part-B dated 17.3.2011 at an estimated cost of ₹158512 lakh including an IDC of ₹10183 lakh (based on 3rd Quarter, 2010 price level).The project was scheduled to be commissioned within 32 months from the date of approval of Board of Directors i.e. 15.3.2011.

4. The scope of the scheme were discussed and agreed in the 30th SCM of Eastern Region on 20.9.2010. The scope of system was further discussed in the



16th ERPC and TCC meeting held on 17.12.2010 and 18.12.2010. The details of the transmission elements covered under the transmission system are broadly as follows:-

Transmission Lines:

- a. *LILO of Teesta III- Kishanganj 400 kV D/C line (quad) at Rangpo
- b. Rangpo- New Melli 220 kV D/C line
- c. LILO of Gangtok-Rangit 132 kV S/C line at Rangpo and Termination of Gangtok-Rangpo/ Chuzachen & Melli-Rangpo/Chuzachen 132 kV line at Rangpo
- d. LILO of Teesta V-Siliguri 400 kV D/C line at Rangpo.
- e. Kishanganj- Patna 400 kV D/C (quad) line

Sub-stations:

- a. Establishment of 400/220/132 kV Gas Insulated at Rangpo with 16X105 MVA, 400/220 kV 1-Phase transformers and 3X100 MVA, 220/132 kV 1- Phase transformers.
 - b. Establishment of 220 kV GIS switching station at New Melli
 - c. Extension of bays at Kishanganj 400/220 kV Sub-station
 - d. Extension of Bays at Patna 400/220 kV Sub-station
5. The petitioner has submitted that LILO of both circuits of Teesta-III–Kishanganj 400 kV D/C at Rangpo was agreed as a part of transmission system associated with Sikkim Part B Project. However, one ckt. of 400 kV D/C LILO line is complete and the 2nd ckt. of 400 kV D/C LILO line was delayed due to forest clearance issues. (About 8km stretch of the 2nd LILO line involves Tandong Reserve forest. Site officials of the petitioner are surveying for obtaining the



forest clearance for 2nd 400 kV D/C LILO which may take substantial time and the length of the line may increase additionally by 30-35 km due to Diversity Park coming in the route of the line). Due to this anticipated delay in COD of the second LILO at Rangpo, the petitioner had proposed to delink the second LILO from the scheme “Transfer of power from generation projects in Sikkim to NR/WR scheme (HCPTC-3)” for Phase-1 IPPs in Sikkim and take it up as a separate scheme. The proposal was discussed and ratified in the 18th SCM of ER (held on 13.6.2016) and further in 30th ERPC held on 20.6.2016 wherein members agreed to delink the second LILO at Rangpo from Part-B of the scheme to a separate scheme

6. The details of the transmission elements covered under the instant transmission system and the petitions under which they are covered are as follows:-

Srl. No.	Name of Asset	COD	Remark
1	Asset 1: Termination of Gangtok-Rangpo/Chujachen & Melli-Rangpo/Chujachen Line at Rangpo & associated bays at Rangpo Sub-station, LILO of 400 kV D/C Teesta V-Siliguri Line (Ckt-I) at Rangpo & associated bays alongwith 1No. 400 kV Bus Coupler bay at Rangpo Sub-station, 01 no. 3X105 MVA Single Phase 400/220 kV Transformer (1st) & associated bays alongwith 1 No. 1X105 MVA Single Phase, 400/220 kV Spare Transformer at Rangpo Sub-station and one 220/132 kV Transformer(1st) & associated bays alongwith 01 number 132 kV Bus Coupler Bay & 01 number 132 kV Bus Sectionaliser bay at Rangpo Sub-station	24.4.2014 (Actual)	Covered under Petition No. 68/TT/2016
2	Asset 2: LILO of 132 kV S/C Gangtok-Rangit Line at Rangpo & associated bays at Rangpo Sub-station	10.8.2014 (Actual)	
3	Asset 3: 01 no. 3X105MVA Single Phase 400/220 kV Transformer (2nd) & associated bays at Rangpo Sub-station	22.5.2014 (Actual)	
4	Asset 4: 01 no. 80 MVAR Bus Reactor (1st) & associated bays at Rangpo Sub-station	22.5.2014 (Actual)	
5	125 MVAR, 400 kV Bus Reactor alongwith associated bays at Patna Sub-station	1.6.2013 (Actual)	Covered under Petition No. 292/TT/2013



