

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 125/TT/2017

Coram:

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

Date of Order : 20.07.2018

In the matter of:

Approval of transmission tariff for 400 kV D/C (Quad) Lara STPS-I-Champa PS Line along with associated bays at Champa Pooling Station under "Transmission System associated with Lara STPS-I (2x800 MW) Generation Project of NTPC" in Western Region for 2014-19 period 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. NTPC Ltd., NTPC Bhawan
Core-7, Scope Complex
7, Institutional Area, Lodhi Road
New Delhi – 110003.
2. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur
Jabalpur-482 008.
3. Maharashtra State Electricity Distribution Company Limited,
Prakashganga, 4th Floor,
Bandra (East) Mumbai-400 052.
4. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road,
Vadodara-390 007.



5. Electricity Department,
Government of Goa,
Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa-403 001.
6. Electricity Department,
Administration of Daman and Diu,
Daman-396 210.
7. Electricity Department,
Administration of Dadra Nagar Haveli,
U.T., Silvassa-396 230.
8. Chhattisgarh State Electricity Board,
P.O. Sunder Nagar, Dangania, Raipur
Chhattisgarh-492 013.
9. Madhya Pradesh Audyogik Kendra
Vikas Nigam (Indore) Ltd.
3/54, Press Complex, Agra-Bombay Road,
Indore-452 008.

...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 400 kV D/C (Quad) Lara STPS-I-Champa PS Line along with associated bays at Champa Pooling Station (hereinafter referred to as "transmission assets") under Transmission System associated with Lara STPS-I (2x800 MW) Generation Project of NTPC in Western Region (hereinafter referred to as "transmission system") for 2014-19 tariff period under Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations").



2. The petitioner has made the following prayers:-

“1. Invoke the provision of regulation-4(3)(ii) of CERC (Terms and Conditions of Tariff) Regulations’ 2014 and Regulation – 24 of CERC (Conduct of Business) Regulations’ 1999 for approval of DOCO of Asset as 01.07.2017.

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

3. Approve the Transmission Tariff for the tariff block 2014- 19 block for the assets covered under this petition, as per Para: 8.2 above.

4. Tariff may be allowed on the estimated completion cost.

5. Approve the Additional ROE as claimed in the Petition.

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, expenditure on publishing of notices in newspapers in terms of Regulation: 52 of 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 to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation: 52 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

9. 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.

10. Allow 90% of the Annual Fixed Charges as tariff 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.

11. Allow the petitioner to bill Tariff from actual DOCO.

12. Allow Reimbursement of Tax if any on account of the proposed implementation of GST 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/Investment/Lara-I dated 24.6.2014 at an estimated cost of ₹40047 lakh including an IDC of ₹2464 lakh (based on February, 2014 price level). The project is scheduled to be commissioned within 34 months from the date of approval of Board of Directors i.e. 21.6.2014.

4. The scope of work covered under the transmission system is broadly as follows:-

Transmission Line

- (i) Lara STPS-I-Raigarh (Kotra) 400 kV D/C Line : 18 km
- (ii) Lara STPS-I-Champa Pooling Station 400 kV D/C(Quad) Line : 112 km

Sub-station

- (i) Extension of 400 kV Raigarh (Kotra) (Powergrid) Sub-station-400 kV Line bays : 2 nos.
- (ii) Extension of 400 kV Champa (Powergrid) Sub-station-400 kV Line bays : 2 nos.

5. The details of the other assets covered in the instant transmission system and the petition under which they are covered are as follows:-

Asset	COD	Covered in Petition	Final order dated
400 kV D/C Lara STPS-I to Raigarh (Kotra) PS Transmission Line along with associated bays at Raigarh (Kotra) PS	5.5.2016	254/TT/2015	25.5.2016
400 kV D/C (Quad) Lara STPS-I-Champa PS Line along with associated bays at Champa Pooling Station	21.7.2017	Covered under instant Petition	



With the commissioning of instant asset, the entire scope of work covered in the Investment Approval dated 24.6.2014 has been completed.

6. Annual Fixed Charges was allowed for the instant asset in order dated 4.10.2017 under Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the PoC computation.

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

Particulars	(₹ in lakh)	
	2017-18 (pro-rata)	2018-19
Depreciation	1040.20	1638.07
Interest on Loan	1091.40	1611.73
Return on Equity	1198.77	1886.49
Interest on working capital	82.28	126.34
O & M Expenses	185.17	274.79
Total	3597.82	5537.42

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

Particulars	(₹ in lakh)	
	2017-18 (pro-rata)	2018-19
Maintenance Spares	33.89	41.22
O & M Expenses	22.16	22.90
Receivables	861.26	922.90
Total	923.31	987.02
Rate of Interest	12.80%	12.80%
Interest	82.28	126.34

9. 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. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No.2 and NTPC have filed their vide affidavits dated

16.8.2017 and 23.10.2017 respectively. PGCIL has filed its rejoinder to the reply filed by MPPMCL vide affidavit dated 8.9.2017. The objections raised by the respondents and the clarifications given by the petitioner are addressed in the relevant paragraphs of this order.

Date of commercial operation (COD)

10. As per the Investment Approval dated 21.6.2014, the scheduled COD of the instant assets was 21.4.2017. The petitioner initially in the petition claimed the COD of the instant assets as 1.7.2017. The petitioner has submitted that the instant assets may not be put to its intended use as the associated Lara STPS-I of NTPC may not be ready by 1.7.2017 and hence sought approval of the COD of the instant assets under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations.