6	Asset I: 01 no. 3X105 Single phase, 400/220 kV Transformer (3rd) with associated bays under Rangpo Sub-station	22.5.2014 (Actual)	Covered under Petition No. 118/TT/2014
7	Asset II: 01 no 100 MVA, 220/132 kV Transformer (2nd), 01 no. 132 kV Bus Coupler bay, & 01 no. 132 kV Bus Sectionaliser with associated bays at Rangpo Sub-station	22.5.2014 (Actual)	
8	Asset III: 01 no 80 MVAR Bus Reactor (2nd) and associated bays at Rangpo	9.6.2014 (Actual)	
9	Asset IV: 01 no. 3X105 Single phase, 400/220 kV Transformer (4th) with associated bays under Rangpo Sub-station	30.6.2014 (Actual)	
10	Asset V: 01 no. 3X105 Single phase, 400/220 kV Transformer (5th) with associated bays under Rangpo Sub-station	3.7.2014 (Actual)	
11	Asset VI: 1 no 100 MVA , 220/132 kV Transformer (3 rd) with associated bays under Rangpo	13.6.2014 (Actual)	
12	Asset VII: LILO of 400 kV D/C Teesta V-Siliguri line (Ckt-II) at Rangpo and associated bays at Rangpo Sub-station	31.10.2015 (Actual)	Covered under Petition No. 530/TT/2014
13	Asset IV: 63MVAR Line Reactor of Ckt-I of 400 kV D/C Patna-Kishanganj line at Patna Sub-station as Bus reactor;	2.10.2014 (Actual)	
14	Asset V: 63 MVAR Line Reactor of Ckt-II of 400 kV D/C Patna-Kishanganj line at Patna Sub-station as Bus reactor	29.11.2014 (Actual)	Covered under Petition No. 230/TT/2015
15	Asset : 400 kV D/C (Quad) Kishanganj – Patna transmission line along-with associated bays at Kishanganj Sub-station including 02 no of 63 MVAr Switchable Line Reactor at Kishanganj Sub-station	28.3.2016 (Actual)	
16	Asset I: 220 kV D/C Rangpo - New Melli Line and associated bays at Rangpo and New Melli alongwith one no 220 kV Bus Coupler Bay each at Rangpo and New Melli	21.5.2015 (Actual)	Covered in Petition No. 183/TT/2016 (earlier covered under Petition No. 530/TT/2014)
17	Asset II: 01 no 31.5 MVAR Bus Reactor (1st) at New Melli and associated bay	31.1.2016 (Actual)	
18	Asset III: 01 no 31.5 MVAR Bus Reactor (2nd) at New Melli and associated bay	21.3.2016 (Actual)	
19	Asset I: LILO of one ckt of 400 kV D/C Teesta III - Kishanganj line (LILO-I) at Rangpo and associated bays at Rangpo Sub-station.	26.11.2016 (Invoked/Actual)	Covered under current petition (earlier covered under 268/TT/2016)

7. With the COD of the instant asset, the entire scope of work as per Investment Approval has been completed.



8. Annual Fixed Charges was allowed for the instant asset vide order dated 5.10.2017 under Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the PoC computation.

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

Particulars	(₹ in lakh)		
	2016-17 (pro-rata)	2017-18	2018-19
Depreciation	204.36	606.85	616.16
Interest on Loan	234.79	659.70	614.36
Return on Equity	227.50	675.52	685.83
Interest on working capital	16.70	48.79	48.44
O & M Expenses	41.48	123.41	127.51
Total	724.83	2114.27	2092.30

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

Particulars	(₹ in lakh)		
	2016-17 (pro-rata)	2017-18	2018-19
Maintenance Spares	17.92	18.51	19.13
O & M Expenses	9.96	10.28	10.63
Receivables	347.92	352.38	348.72
Total	375.79	381.17	378.47
Rate of Interest	12.80%	12.80%	12.80%
Interest	16.70	48.79	48.44

11. 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. Teestavalley Power Transmission Limited (TPTL), Respondent No.14 and Teesta Urja Limited (TUL), Respondent No.15 have filed their reply to the petition vide affidavits dated 31.5.2018. The objections raised by the respondents are addressed in the relevant paragraphs of this order.

Date of commercial operation

12. The petitioner has claimed the COD of the LILO of one ckt of 400 kV D/C Teesta III-Kishanganj line (LILO-I) at Rangpo and associated bays at Rangpo w.e.f. 26.11.2016 under the proviso (ii) of 4(3) of the 2014 Tariff Regulations. The petitioner has submitted that LILO of one ckt of 400 kV D/C Teesta III-Kishanganj line (LILO-I) at Rangpo and associated bays at Rangpo Sub-station was planned to Loop in–Loop out one ckt of 400 kV D/C Teesta-III–Kishanganj transmission line at Rangpo GIS(PG). The main line was to be executed by Teesta Valley Power Transmission Ltd. (TPTL) via JV route and it was delayed inordinately due to various reasons. The petitioner has submitted that as planned with TPTL, the petitioner completed the works under its scope (i.e. LILO of one ckt of 400 kV D/C Teesta III-Kishanganj line (LILO-I) at Rangpo and associated bays at Rangpo Sub-station) in March, 2016 so as to match it with the commissioning of Teesta-III HEP generation and TPTL’s transmission line (400 kV D/C Teesta III-Kishanganj). The corresponding main transmission line could not be completed by TPTL as assured due to reasons beyond TPTL’s control. However, TPTL and Teesta-III HEP generator kept on deferring their COD as recorded in the minutes of the various JCC meetings. The petitioner also submitted that TPTL could only complete a section of its main transmission line by November, 2016 (i.e. COD as 26.11.2016 though charged on ‘no load’ as the generating units at Teesta-III HEP were not ready then). After charging the section of the main transmission line by TPTL, actual power flow could only take place from 15.1.2017 onwards in form of in-firm power when one Unit of 200 MW of Teesta-III HEP was synchronized. The petitioner has submitted the date of



commercial operation of the transmission elements of the transmission system covered in the instant petition and they are as follows:-

Charging of LILO line (PG) at 'no load'	March, 2016
Charging of section of main line (TPTL) at 'no load'	November, 2016
COD of section of main line (TPTL)	26.11.2016
COD of LILO line (PG)	26.11.2016
Power flow initiated	January, 2017 (15.1.2017)

13. TPTL in its reply has made the following submissions:-

(a) As per the Standing Committee Meetings held in 2009 and 2010, the LILO portion of the instant asset was envisaged to facilitate evacuation of power from many generation projects namely Rongnichu, Teesta-VI, Bhasmey, Chuzachen, Rangit-IV, Jorethang Loop, Tashiding and Teesta-III HEPs through Teesta-III–Kishanganj Line, on its COD.

(b) The 400 kV D/C Teesta-III–Kishanganj transmission line of TPTL is not a dedicated transmission line, as is being stipulated by the petitioner. It forms part of the inter-State Transmission System as has been held by the Commission in order dated 3.12.2014 in Petition No. 157/MP/2014 of Sneha Kinetic Power Pvt. Ltd. (developer of Dikchu HEP).

(c) As per the provisions of Regulation 6.3A(4)(iii) of the Grid Code, where a transmission system of a licensee is to be connected to transmission system of any other transmission licensee where both the transmission systems are executed in a manner other than through tariff based competitive bidding, the transmission licensee shall endeavor to match the commissioning of its transmission system with the transmission system of the other licensee as far as practicable and shall ensure the same through

an appropriate Implementation Agreement. The petitioner and TPTL have been awarded the respective assets in a manner other than the competitive bidding. Further, no Implementation Agreement exists between TPTL and the petitioner for matching the commissioning schedule of their respective transmission system i.e. the instant asset and 400 kV D/C Teesta III–Kishanganj Transmission Line.

(d) As per the second proviso to Regulation 12(2) of the 2014 Tariff Regulations, if the generating station is not commissioned on the SCOD of the associated transmission system, the generating company shall bear the IDC and IEDC or transmission charges if the transmission system is declared under commercial operation by the Commission in accordance with the second proviso of Clause 3 of Regulation 4 of the 2014 Tariff Regulations. No claim can be raised by the petitioner on TPTL since TPTL is not a generating company.

(e) The petitioner has submitted the Approval of Energization issued by Central Electricity Authority (CEA) dated 4.3.2016. In this regard, it is pertinent to mention that the instant asset consists of 'Loop-in' i.e. portion of Rangpo–Teesta III Section and 'Loop-out' i.e. portion of Rangpo-Kishanganj Section. Though, the petitioner has claimed Loop-in and Loop-out (LILO) of one circuit of Teesta III-Kishanganj line, the approval for charging has been granted by CEA only for 'Loop in' of one circuit of Teesta III-Kishanganj line. The approval of CEA for 'Loop out' of the said circuit of the instant asset has not been provided by the petitioner. Further, the petitioner has enclosed the certificate for successful charging of transmission element on 'no load'



issued by Power System Operation Corporation Ltd. (POSOCO) for the instant asset dated 25.1.2017 stating the date and time of first time charging as 11.43 hrs. of 10.3.2016. The certificate issued by POSOCO on 25.1.2017 for successful charging as effective on 10.3.2016 has been issued for both 'Loop-in' 'Loop-out' Section, after more than 10 months. It is not clear as to how the energization of 'Loop-out' portion has been carried out without the clearance of CEA.

14. The petitioner has submitted that the assets covered in the instant petition were ready to be put into commercial operation on 26.11.2016. However, they were not put into commercial operation as the associated transmission system under the scope of TPTL was not ready. The petitioner has claimed the COD of the LILO of one ckt of Teesta-Kishanganj Line at Rangpo Sub-station as 26.11.2016 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. The tariff for the transmission assets under the scope of TPTL was approved by the Commission vide order dated 15.5.2018 in Petition No. 108/TT/2016 and the approved COD of the assets covered in the said petition are as follows:-

Srl. No.	Asset Name	COD granted
1	Circuit 2: Teesta III-Rangpo Section (36 KM)	17.1.2017
2	Circuit 1(a) : Dikchu-Teesta III section	14.4.2017
3	Circuit 1(b) : Rangpo-Dikchu section	Not commissioned yet. (Not granted)

15. As per proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations, if a transmission asset is prevented from being put into regular service for reasons not attributable to the transmission licensee but due to delay in COD of upstream or downstream assets, the transmission licensee can approach the Commission for approval of COD of the transmission asset. In the instant case, the petitioner



has submitted the CEA energisation certificate dated 4.3.2016 for 'Loop in' portion of one circuit of 400 kV D/C Teesta III-Kishanganj line and 'No-load' RLDC charging certificate dated 25.1.2017 showing charging on 10.3.2016 at 'no load' which implies that the instant asset was ready on 10.3.2016. Though the petitioner has submitted the 'no-load', RLDC Certificate for LILO portion i.e. both 'Loop in' and 'Loop out' portion of 400 kV D/C Teesta-Kishanganj line, the petitioner has not submitted CEA energisation certificate for 'loop out' portion. The petitioner is directed to submit CEA energisation certificate for loop out' portion at the time of truing up. The petitioner has sought approval of COD of the instant asset as 26.11.2016 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations stating that the instant asset was ready but could not be declared COD due to the delay of associated system under the scope of TPTL and Teesta-III HEP. In view of CEA energisation certificate and RLDC certificate, we are of the view that the instant asset was ready but was prevented from being put to regular use due to delay in COD of associated transmission system and commissioning of Teesta-III HEP. Accordingly, the COD of the instant assets is approved as 10.3.2016. During the period 11.3.2016 to 25.11.2016 both the associated transmission line under the scope of TPTL and Teesta-III HEP generation under Teesta Urja Ltd. (TUL) were not ready. Hence, TPTL and TUL shall bear IDC and IEDC in ratio of 50:50 from 10.3.2016 to 25.11.2016. From 26.11.2016 till COD of Teesta-III HEP i.e. 16.1.2017, TUL shall pay the transmission charges. After COD of Teesta-III HEP, the same shall be recovered as stated in paragraph 57 of this order.