11. NTPC was directed to submit the status of Lara STPS Stage-I generating station and associated bays. NTPC, vide its affidavit dated 23.10.2017, has submitted that Unit 1 of Lara STPS was synchronized with the grid on 9.9.2017. NTPC submitted that the anticipated date of commissioning of Unit 1 and 2 of Lara STPS Stage-I was January, 2018 and September, 2018 respectively and their anticipated COD was March, 2018 and December, 2018 respectively. NTPC submitted that the bays (main and Tie bays) at Lara end pertaining to 400 kV Lara-Champa Line-1 and 2 were put into commercial operation and put into service on 19.7.2017, when Lara-Champa lines were test charged for trial operation. Subsequently, 400 kV D/C Lara-Champa line was declared under commercial operation w.e.f. 00:00 hrs of 21.7.2017 by PGCIL, after completing the trial operation of both the lines. As per the Indemnification Agreement, 400



kV D/C Lara-Kotra Line was intended to be available for drawl of start-up power at the time of commissioning of Unit 1 of Lara STPS Stage-I. It was agreed by NTPC to bear transmission charges for this line w.e.f the availability schedule in IA (i.e. August, 2015) or the COD of the said line and bays, whichever is later, till the commissioning of the 1st generating unit. The Lara-Kotra line was made available in May, 2016 and NTPC has been paying the transmission charges for the same till date. The 400 kV D/C Lara-Champa Line was intended to be available in addition to 400 kV D/C Lara-Kotra line for the wheeling of power for entire capacity from Lara STPS Stage-I. The zero date as per indemnification agreement was 1.5.2017.

12. We have considered the submissions of the petitioner and NTPC. As per the Investment Approval dated 21.6.2014, the scheduled COD of the instant assets was 21.4.2017. The petitioner anticipated that the instant assets would be put into commercial operation on 1.7.2017 in the petition. However, later, vide affidavit dated 5.9.2017, the petitioner has submitted that the actual COD of the instant assets was 21.7.2017 and in support thereof the petitioner has submitted COD letter dated 23.8.2017, WRLDC trial operation certificate dated 31.7.2017, CMD certificate as per proviso (iv) Regulation 6.3 (A) of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) and Certificate under Regulation 43 of CEA (Measures related to safety & Electric Supply) Regulations, 2010 dated 21.6.2017 and 27.6.2017 respectively. NTPC has also submitted that the instant assets were put into commercial operation on 21.7.2017 by PGCIL after completing the trial operation. Further, the petitioner has complied with all the requirements of the regulations. The COD of the instant assets is approved as 21.7.2017.



Capital cost

13. Clause (1) and (2) of Regulation 9 of the 2014 Tariff Regulations provides as follows:-

“(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of determination of tariff for existing and new projects.”

(2) The Capital Cost of a new project shall include the following:

(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;

(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;

(c) Increase in cost in contract packages as approved by the Commission;

(d) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;

(e) capitalised Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;

(f) expenditure on account of additional capitalization and de-capitalisation determined in accordance with Regulation 14 of these regulations; 39

(g) adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and

(h) adjustment of any revenue earned by the transmission licensee by using the assets before COD.”

14. The details of the capital cost incurred as on COD and additional capital expenditure during 2017-18 and 2018-19 claimed by petitioner are as follows:-

(₹ in lakh)				
Approved apportioned cost	Expenditure upto COD	Add-cap for 2017-18	Add-cap for 2018-19	Total estimated completion cost
34983.33	26185.43	4819.63	259.99	31265.05



The expenditure up to 31.3.2017 has been verified on the basis of the information drawn from the audited statement of accounts of the petitioner. Expenditure from 1.4.2017 to 19.7.2017 is based on the statement of accounts of the project.

15. We have compared the estimated completion cost of the instant asset with the capital cost of the similar lines approved by the Commission in the recent past. The estimated cost of the instant asset is similar to the cost of the other lines of similar configuration. Further, the estimated cost is within the approved apportioned cost. Accordingly, the estimated cost is considered for computation of the tariff.

Time Over-run

16. As per the Investment approval, the schedule completion is within 34 months progressively from the date of approval of Board of Directors. The date of approval of Board of Directors was 21.6.2014. Hence, the scheduled COD of the instant asset was 21.4.2017 against which the assets were put into commercial operation on 21.7.2017. Therefore, there is a time over-run of 3 months in COD of instant asset.

17. The petitioner has attributed the time over-run in case of the instant assets due to delay in commissioning of associated generating station i.e. LARA STPS-I and RoW issues. The petitioner has submitted that it commenced the work of transmission lines keeping in view the development of the generation project. Due to delay in generation project, the petitioner had to slow down the work resulting in time over-run. However, it was not feasible to delay the petitioner's project as it has bearing on the project cost. The petitioner was constrained to complete the construction activity and declare the COD.



18. In support of its contention that the work was rescheduled to match with the generation project, the petitioner has submitted the copy of Implementation Agreement dated 15.3.2002 between NTPC and the petitioner for Lara-I STPP, wherein the zero date was agreed as 1.5.2017. A working level co-ordination meeting between NTPC and PGCIL was held on 29.7.2015 wherein status of various projects w.r.t. Generation and Associated Transmission System (ATS) was discussed and it was agreed that 400 kV D/C Lara-Champa Pooling Station Line, envisaged for Unit 1 was scheduled for April, 2017. In 14th Joint Co-ordination committee meeting held on 27.12.2016 held in Gurgaon, NTPC has declared that the Unit 1 and Unit 2 of Generating Station at Lara STPS has been scheduled to be commissioned by April, 2017 and October, 2017 respectively. The petitioner has also submitted the copy of record note of discussion of the above meetings in main petition.

19. In support of its contention that the time over-run was also due to RoW issues, the petitioner has submitted that the tower erection and stringing work was hindered by villagers at location nos. 6/1, 6/2, 6/4, 24/0, 25/0 and 50/1. The tower foundation and erection work was obstructed by landowners and construction of line could not be taken up as the compensation demanded by the landowners was beyond the provision of the relevant acts. The petitioner has submitted the detailed chronology along with documentary evidences for RoW issues from 2.2.2016 to 27.6.2017 in support of RoW issues. The petitioner has submitted that the COD of the instant assets was delayed for the reasons totally beyond the control of the petitioner and despite constant follow up of the Row issues, the assets under put into commercial operation on 21.7.2017.



20. MPPMCL has submitted that petitioner has failed to submit the CPM Analysis and PERT Chart in support of their claim for condonation of time over-run and to establish that the work was affected. The petitioner has not indicated a timeline for completion of project and it cannot be left to the sweet will of petitioner to complete the project and to claim charges due to delay. Hence, the petitioner's prayer for condonation may be rejected. MPPMCL has also submitted that point of connection charges shall be borne by the generator for the period of time over-run. MPPMCL has submitted that the petitioner is claiming the RoW clearances could be obtained in April, 2017, but the chronology shows that the letter to district authority for administrative support was made on 2.2.2016 which clearly shows that the efforts made by the petitioner was delayed by 20 months from the date of Investment Approval. The petitioner was aware of RoW issues at an early date but reacted late and hence the delay is attributable to the petitioner.

21. The petitioner was directed to submit the detailed reasons for time over-run along with documentary evidence. In response, the petitioner vide affidavit dated 22.12.2017 submitted the reasons for time over-run and the chronology of events supported by relevant documents and they are as under:-

Activity	Period of activity				Reason(s) for delay along with reference of documentary evidence submitted		
	Planned		Achieved				
	From	To	From	To			
Foundation	December, 2014	November, 2016	February, 2015	May, 2017	Severe RoW Issues	2.2.2016	Letter to District Authority for administrative support
Erection	February, 2015	January, 2017	March, 2015	June, 2017		4.2.2016	Letter to Tahsildar, Janjgir
Stringing	April, 2015	March, 2017	January, 2016	June, 2017		4.2.2016	Letter to Sub-divisional officer (Revenue), Janjgir
Commissioning	March, 2017	April, 2017	June, 2017			13.3.2016	Letter to Tahsildar, Jaijaipur, Dist-Janjgir
						19.4.2016	Letter to Collector, Janjgir for



		police protection
	21.4.2016	Letter from Sub-divisional Officer, Dabhra for RoW problem
	27.4.2016	Letter to Station in-charge, Dabhra, Dist Janjgir
	29.4.2016	Letter to SP, Janjgir for police protection
	30.4.2016	Letter to Sub-divisional Officer, Dabhra for RoW problem
	2.5.2016	Letter from SP, Janjgir to Station in-charge, Gulmula, Pamgarh, Janjgir, Champa, Bamhanideeh
	4.5.2016	Letter from Sub-divisional Officer, Dabhra for RoW problem
	12.5.2016	Letter to Tahsildar, Tahsil Malkharuada, Dist-Janjgir
	14.5.2016	Letter from Patwari, Jaijaipur to Tahsildar, Jaijaipur
	15.5.2016	Spot inspection panchnama at Kotetara
	19.5.2016	Letter to Sub-divisional Officer(Revenue), Janjgir
	20.5.2016	Letter to Station in-charge, Navagarh, Dist Janjgir
	27.5.2016	Letter to Tahsildar, Bamhanideeh, Dist-Janjgir
	28.5.2016	Letter to Station in-charge, Mulmula, Dist-Janjgir
	30.5.2016	Letter from Sub-Divisional Officer, Champa
	10.6.2016	Notice from Tahsildar, Pusaur
	16.8.2016	Letter from Tahsildar, Jaijaipur for support in tower construction work
	24.8.2016	Letter to Sub-Divisional Officer (Revenue), Tahsil Sakti, Dist-Janjgir for Row problem
	3.9.2016	Letter from Sub-Divisional Officer (Revenue), Tahsil sakti to Tahsildar Jaijaipur
	12.9.2016	Letter from Executive Magistrate, Jaijaipur to Station in-charge, Jaijaipur
	3.11.2016	Letter to SP, Janjgir for police protection
	7.11.2016	Letter from Energy Department, CG Govt.
	9.11.2016	Letter to Collector, Janjgir
	15.11.2016	Letter to Tahsildar, Janjgir
	16.11.2016	Letter to Tahsildar, Janjgir
	24.11.2016	Letter from Collector, Janjgir
	26.11.2016	Letter from Patwari, Dhurkot to farmers
	28.11.2016	Letter to Tahsildar, Janjgir
	30.11.2016	Letter to Station in-charge