Capital cost

16. The petitioner vide affidavit dated 30.3.2017 and Auditor Certificate dated 11.1.2017 has submitted the capital cost incurred upto COD (claimed as 26.11.2016) and projected additional capital expenditure incurred during 2016-17 and 2017-18 for the assets covered in the instant petition and the same is as follows:-

Apportioned approved cost as per FR	Expenditure as on deemed COD (26.11.2016)	Estimated Additional capital expenditure		Total estimated completion cost
		2016-17	2017-18	
9952.66	11130.83	327.00	200.00	11657.83

17. The estimated completion cost of the instant assets is more than the FR approved apportioned cost. The reasons given by the petitioner for the cost increase are as follows:-

a. Price Variation (PV) : The FR estimate of the project was based on the indices as on 03 Quarter of 2010 price level. However, during execution the price indices underwent significant changes on the basis of provision of respective contracts. The reason for the same is attributable to inflationary trends prevalent during execution of project from March, 2015 (first OBD under the project) to August, 2016 (period of major supplies). The price variation under the project is attributable to the inflationary trend (expect Copper) prevailing during execution of project and market forces prevailing at the time of bidding process of various packages.

b. Variation in quantities of approved items: As agreed in the 17th Standing Committee Meeting of Power System Planning in Eastern Region



held on 25.5.2015, HTLS conductor was used in place of Moose conductor for LILO of one Ckt. of Teesta-III- Kishanganj 400 kV D/C line at Rangpo.

c. Foreign Exchange Rate Variation: The project involves funding through External Commercial Borrowings as well as payments in foreign currency under various packages awarded in the project and the foreign exchange rate variation led to higher cost. The value of the US dollar was considered as ₹46.80 whereas it varied from ₹44.50 to ₹67.57.

18. We have considered the submissions of the petitioner with respect to the capital cost. The petitioner has submitted that the cost over-run is mainly due to change in price levels of awarded packages through competitive bidding and HTLS conductor was used in place of moose conductor. The petitioner has revised the apportioned approved cost of ₹13465.68 lakh (as per RCE), the estimated completion cost is ₹11657.83 lakh. Therefore, there is no cost over-run in case of the instant asset as per the RCE.

Time Over-run

19. As per the IA, the project was scheduled to be commissioned within 32 months from the IA. The date of IA was 15.3.2011. Accordingly, the scheduled date of commercial operation (SCOD) was 1.12.2013. The COD of assets covered in the instant petition has been approved as 10.3.2016. Thus, there is a time over-run of 27 months and 9 days in case of the instant asset.

20. The petitioner has submitted that the time over-run was due to (i) delay in completion of transmission line at Rangpo and (ii) delay in construction of Rangpo Sub-station. The petitioner has submitted that the transmission line at



Rangpo was delayed due to Right of Way (ROW) issues and delay due to issues of compensation for transmission line at Rangpo, Forest clearance, Temi Tea Garden Authority clearance and natural calamities. The petitioner has also submitted that construction of Rangpo Sub-station is delayed due to transportation problem, infringement of material of other party, land compensation and law and order problems. The detailed justification given by the petitioner is as follows:-

A. Delay in transmission line at Rangpo

a. Right Of Way (ROW) issues and delay due to issues of compensation for transmission line at Rangpo:-

The survey work for the instant petition was started in late 2011 and early 2012. Most of the villagers of Tokal, Bermiok, Palak, Thangsing, Pabong (villages) that fall within the line construction area, resisted the survey of Transmission Line of LILO of 400 kV Teesta III-Kishanganj Line at Rangpo, during January and February, 2012. Accordingly, matter was taken up with District Magistrate. Many meetings held between the petitioner, villagers and Administrative authority ended inconclusive. The resistance from the villagers was resolved only by October, 2015. The compensation for land/crop has to be disbursed in Sikkim through the Land & Revenue Department. As there was ROW issues from the preliminary survey stage, the petitioner requested the concerned Land & Revenue Department to deploy the revenue surveyors to carry out the parallel assessment of the crop and the compensation as well as to mitigate the ROW issue along the line corridor. Land & Revenue Department, vide their letter dated 27.9.2012, asked the petitioner to



review their compensation policy for transmission line corridor, wherein it was desired to provide the land compensation in addition to the crop compensation to the affected land owners since the land is very scarce and costly in Sikkim. The petitioner informed them that compensation, only for crop/area affected while construction can be provided as per the relevant Telegraph's Act 1885. Thereafter, few meetings were called between state administration, land owners and the petitioner but no consensus could be reached regarding compensation. After, various such further deliberations, the demand for value of land as compensation in transmission line corridor was called off. Thereafter, the issue of disproportionate claims in lieu of crop/fruit compensation cropped up. The land owners were demanding exorbitant amounts of compensation. The Land & Revenue Department computed the crop damage based on 40 years yield while as per the direction of the Apex Court, only 8 years yield is to be considered while assessing the crop compensation, which led to higher claim towards crop compensation. The petitioner requested the authorities to review their compensation assessment mechanism. The issue was taken up with concerned land and revenue authorities, Chief Secretary, Secretary, Energy and Power Department, etc. This process took considerable time and no substantial progress could be made in the transmission line construction in view of corresponding ROW issues. The petitioner has also submitted detailed chronology of the above events related to land compensation issues and the corresponding RoW issues, which took approximately 42 months (January, 2012 to October, 2015).