		Bamhanideeh, Dist-Janjgir
12.12.2016		Letter to Sub-divisional Officer (Revenue),Tahsil Sakti, Dist-Janjgir for Row problem
15.12.2016		Letter to Addl. Chief Secretary, Govt. of CG, Raipur
19.12.2016		Letter to Sub-divisional Officer, Janjgir
21.12.2016		Letter to Collector, Janjgir
22.12.2016		Letter from Sub-divisional Officer (Revenue), Janjgir to Tahsildar, Navagarh
29.12.2016		Letter to Tahsildar,
31.12.2016		Letter from Mantralaya, Energy Department, CG Govt.
5.1.2017		Letter form Sub-divisional Officer (Revenue), Janjgir
7.1.2017		Letter form Sub-divisional Officer (Revenue),Janjgir
19.1.2017		Letter from Tahsildar Jaijaipur to Patwari, Kotetara
6.2.2017		Notice in Revenue matter
13.2.2017		Letter to Sub-divisional Officer (Revenue), Tahsil Sakti, Dist-Janjgir for Row problem
18.2.2017		Letter to Sub-divisional Officer (Revenue), Tahsil Sakti, Dist-Janjgir for Row problem
18.2.2017		Order to Sub-divisional Magistrate, Sakti
27.2.2017		Letter to Tahsildar, Jaijaipur to Station in-charge Jaijaipur for police protection
27.2.2017		Letter from Tahsildar, Jaijaipur to Station in-charge Jaijaipur for police protection
6.3.2017		Letter to Sub-divisional Officer, Tahsil Pusaur, Dist Raigarh for Row problem
6.3.2017		Letter to Sub-divisional Officer (Revenue), Janjgir
10.3.2017		Letter from Sub-divisional Officer, Tahsil Pusaur, Dist Raigarh for RoW problem
24.3.2017		Letter to Station in-charge, Dist-Janjgir
1.4.2017		Letter from Sub-divisional Officer, Janjgir
1.4.2017		Letter to Sub-divisional Officer (Revenue), Janjgir
1.4.2017		Letter from Sub-divisional Officer, Janjgir
3.4.2017		Letter to SP, Janjgir for police protection
4.4.2017		Letter to City Police, Janjgir for police protection
5.4.2017		Letter from Sr. SP to Station in-



		charge, Jangir for police protection
	7.4.2017	Letter from Executive Magistrate, Jaijaipur to station in charge, Jaijaipur
	27.6.2017	Letter to SDO, Dabhara for Row problems

22. We have considered the submissions of the petitioner and MPPMCL. The instant assets were scheduled to be put into commercial operation on 21.4.2017 against which the subject asset was put into commercial operation on 21.7.2017. Therefore, there is a delay of 3 months in COD of the instant asset. The petitioner has submitted that it delayed the COD of the instant asserts to match with the NTPC project. It is observed that NTPC in the coordination meeting in December, 2016 told that the COD of the Lara STPS Stage-I was April, 2017, which is in line with the scheduled COD of 21.4.2017. Accordingly, the petitioner should have been ready with the instant assets in April, 2017. But, the petitioner could declare the COD only on 21.7.2017. Hence, we are not able to agree with the petitioner's contention that it delayed its COD to match with the COD of Lara STPS Stage-I. The other reason given by the petitioner for the time over-run is the RoW issues. The petitioner has submitted the details of events in chronological order in respect of RoW issues at various locations. The petitioner has claimed that RoW problems continued till June, 2017. The petitioner has further submitted that in spite of such inordinate delays, the assets were put into commercial operation in July, 2017 after resolving the RoW issues at various locations. The petitioner has also submitted that all the efforts were made by it to resolve the various RoW issues and complete the said transmission line at the earliest. As per submissions made by the petitioner, it has to start foundation works in December, 2014, whereas it actually started in February, 2015, after a



delay of two months. The petitioner has not explained the two months delay in starting the foundation works. Hence, the time over-run of two months is not condoned and the time over-run of one month due to RoW issues is condoned. Accordingly, the IDC and IEDC for the said period is not capitalised.

Interest During Construction (IDC)

23. The allowable IDC has been worked out considering the information submitted by the petitioner. The loan details submitted in Form-9C for 2014-19 period and date of drawl submitted in IDC statement has been considered for the purpose of calculating IDC for the asset. Further, as stated in para 23 above, the IDC for two months (i.e. from 21.4.2017 to 21.6.2017) is not capitalised. Accordingly, the IDC allowed for tariff has been summarised as under:-

(₹ in lakh)				
Total IDC (As per Auditor's Certificate)	Entitled IDC as on COD as worked out	Disallowed as on COD due to computation difference and time overrun (not condoned)	Undischarged portion of entitled IDC as on COD*	IDC Allowed on cash basis as on COD
a	b	c=(a-b)	d	e= (b-d)
1522.17	1281.49	240.68	179.06	1102.43

*The undischarged IDC as on COD has been considered as ACE during the year in which it has been discharged.

Incidental Expenditure During Construction (IEDC)

24. The allowable IEDC has been worked out by considering the percentage of IEDC on Hard Cost as indicated in the Abstract Cost Estimate as per original Investment Approval, which is 10.75% for the instant asset. The petitioner has claimed ₹885.70 lakh, the IEDC for the period of two months of time over-run amounting to ₹48.07 lakh has been disallowed. Accordingly, the IEDC allowed is ₹837.63 lakh.