b. Delay due to forest clearance

The petitioner applied for permission to conduct the survey work of the proposed transmission routes falling within the forest area on 12.7.2011 and thereafter applied for the forest clearance, after conducting the detailed survey work of the aforesaid line falling within the forest area. The petitioner has also submitted complete chronology of events related to forest clearances as mentioned hereunder:-

Date of Investment approval	: 15.3.2011
Request to PCCF for start of preliminary survey	: 12.7.2011
Submission of Forest proposal	: 14.8.2013
Stage I clearance (Final approval)	: 20.11.2014
Tree felling order received by POWERGRID	: 11.7.2015

The proposal for conducting the preliminary and detailed survey in forest was initiated by the petitioner in March, 2011 i.e. prior to the date of IA. Thereafter, the NIT was invited for the award of preliminary and detailed survey of line on 20.5.2011 and the request for forest survey was made to PCCF on 12.7.2011. After assessment and detailed technical prudence of the bidders, the LOA was awarded for the said works on 29.7.2011. There was stiff resistance from the local villagers and it was taken up with concerned District Authorities from time to time. After detailed discussions and meeting involving the local villager panchayats and district authorities, the concerned District Administration on 18.5.2012 advised the petitioner to take the route through the village nearing forest border. The route bordering forest and village had very difficult terrain and our surveyors had to finalise a tough route for loop-out traversing deep into the forest.



However, loop-in still could not be finalized even though it was shifted towards the forest but still ROW persisted as some places. The forest proposal could not be finalised till August, 2013. The Forest Clearance application was submitted on 14.8.2013 for diversion of forest land for the construction of TL Section of LILO of 400 kV Teesta-III-Kishanganj line at Rangpo (Loop-in) that fall within the Forest Area. In principle clearance was accorded by Forest Department vide letter dated 20.11.2014 and subsequently tree removal order was issued on 18.6.2015 and another one on 11.7.2015. The works in this forest area could be started only after that. There was delay in submission of forest proposal mainly on account of ROW encountered at the preliminary survey stage itself. Further, the entire process of forest clearance took considerable amount of time which had as cascading effect on the completion of the subject asset. The associated works regarding forest approval was initiated alongside approval of investment plan. But, due to unforeseen continuous ROW issues delayed the completion of survey, assessment of damage, rate of crop/tree compensation, etc. which resulted in delayed submission of forest clearance. The entire period for obtaining the forest clearance took around 48 months (i.e. from 12.7.2011 to 11.7.2015) whereas approval was to be given in 300 days (210+90) as per the Forest (Conservation) Amendment Rules, 2004 notified by MoEF dated 3.2.2004.

c. Temi Tea Garden Authority Clearance:

The instant transmission line is crossing a government Tea Garden at Temi Village. Tea Board authorities were approached for allowing the construction of Towers (04 nos.) falling within the premises of Tea Garden



vide letters dated 24.9.2013 and 23.11.2013. Tea Board conveyed the consent to start the preliminary work on 13.6.2015 and subsequently handed over the requisite land on 11.7.2015. The time taken for obtaining the clearance was around 22 months (i.e. from 24.9.2013 to 11.7.2015).

d. Natural Calamities

Sikkim was severely affected due to unprecedented landslides from July, 2015 to September, 2015 and basic infrastructure was cut-off from time to time. In view of safety and stability of the system the work was stopped many times completely or carried out at slow pace.

21. The petitioner has submitted that there was delay in construction of Rangpo Sub-station because of the delay in transportation problem. The sub-station equipment for Rangpo GIS was stopped before the bridge on Rangpo River, by the State Government Agencies due to a failure of bridge over River Rangchang in December, 2011. On this Rangchang bridge, a trailer (carrying equipment for Teesta Urja Ltd.) met with accident and collapsed beyond repair resulting in heavy loss of property and human life. As such, transportation of heavy consignment over Rangpo Bridge was stopped by Border Roads Organization and Government of Sikkim. The transport authorities carried out strengthening of the Rangpo Bridge and permission was given by BRO for transportation of transformer over the Rangpo Bridge on 30.8.2013. The petitioner has further submitted that there was a delay of around one month in commencing of work in some portions of sub-station area due to non-removal of stone wall, stone chips, sheds, transformers of LANCO.



22. The petitioner has further submitted that it faced hurdles from the beginning of construction of Rangpo Sub-station like law and order problems and threat to stop construction work due to non-payment of balance 20% compensation amount to land owners although it had deposited full compensation amount with the authorities. As a result, work of boundary wall could not be started. Further, the acquisition of land for sub-station at Rangpo GIS was done by Sikkim Power Development Company (SPDC) on behalf of the petitioner. Full payment of land was made to SPDC, which later had to transfer the same to Land & Revenue Department, Sikkim for disbursement through DC Office, Sikkim. The whole process of complete disbursement of land compensation to owners took considerable time. Delay and receipt of incomplete compensation by landowners, various RoW and law and order issues had crept up. The petitioner has submitted that due to above reasons, besides the valuable loss of time, it affected moral of executing agency and work gangs who had to be mobilised/re-mobilised on several occasion as these issues had halted the progress of construction activity at Rangpo GIS site, thereby leading to delays. The delay period due to the above issues is not explicitly quantifiable, the adverse effects on the project completion were always felt. There was delay of approximately 32 months from 26.3.2011 (100% payment made by the petitioner) to November, 2013 (disbursement of final balance payment by Sikkim Government) on account of disbursement of land compensation by Sikkim Authorities. There was delay of 14 months (from July, 2012 to October, 2013) on account of delay in completion of boundary wall construction. The petitioner has submitted that the delay was beyond the control of the petitioner and requested to condone the time over-run in case of the instant assets.



23. TPTL has submitted that the time over-run in case of TPTL till 30.6.2016 due to ROW issues faced by TPTL has already been condoned vide order dated 15.5.2018 in Petition No. 108/TT/2016. TPTL has also submitted in detail the reasons for not being able to complete the works related to the section of the transmission line from Teesta III to Rangpo for the period between July, 2016 and October, 2016. TPTL has requested to consider the reasons for time over-run in non-execution of works for the period between July, 2016 to November, 2016 as a 'ROW' issue and beyond the control of TPTL.

24. We have considered the submissions of the petitioner regarding time over-run in case of LILO of one circuit of 400 kV D/C Teesta III-Kishanganj line (LILO-1) at Rangpo and associated bays at Rangpo sub-station. The time over-run of 36 months in case of instant asset has been attributed to the delay in transmission line at Rangpo and delay in construction of Rangpo Sub-station. The petitioner has submitted that transmission line at Rangpo is delayed due to ROW issues and delay due to issues of compensation for transmission line at Rangpo, forest clearance, Temi Tea Garden Authority clearance, natural calamities, etc. The petitioner also submitted that construction of Rangpo sub-station is delayed due to transportation problem, infringement of material of other party, due to land compensation and law & order problems at Rangpo Sub-station. We have gone through the details of chronology of events in respect of RoW issues at various locations and issues of compensation for transmission line at Rangpo. The petitioner has submitted that the RoW problems and compensation of line issues continued till October, 2015.



25. As regards compensation issues, it is observed that the petitioner has made the request for damage compensation assessment in February, 2012. However, the demand was raised by the State Government authorities on 27.9.2012 and the payment was made by the petitioner, after settlement of issues related to compensation, on 19.9.2013. The demand for payment of land compensation was received after a period of 19 months. Further, the petitioner was facing RoW issue from 12.2.2012 to 24.9.2015 due to the problems created by the villagers who did not allow carrying out the work. The delay in obtaining the demand for payment of land compensation and RoW issues cannot be attributed to the petitioner and hence is condoned. Therefore, the total time delay of 27 months 9 days is condoned. The total time delay of 27 months 9 days is condoned due to RoW problems and compensation issues, so we are not dealing the time over-run due to other reasons.

Treatment of IDC

26. While examining the IDC calculation submitted in the petition, it has been observed that IDC corresponding to Bond XXXIV has been considered from 21.10.2010 even though the date of IA was 17.3.2011. The petitioner is directed to furnish, at the time of truing-up, the reason for allocating such loan to the asset and claiming IDC thereon for the period prior to the date of IA. Accordingly, the IDC prior to date of IA, amounting to ₹4.06 lakh, is not considered for the purpose of tariff at this stage. The IDC allowed is as follows:-

(₹ in lakh)			
IDC			
Upto 10.3.2016	From 11.3.2016 to 31.3.2016	From 1.4.2016 to 26.11.2016	Total
1382.19	22.70	1118.18	2523.07



27. As stated above, that IDC and IEDC for the period from 11.3.2016 to 26.11.2016 shall be borne by beneficiaries accordingly, IDC of ₹1382.19 lakh has been considered as on COD i.e. 26.11.2016. Further, from the above tables it can be seen that against the capital cost (hard cost) addition of ₹505.26 lakh during the period from COD i.e. 11.3.2016 to 26.11.2016 corresponding IDC addition is ₹1140.88 lakh, which is 2.25 times of hard cost addition which appears to be ill-logical without proper justification from petitioner. Accordingly, the petitioner may be directed to clarify the same at the time of truing-up. Further, since the un-discharged liabilities corresponding to IDC as stated in petition as on COD amounting to ₹163.44 lakh is much lower than the disallowed IDC of ₹1144.94 lakh during the period from 11.3.2013 to 26.11.2016, the same has been ignored for the purpose of tariff along with its subsequent discharges claimed as ACE in the petition, subject to truing-up.

Incidental Expenditure During Construction (IEDC)

28. Now as regards IEDC is concerned it can be seen from the above that IEDC incurred upto 31.3.2016 is ₹253.94 lakh. On apportioning the same the IEDC upto i.e. 11.3.2016 works out to ₹251.18 lakh and IEDC for the period from 11.3.2016 to 26.11.2016 works out to ₹12.87 lakh. As stated above the IEDC upto 11.3.2016 has been considered as part of capital cost as on COD and IEDC from 11.3.2016 to COD i.e. 26.11.2016 has been ignored for the purpose of tariff, subject to truing-up.

Initial Spares

29. The capital cost claimed by the petitioner includes initial spares amounting ₹73.93 lakh and ₹65.29 lakh corresponding to transmission line and sub-station,



respectively. The break-up of the capital cost of ₹11130.83 lakh as on 26.11.2016 as given in the Auditor certificate is shown below:-

Particulars	Capital Cost	IEDC	IDC	(₹ in lakh)
				Total (as on 26.11.2016)
Expenditure upto 31.3.2016	7834.39	253.94	1408.95	9497.28
Add: Expenditure from 1.4.2016 to 30.9.2016	505.26	10.11	28.29	543.66
Add: Expenditure from 1.10.2016 to 26.11.2016	0.00	0.00	1089.89	1089.89
Capital cost as on 26.11.2016	8339.65	264.05	2527.13	11130.83

30. The initial spares claimed by the petitioner for the instant asset are as follows:-

Capital Cost (plant and machinery excluding IDC, IEDC, land cost and cost of civil works)	(₹ in lakh)	
	Initial Spares claimed	
Transmission line	7393.13	73.93 (1%)
Sub-station	1473.53	65.29 (4.63%)

31. The initial spares claimed by the petitioner are within the ceiling limit specified in Regulation 13 of the 2014 Tariff Regulations and accordingly the petitioner's claim is allowed.