Treatment of Initial Spares

25. Regulation 13 of the 2014 Tariff Regulations specifies ceiling norms for capitalization of initial spares in respect of transmission system as under:-

“13. Initial Spares

Initial spares shall be capitalised as a percentage of the Plant and Machinery cost upto cut-off date, subject to following ceiling norms:

(d) Transmission system

(i) Transmission line - 1.00%

(ii) Transmission Sub-station (Green Field) - 4.00%

(iii) Transmission Sub-station (Brown Field) - 6.00%

(iv) Series Compensation devices and HVDC Station - 4.00%

(i) Gas Insulated Sub-station (GIS)-5.00%

(vi) Communication system-3.5%

Provided that:

(i) where the benchmark norms for initial spares have been published as part of the benchmark norms for capital cost by the Commission, such norms shall apply to the exclusion of the norms specified above:

(ii) where the generating station has any transmission equipment forming part of the generation project, the ceiling norm for initial spares for such equipments shall be as per the ceiling norms specified for transmission system under these regulations:

(iii) Once the transmission project is commissioned, the cost of initial spares shall be restricted on the basis of plant and machinery cost corresponding to the transmission project at the time of truing up:

(iv) for the purpose of computing the cost of initial spares, plant and machinery cost shall be considered as project cost as on cut-off date excluding IDC, IEDC, Land Cost and cost of civil works. The transmission licensee shall submit the break up of head wise IDC & IEDC in its tariff application.”

26. The initial spares are allowed as provided under Regulation 13 of the 2014 Tariff Regulations. The details of initial spares claimed and allowed are as follows:-



(₹ in lakh)

Element	Cost of plant and machinery as on cut-off date	Initial spares claimed	Ceiling limits as per 2014 Tariff Regulations	Initial spares worked out	Total excess initial spares	Initial spares allowed
Sub-station	1843.66	58.75	4.00%	74.37	0.00	58.75
Transmission Line	26636.76	266.36	1.00%	266.37	0.00	266.36

Capital cost as on COD

27. Based on the above, the capital cost allowed as on COD under Regulation 9(2) of 2014 Tariff Regulation is summarized under:-

(₹ in lakh)

Capital cost as on COD claimed by petitioner	Disallowed IDC due to time over-run	Undischarged IDC as on COD	IEDC disallowed on COD	Excess initial spare	Capital cost as on COD considered for tariff calculation
1	2	3	4	5	6= (1-2-3-4-5)
26185.43	240.68	179.06	48.07	0.00	25717.62

Additional Capital Expenditure (ACE)

28. Clause (1) of Regulation 14 of the 2014 Tariff Regulations provides as under:-

“(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (i) Undischarged liabilities recognised to be payable at a future date;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
- (v) Change in Law or compliance of any existing law:

Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be



payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.”

29. Clause (13) of Regulation 3 of the 2014 Tariff Regulations defines “cut-off” date as under:-

“cut-off date” means 31st March of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of the year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation”.

30. The cut-off date in the case of instant transmission asset is 31.3.2020.

31. The petitioner has claimed ACE based on the cost certified by Auditor. In addition, the petitioner has claimed the ACE towards discharge of IDC liability.

The ACE claimed are summarized below:-

Srl. No.	Particulars	(₹ in lakh)	
		COD to 31.3.2018	2018-19
1	Regulation 14(1)(i) -Discharge of un-discharge liabilities on Hard cost	4819.63	260.00
2	Regulation 14(1)(i) - Discharge of IDC Liability out of undischarged IDC as on COD	202.30	142.03
3	Total add-cap claimed as per Form 7 (1+2)	5021.93	402.03

32. The petitioner in Form 7 has claimed entire ACE of ₹5021.93 lakh for 2017-18 and ₹402.03 lakh for 2018-19 under discharge of liabilities under Regulation 14(1)(i), whereas the undischarged liabilities as on COD as mentioned in Form 4A is only ₹1612.36 lakh. Further, Form 4A also mentions the fresh capitalization (i.e. addition in to Gross Block) during 2017-18 and 2018-19 amounting ₹3551.60 lakh and ₹259.99 lakh respectively. Therefore, the addition to gross block has been provisionally allowed under Regulation 14(1)(ii) as deferred work. However, the petitioner at the time of true up has to clarify the regulations under



which the addition into gross block is being made. Based on the information submitted in Auditor certificate, Form 4A, Form 5, Form 7 and IDC statement, the Additional Capital Expenditure for the purpose of tariff has been provisionally allowed as mentioned below, which is subject to true up.

(₹ in lakh)

Particulars	Regulation	2017-18 (DOCO to 31.03.2018)	2018-19	Total
Discharge of IDC liabilities	Regulation 14(1)(i)	179.06	0.00	179.06
Discharge Hard cost Liability	Regulation 14(1)(i)	1268.03	0.00	1268.03
Addition of Gross block as Works deferred for execution	Regulation 14(1)(ii)	3551.60	260.00	3811.60
Total add-cap allowed for tariff		4998.69	260.00	5258.69

Capital Cost summary from COD to 31.3.2019

33. Based on the above, the capital cost as on COD and the ACE considered for tariff computation is summarised as below:-

(₹ in lakh)

Capital cost as on COD considered for tariff calculation	Additional capitalization for 2017-18	Additional capitalization for 2018-19	Total admitted cost as on 31.3.2019
25717.62	4998.69	260.00	30976.31

Debt-Equity Ratio

34. Clause 1 and 5 of Regulation 19 of the 2014 Tariff Regulations specifies as follows:-

“(1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that:

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



- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:
- iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt : equity ratio.