Capital cost as on COD

32. The petitioner has claimed capital cost of ₹10967.38 lakh as on the date of COD, i.e. 26.11.2016. The reconciliation of the petitioner's claimed capital cost with the Auditor certified capital cost as on COD is as shown below:-

Particulars	(₹ in lakh)
	As on 26.11.2016
Capital cost as per Auditor certificate	11130.83
Less: Undischarged liabilities corresponding to IDC included above	163.44
Capital cost claimed (on cash basis)	10967.38



33. In view of above, the capital cost as on COD is as follows:-

(₹ in lakh)	
Particulars	Capital Cost
Hard Cost	8339.65
Add: IDC	1382.19
Add: IEDC	251.18
Capital cost as on COD	9973.02

Additional capital expenditure

34. The cut-off date in the case of instant transmission asset as per Regulation 13(3) of the 2014 Tariff Regulations is 31.3.2020.

35. The petitioner has submitted that the additional capitalization projected to be incurred in case of the instant asset is on account of Balance/Retention Payments. The additional capital expenditure claimed by the petitioner is as shown below:-

(₹ in lakh)			
Particulars	2016-17 (26.11.2017 to 31.3.2017)	2017-18	2018-19
ACE as per Auditor certificate	327.00	200.00	0.00
Add: Discharges of un-discharges liabilities corresponding to IDC	12.86	150.58	0.00
ACE claimed	339.86	350.58	0.00

36. As regards IDC discharged by the petitioner, since liability of ₹163.44 lakh has been ignored for the purpose of tariff, no corresponding discharges have been considered as ACE for the purpose of tariff. The add-cap claimed by the petitioner is within cut-off date and the same is allowed under Regulation 14(1)(i) of the 2014 Tariff Regulations and add-cap allowed is as follows:-

(₹ in lakh)			
Particulars	2016-17 (26.11.2017 to 31.3.2017)	2017-18	2018-19
ACE considered	327.00	200.00	0.00

Capital Cost summary from COD to 31.3.2019

37. In view of above, the capital cost as shown below has been considered for the 2014-19 tariff period, subject to true-up:-

(₹ in lakh)			
Particulars	2016-17 (26.11.2017 to 31.3.2017)	2017-18	2018-19
Opening capital cost	9973.02	10300.02	10500.02
Add: ACE	327.00	200.00	0.00
Closing capital cost	10300.02	10500.02	10500.02
Average capital cost	10136.52	10400.02	10500.02

Debt-Equity Ratio

38. 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 assets as on the date of commercial operation and as on 31.3.2019 are as under:-

(₹ in lakh)				
Particulars	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	6981.12	70.00	7350.02	70.00
Equity	2991.91	30.00	3150.01	30.00
Total	9973.02	100.00	10500.02	100.00

Return on Equity

39. The petitioner has claimed ROE at the rate of 19.61% during 2016-17 to 2018-19 after grossing up the ROE of 15.50% with MAT rate as per the above said Regulation. We have considered the submissions made by the petitioner.

Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of RoE 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. The petitioner has claimed that MAT rate of 20.96% is applicable to the petitioner's company during 2016-17. Accordingly, the MAT rate applicable during 2016-17 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. The ROE allowed for the instant transmission asset is given below:-

Particulars	(₹ in lakh)		
	2016-17 (pro-rata)	2017-18	2018-19
Opening Equity	2991.91	3090.01	3150.01
Addition due to Additional Capitalisation	98.10	60.00	-
Closing Equity	3090.01	3150.01	3150.01
Average Equity	3040.96	3120.01	3150.01
Return on Equity (Base Rate)	15.500%	15.500%	15.500%
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)	205.29	611.83	617.72

Interest on loan (IoL)

40. The petitioner has claimed the IOL based on actual interest rates for each year during the 2009-14 period. We have considered the submissions of the petitioner and accordingly calculated the IOL based on gross amount of normative loan and normative repayment of installments and rate of interest submitted by the petitioner, in accordance with Regulation 16 of the 2009 Tariff Regulations. The IoL has been worked out as detailed below:-

- (i) The gross normative loan as on COD works out to ₹6981.12 lakh.



- (ii) Cumulative repayment of normative loan as on COD is nil.
- (iii) The depreciation allowed has been considered as Normative repayment of loan;
- (iv) Average net loan is calculated as average of opening and closing.
- (v) The petitioner has claimed interest on normative loan considering WAROI of 8.7887%, 8.7610% and 8.7253% for the year 2016-17, 2017-18 and 2018-19, respectively, the same has been considered for the purpose of tariff subject, to true-up.

41. The petitioner has submitted that it be allowed to bill and adjust impact on IoL due to change in interest due to floating rate of interest applicable, if any, from the respondents. The IoL has been calculated on the basis of rate prevailing as on the tariff date of commercial operation. Any change in rate of interest subsequent to the tariff date of commercial operation will be considered at the time of trueing- up.