Explanation.-The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.”

“(5) Any expenditure incurred or projected to be incurred on or after 1.4.2014 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this regulation.”

35. 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:-

Particulars	(₹ in lakh)			
	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	18002.33	70.00	21683.42	70.00
Equity	7715.29	30.00	9292.89	30.00
Total	25717.62	100.00	30976.31	100.00

Return on Equity

36. Clause (1) and (2) of Regulation 24 and Clause (2) of Regulation 25 of the 2014 Tariff Regulations specify as under:-

“24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage:



Provided that:

(i) in case of projects commissioned on or after 1st April, 2014, an additional return of 0.50 % shall be allowed, if such projects are completed within the timeline specified in **Appendix-I**:

(ii) the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever:

(iii) additional RoE of 0.50% may be allowed if any element of the transmission project is completed within the specified timeline and it is certified by the Regional Power Committee/National Power Committee that commissioning of the particular element will benefit the system operation in the regional/national grid:

(iv) the rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system:

(v) as and when any of the above requirements are found lacking in a generating station based on the report submitted by the respective RLDC, RoE shall be reduced by 1% for the period for which the deficiency continues:

(vi) additional RoE shall not be admissible for transmission line having length of less than 50 kilometers.

“25. Tax on Return on Equity:

(1) The base rate of return on equity as allowed by the Commission under Regulation 24 shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in the respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax income on other income stream (i.e., income of non generation or non transmission business, as the case may be) shall not be considered for the calculation of “effective tax rate”.

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where “t” is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.”



37. The petitioner has submitted that as per timeline specified in the 2014 Tariff Regulations, 400 kV D/C Quad Transmission Lines are put into commercial operation within 38 months are eligible for grant of additional RoE of 0.5%. As the instant assets were put into commercial operation in 37 months, are eligible for grant of additional RoE of 0.5% as per the said regulation and requested to allow the same. 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. Any under-recovery or over-recovery of grossed up ROE after truing up shall be recovered 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.

38. MPPMCL has submitted that additional RoE of 0.5% may be allowed only if the instant assets are put into commercial operation within the timeline specified in the 2014 Tariff Regulations. In response, the petitioner has submitted that the COD of the instant assets was within the time line of 38 months specified for grant of additional RoE of 0.5% and hence additional RoE may be granted.



39. We have considered the submissions of the petitioner and MPPMCL. As per Regulation 24(i) of the 2014 Tariff Regulations, transmission assets which have been put into commercial operation within 38 months which is the timeline specified are eligible for additional RoE of 0.5%. The instant assets were put into commercial operation in 37 months and hence additional RoE of 0.5% is allowed for the instant assets. Further, the rate of pre-tax return on equity for all the financial year during 2014-19 period has been determined by grossing up the base rate of 16.00% (15.50% + 0.50% as additional ROE allowed) with effective tax rate of 20.961%. This rate of pre-tax return on equity is subject to true up based on the effective tax rate of respective financial year applicable to the petitioner company. Accordingly, the RoE allowed for the instant assets is as follows:-

Particulars	(₹ in lakh)	
	2017-18 (pro-rata)	2018-19
Opening Equity	7715.29	9214.89
Addition due to Additional Capitalisation	1499.61	78.00
Closing Equity	9214.89	9292.89
Average Equity	8465.09	9253.89
Return on Equity (Base Rate)	16.00%	16.00%
Tax rate for the year 2013-14 (MAT)	20.961%	20.961%
Rate of Return on Equity (Pre-tax)	20.243%	20.243%
Return on Equity (Pre-tax)	1192.47	1873.27

Interest on Loan

40. Regulation 26 of the 2014 Tariff Regulations are provides as under:-

“(1) The loans arrived at in the manner indicated in regulation 19 shall be considered as gross normative loan for calculation of interest on loan

(2) The normative loan outstanding as on 1.4.2014 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2014 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2014-19 shall be deemed to be equal to the depreciation allowed for the corresponding year/period.



In case of decapitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of decapitalisation of such asset.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.”

41. Interest on loan has been worked out as follows:-

- (i) The gross normative loan has been considered as per the Loan amount determined based on the debt equity ratio applied on the allowed capital cost;
- (ii) The depreciation allowed has been considered as Normative repayment of loan;
- (iii) The weighted average rate of interest on actual loan portfolio has been worked out by considering the Gross amount of loan, repayment and rate of interest as mentioned in the petition;



- (iv) Weighted average rate of interest on actual average loan worked out is applied on the normative average loan during the year to arrive at the interest on loan.

42. The petitioner has submitted that it be allowed to bill and adjust impact on Interest on Loan due to change in interest due to floating rate of interest applicable, if any, from the respondents. The interest on loan 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 truing-up.

43. Detailed calculation of the weighted average rate of interest has been given in **Annexure** to this order.

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

Particulars	(₹ in lakh)	
	2017-18 (pro-rata)	2018-19
Gross Normative Loan	18002.33	21501.42
Cumulative Repayment upto Previous Year	0.00	1034.74
Net Loan-Opening	18002.33	20466.68
Addition due to Additional Capitalisation	3499.08	182.00
Repayment during the year	1034.74	1626.60
Net Loan-Closing	20466.68	19022.08
Average Loan	19234.51	19744.38
Weighted Average Rate of Interest on Loan	8.1110%	8.1050%
Interest	1085.67	1600.29

Depreciation

45. Regulation 27 of the 2014 Tariff Regulations with regard to depreciation specifies as below:-



"27. Depreciation:

(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system including communication system or element thereof. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units or elements thereof.