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

Particulars	(₹ in lakh)		
	2016-17 (pro-rata)	2017-18	2018-19
Gross Normative Loan	6981.12	7210.02	7350.02
Cumulative Repayment upto Previous Year	0.00	184.44	734.16
Net Loan-Opening	6981.12	7025.58	6615.85
Addition due to Additional Capitalisation	228.90	140.00	0.00
Repayment during the year	184.44	549.72	555.05
Net Loan-Closing	7025.58	6615.85	6060.80
Average Loan	7003.35	6820.72	6338.33
Weighted Average Rate of Interest on Loan	8.789%	8.761%	8.725%
Interest	211.89	597.56	553.03

Depreciation



43. The petitioner has claimed depreciation considering weighted average rate of depreciation (WAROD) of 5.28% for the period 2016-18 and 5.29% for the year 2018-19. However, considering the rates of depreciation as annexed at Appendix-II to the 2014 Tariff Regulations, the WAROD works out to 5.2854%, 5.2858% and 5.2862% for the year 2016-17, 2017-18 and 2018-19, respectively, subject to true-up.

44. Details of the depreciation allowed are as under:-

Particulars	(₹ in lakh)		
	2016-17 (pro-rata)	2017-18	2018-19
Opening Gross Block	9973.02	10300.02	10500.02
Additional Capital expenditure	327.00	200.00	-
Closing Gross Block	10300.02	10500.02	10500.02
Average Gross Block	10136.52	10400.02	10500.02
Rate of Depreciation	5.2854%	5.2858%	5.2862%
Depreciable Value	9122.87	9360.02	9450.02
Remaining Depreciable Value	9122.87	9175.58	8715.86
Depreciation	184.44	549.72	555.05

Operation & Maintenance Expenses(O & M Expenses)

45. The O&M Expenses claimed by the petitioner is as under:-

(₹ in lakh)		
2016-17	2017-18	2018-19
41.12	123.41	127.51

46. The O&M norms specified in Regulation 29(4) of the 2014 Tariff Regulations for the assets covered in the instant assets are as follows:-

Element	(₹ in lakh)		
	2016-17	2017-18	2018-19
Double circuit (Twin & triple conductor)	0.731	0.780	0.806
Multi circuit (Twin & Triple conductor)	1.240	1.368	1.413
400 kV GIS Bay	55.02	56.84	58.73

47. We have considered the submissions of the petitioner. The deemed COD of the assets covered in the instant petition is 26.11.2016. The O&M Expenses have been calculated as per the norms specified in Regulation 29(4) of the 2014 Tariff Regulations and it is as given below:-

Elements	(₹ in lakh)		
	2016-17 (pro-rata)	2017-18	2018-19
LILO of one circuit of 400 kV D/C Teesta III-Kishanganj Line at Rangpo (length-8.54 km)-D/C Sub Conductors-2	2.22	6.6612	6.88
LILO of one circuit of 400 kV D/C Teesta III-Kishanganj Line at Rangpo (length-2.24 km)-M/C Sub Conductors-2	1.02	3.0096	3.165
LILO Line Bay-I (GIS, 400 kV)	18.94	56.84	58.730
LILO Line Bay-II(GIS, 400 kV)	18.94	56.84	58.730
Total	41.12	123.41	127.51

48. The petitioner has claimed normative O&M Expenses as per sub-clause (a) of clause (4) of Regulation 29 of the 2014 Tariff Regulations. The petitioner has submitted that O&M Expenses for the tariff period 2014-19 had been arrived at on the basis of normalized actual O&M Expenses during the periods 2008-09 to 2012-13. The wage revision of the employees is due during 2014-19 and actual impact of wage hike effective from a future date has not been factored in fixation of the normative O&M rates specified for the tariff period 2014-19. The petitioner has submitted that it would approach the Commission for suitable revision in norms for O&M Expenses for claiming the impact of wage hike during 2014-19.

49. The O&M Expenses have been worked out as per the norms specified in the 2014 Tariff Regulations. As regards impact of wage revision, any application filed by the Petitioner in this regard will be dealt with in accordance with the appropriate provisions of the 2014 Tariff Regulations.

Interest on Working Capital (IWC)

50. 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

As per Proviso 3 of Regulation 28 of the 2014 Tariff Regulation, SBI Base rate 9.30% as on 1.4.2015 plus 350 Bps i.e. 12.80% has been considered for the asset, as the rate of interest on working capital.



51. The interest on working capital allowed for the instant assets is shown in the table given below:-

Particulars	(₹ in lakh)		
	2016-17 (pro-rata)	2017-18	2018-19
Maintenance Spares	6.17	18.51	19.13
O & M expenses	3.43	10.28	10.63
Receivables	109.67	321.22	316.27
Total	119.27	350.02	346.02
Interest	15.27	44.80	44.29

Transmission charges

52. The transmission charges being allowed for the instant assets are summarized hereunder:-

Particulars	(₹ in lakh)		
	2016-17 (pro-rata)	2017-18	2018-19
Depreciation	184.44	549.72	555.05
Interest on Loan	211.89	597.56	553.03
Return on equity	205.29	611.83	617.72
Interest on Working Capital	15.27	44.80	44.29
O & M Expenses	41.12	123.41	127.51
Total	658.02	1927.32	1897.60

Filing Fee and 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.

Licence 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. 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 proposed 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. From 17.1.2017, the billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of 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. 123/TT/2017.

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

sd/-
(A.K. Singhal)
Member

sd/-
(P.K. Pujari)
Chairperson