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of transmission system, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

(3) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:

Provided that in case of hydro generating station, the salvage value shall be as provided in the agreement signed by the developers with the State Government for development of the Plant:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

Provided also that any depreciation disallowed on account of lower availability of the generating station or generating unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life and the extended life.

4) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-II** to these regulations for the assets of the generating station and transmission system:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.



(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2014 from the gross depreciable value of the assets.”

46. The petitioner has claimed actual depreciation as a component of annual fixed charges. Depreciation has been allowed in accordance with Regulation 27 of the 2014 Tariff Regulations. The instant assets were put under commercial operation during 2016-17. 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.

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

Particulars	(₹ in lakh)	
	2017-18 (pro-rata)	2018-19
Opening Gross Block	25717.62	30716.31
Additional Capital expenditure	4998.69	260.00
Closing Gross Block	30716.31	30976.31
Average Gross Block	28216.96	30846.31
Rate of Depreciation	5.2696%	5.2733%
Depreciable Value	25395.27	27761.68
Remaining Depreciable Value	25395.27	26726.94
Depreciation	1034.74	1626.60

Operation & Maintenance Expenses (O & M Expenses)

48. Regulation 29(4) (a) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system based on the type of sub-station and the transmission line. Norms specified in respect of the elements covered in the instant assets are as under:-

Element	(₹ in lakh)	
	2017-18	2018-19
Double circuit (bundled conductor with four or more sub-conductors)	1.171	1.210
400 kV sub-Station	66.51	68.71

49. The O&M Expenses claimed by the petitioner vide affidavit dated 22.12.2017 are as follows:-

(₹ in lakh)		
Particulars	2017-18	2018-19
O&M Expenses	185.17	274.79

50. The petitioner has computed normative O&M Expenses as per sub-clause (a) of clause (4) of Regulation 29 of the 2014 Tariff Regulations. Accordingly, the allowable O&M Expenses for the instant transmission asset are as under:-

(₹ in lakh)		
Element	2017-18 (Pro-rata)	2018-19
400 kV D/C (Quad) Lara STPS-I having bundled conductor with four or more sub conductors (113.53) km	92.51	137.37
2 nos. 400 kV bays at Champa Pooling station	92.56	137.42
Total	185.07	274.79

51. 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 period 2008-09 to 2012-13. The petitioner has further submitted that 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 block 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, if any.

52. MPPMCL has submitted that there is no order for wage revision has been passed for 2017 by the Ministry of heavy Industries and Public Enterprises therefore the said demand for the wage revision is premature and not justified. Further, the petitioner should bear the burden of wage revision of its employees

and as the Commission has no control over the wage hike allowed by the petitioner to its employees and hence no blanket approval may be accorded for enhancement in O&M Expenses. In response, the petitioner has submitted that being a CPSU, the scheme of wage revision is binding on the petitioner. However, the actual impact of wage hike (due w.e.f. 1.1.2017) has not been factored in fixation of the normative O&M rates prescribed for the tariff block 2014-19. In line with the Regulation 19(f)(ii) of the 2009 Tariff Regulations for block 2009-14, norms for O&M Expenses for the year 2009-10 were derived considering the impact of wage hike of the employees under PSUs. Accordingly, the petitioner has prayed for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike during period 2014-19.

53. We have considered the submissions both by petitioner and MPPMCL. The O&M Expenses have been worked out as per the norms specified in the 2014 Tariff Regulations. As regards the 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)

54. Clause 1(c) of Regulation 28 and Clause 5 of Regulation 3 of the 2014 Tariff Regulations specify as follows:-

“28. Interest on Working Capital

(1) The working capital shall cover:

(c) Hydro generating station including pumped storage hydro electric generating station and transmission system including communication system:

(i) Receivables equivalent to two months of fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 29; and



(iii) Operation and maintenance expenses for one month”

(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2014 or as on 1st April of the year during the tariff period 2014-15 to 2018-19 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later.

“(5) ‘Bank Rate’ means the base rate of interest as specified by the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points;”

55. 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

O&M 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 COD plus 350 Bps i.e. 12.80% has been considered for the asset, as the rate of interest on working capital.

56. The interest on working capital as determined is shown in the table given below:-

Particulars	(₹ in lakh)	
	2017-18 (pro-rata)	2018-19
Maintenance Spares	39.89	41.22
O & M expenses	22.16	22.90
Receivables	857.07	916.42
Total	919.13	980.53
Interest	80.59	123.55

Transmission charges

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

Particulars	(₹ in lakh)	
	2017-18 (pro-rata)	2018-19
Depreciation	1034.74	1626.60
Interest on Loan	1085.67	1600.29
Return on equity	1192.47	1873.27
Interest on Working Capital	80.59	123.55
O & M Expenses	185.08	274.79
Total	3578.55	5498.50

Filing Fee and Publication Expenses

58. 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

59. 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

60. The petitioner has prayed to allow to bill and recover the Service Tax on transmission services from the respondents separately, if it is withdrawn from the negative list in future. We have considered the submissions of the petitioner. Service Tax was not being levied on the transmission services. Further, Service Tax is subsumed in the GST and hence the petitioner's prayer is infructuous.

Goods and Services Tax

61. 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

62. The instant assets are dedicated line of NTPC and hence NTPC shall bear the transmission charges from the date of COD of the asset i.e. 21.7.2017 to the date of start of LTA of the generating project as per Regulation 8(8) of Central Electricity Regulatory Commission (Grant of Connectivity, Long term Access,

Medium term Open Access and related matters) Regulations 2009. Thereafter, it will be included in the PoC computation and 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.

63. This order disposes of Petition No. 125/TT/2017.

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

Sd/-
(A. S. Bakshi)
Member

Sd/-
(A. K. Singhal)
Member

Sd/-
(P. K. Pujari)
Chairperson



CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN
(₹ in lakh)

	Details of Loan	2017-18	2018-19
1	Bond LI		
	Gross loan opening	1871.00	1871.00
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	1871.00	1871.00
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	1871.00	1871.00
	Average Loan	1871.00	1871.00
	Rate of Interest	8.40%	8.40%
	Interest	157.16	157.16
	Rep Schedule	14.9.2019	
2	Bond LIII		
	Gross loan opening	6762.26	6762.26
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	6762.26	6762.26
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	6762.26	6762.26
	Average Loan	6762.26	6762.26
	Rate of Interest	8.13%	8.13%
	Interest	549.77	549.77
	Rep Schedule	25.4.2020	
3	Bond LVII		
	Gross loan opening	604.63	604.63
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	604.63	604.63
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	604.63	604.63
	Average Loan	604.63	604.63
	Rate of Interest	7.20%	7.20%
	Interest	43.53	43.53
	Rep Schedule	21.12.2012	
4	Bond LIV		
	Gross loan opening	2709.37	2709.37
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	2709.37	2709.37
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	2709.37	2709.37
	Average Loan	2709.37	2709.37
	Rate of Interest	7.97%	7.97%
	Interest	215.94	215.94
	Rep Schedule	15.7.2012, 15.7.2026, 15.7.2031 (3 equal	



		installments)	
5	Bond LVIII		
	Gross loan opening	930.00	930.00
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	930.00	930.00
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	930.00	930.00
	Average Loan	930.00	930.00
	Rate of Interest	7.89%	7.89%
	Interest	73.38	73.38
	Rep Schedule	9.3.2027	
6	SBI (2016-17) (Q4)		
	Gross loan opening	930.00	930.00
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	930.00	930.00
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	930.00	930.00
	Average Loan	930.00	930.00
	Rate of Interest	8.90%	8.90%
	Interest	82.77	82.77
	Rep Schedule	Not available	
7	SBI (2017-2018) (Q)		
	Gross loan opening	400.00	400.00
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	400.00	400.00
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	400.00	400.00
	Average Loan	400.00	400.00
	Rate of Interest	7.95%	7.95%
	Interest	31.80	31.80
	Rep Schedule	Not available	
8	HDFC (2017-18) (Q1)		
	Gross loan opening	400.00	400.00
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	400.00	400.00
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	400.00	400.00
	Average Loan	400.00	400.00
	Rate of Interest	7.95%	7.95%
	Interest	31.80	31.80
	Rep Schedule	Not available	
9	Bond LIX		
	Gross loan opening	1132.09	1132.09



	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	1132.09	1132.09
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	1132.09	1132.09
	Average Loan	1132.09	1132.09
	Rate of Interest	7.30%	7.30%
	Interest	82.64	82.64
	Rep Schedule	Not available	
10	SBI (2015-16) (Q4)		
	Gross loan opening	1757.60	1757.60
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	1757.60	1757.60
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	1757.60	1757.60
	Average Loan	1757.60	1757.60
	Rate of Interest	8.90%	8.90%
	Interest	156.43	156.43
	Rep Schedule	Not available	
11	Bond LX		
	Gross loan opening	591.82	591.82
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	591.82	591.82
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	591.82	591.82
	Average Loan	591.82	591.82
	Rate of Interest	7.20%	7.20%
	Interest	42.61	42.61
	Rep Schedule	Not available	
12	Bond LX		
	Gross loan opening	0.00	141.61
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	0.00	141.61
	Additions during the year	141.61	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	141.61	141.61
	Average Loan	70.81	141.61
	Rate of Interest	7.20%	7.20%
	Interest	5.10	10.20
	Rep Schedule	Not available	
13	Bond LX		
	Gross loan opening	0.00	0.00
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	0.00	0.00
	Additions during the year	0.00	99.42
	Repayment during the year	0.00	0.00



	Net Loan-Closing	0.00	99.42
	Average Loan	0.00	49.71
	Rate of Interest	8.70%	7.20%
	Interest	0.00	3.58
	Rep Schedule	Not available	
14	Bond XLIV		
	Gross loan opening	0.00	0.00
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	0.00	0.00
	Additions during the year	0.00	0.00
	Repayment during the year	0.00	0.00
	Net Loan-Closing	0.00	0.00
	Average Loan	0.00	0.00
	Rate of Interest	8.70%	8.70%
	Interest	0.00	0.00
	Rep Schedule	Not available	
	Total Loan		
	Gross loan opening	18088.77	18230.38
	Cumulative Repayment upto COD/previous year	0.00	0.00
	Net Loan-Opening	18088.77	18230.38
	Additions during the year	141.61	99.42
	Repayment during the year	0.00	0.00
	Net Loan-Closing	18230.38	18329.80
	Average Loan	18159.58	18280.09
	Rate of Interest	8.1110%	8.1050%
	Interest	1472.93	1481.61

