

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 360/TT/2018

Coram :

Shri P.K. Pujari, Chairperson

Dr. M. K. Iyer, Member

Shri I.S. Jha, Member

Date of Order: 30th of September, 2019

In the matter of

Approval under Regulation-86 of CERC (Conduct of Business) Regulations'1999 and CERC (Terms and Conditions of Tariff) Regulations' 2014 for determination of Transmission tariff from DOCO to 31.3.2019 for Assets (02 nos) associated with "East Coast Energy Pvt. Ltd. and NCC Power Projects Ltd. LTOA Generation Projects in Srikakulam Area Part-B" in Eastern and Western Region.

And in the matter of

Power Grid Corporation of India Limited

"Saudamini", Plot No.2,

Sector-29, Gurgaon -122 001

....Petitioner

Versus

1. BIHAR STATE POWER (HOLDING) COMPANY LTD
(FORMERLY BIHAR STATE ELECTRICITY BOARD -BSEB)
VIDYUT BHAVAN, BAILEY ROAD, PATNA – 800 001
2. WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY
LIMITED, BIDYUT BHAWAN, BIDHAN NAGAR
BLOCK DJ, SECTOR-II, SALT LAKECITY
KOLKATA - 700 091
3. GRID CORPORATION OF ORISSA LTD.
SHAHID NAGAR, BHUBANESWAR - 751 007
4. JHARKHAND STATE ELECTRICITY BOARD
IN FRONT OF MAIN SECRETARIAT, DORANDA, RANCHI – 834002



5. DAMODAR VALLEY CORPORATION
DVC TOWER, MANIKTALA
CIVIC CENTRE, VIPROAD, CALCUTTA - 700 054
 6. POWER DEPARTMENT
GOVT. OF SIKKIM, GANGTOK - 737 101
 7. MADHYA PRADESH POWER MANAGEMENT COMPANY LTD.
SHAKTI BHAWAN, RAMPUR
JABALPUR - 482 008
 8. MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.
PRAKASHGAD, 4TH FLOOR
ANDHERI (EAST), MUMBAI - 400 052
 9. GUJARAT URJA VIKAS NIGAM LTD.
SARDAR PATEL VIDYUT BHAWAN,
RACE COURSE ROAD
VADODARA - 390 007
 10. ELECTRICITY DEPARTMENT
GOVT. OF GOA
VIDYUT BHAWAN, PANAJI,
NEAR MANDVI HOTEL, GOA - 403 001
 11. ELECTRICITY DEPARTMENT
ADMINISTRATION OF DAMAN & DIU
DAMAN - 396 210
 12. ELECTRICITY DEPARTMENT
ADMINISTRATION OF DADRA NAGAR HAVELI
U.T., SILVASSA - 396 230
 13. CHHATTISGARH STATE ELECTRICITY BOARD
P.O.SUNDER NAGAR, DANGANIA, RAIPUR
CHHATISGAARH-492013
 14. MADHYAPRADESH AUDYOGIK KENDRA
VIKAS NIGAM (INDORE) LTD.
3/54, PRESS COMPLEX, AGRA-BOMBAY ROAD,
INDORE-452 008
 15. EAST COAST ENERGY PVT. LTD.
7-1-24, B BLOCK, 5TH FLOOR, ROXANA TOWERS,
GREEN LANDS, BEGUMPET, HYDERABAD-500016
 16. NCC POWER PROJECTS LTD.
6th FLOOR, NCC HOUSE, MADHAPUR, HYDERABAD-500016
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17. KARNATAKA POWER TRANSMISSION CORPORATION LIMITED (KPTCL),
KAVERI BHAWAN, BANGALORE – 560009
18. TRANSMISSION CORPORATION OF ANDHRA PRADESH LIMITED,
(APTRANSCO), VIDYUT SOUDHA,
HYDERABAD- 500082
19. KERALA STATE ELECTRICITY BOARD (KSEB),
VAIDYUTHI BHAVANAM, PATTOM,
THIRUVANANTHAPURARN - 695 004
20. TAMIL NADU TRANSMISSION CORPORATION LIMITED,
NPKRR MAALIGAI, 800, ANNA SALAI,
CHENNAI - 600 002
21. TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION
LIMITED, NPKRR MAALIGAI, 800, ANNA SALAI,
CHENNAI - 600 002
22. ELECTRICITY DEPARTMENT GOVERNMENT OF GOA,
VIDYUTI BHAWAN, 3RD FLOOR,
PANAJI, GOA-403001
23. ELECTRICITY DEPARTMENT, GOVERNMENT OF PONDICHERRY,
PONDICHERRY – 605001
24. EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH
LTD. (APEPDCL), P&T COLONY, SEETHMMADHARA,
VISHAKHAPATNAM, ANDHRA PRADESH
25. SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH
LIMITED, (APSPDCL), SRINIVASASA KALYANA MANDAPAM BACKSIDE,
TIRUCHANOR ROAD, KESAVAYANA GUNTA,
TIRUPATI-517 501, ANDHRA PRADESH
26. CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH
LIMITED, (APCPDCL), CORPORATE OFFICE, MINT COMPOUND,
HYDERABAD - 500 063, ANDHRA PRADESH
27. NORTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH
LIMITED, (APNPDCL), OPP. NIT PETROL PUMP,
CHAITANYAPURI, KAZIPET, WARANGAL - 506 004,
ANDHRA PRADESH
28. BANGALORE ELECTRICITY SUPPLY COMPANY LTD. (BESCOM),
CORPORATE OFFICE, KR.CIRCLE,
BANGALORE - 560001, KARNATAKA



29. GULBARGA ELECTRICITY SUPPLY COMPANY LTD (GESCOM),
STATION MAIN ROAD, GULBURGA, KARNATAKA
30. HUBLI ELECTRICITY SUPPLY COMPANY LTD. (HESCOM),
NAVANAGAR, PB ROAD, HUBLI, KARNATAKA
31. MESCOM CORPORATE OFFICE, PARADIGM PLAZA,
AB SHETTY CIRCLE, MANGALORE – 575001, KARNATAKA
32. CHAMUNDESWARI ELECTRICITY SUPPLY CORPORATION LTD.(CESC),
927,L J AVENUE, GROUND FLOOR, NEW KANTHARAJ URS ROAD,
SARASWATIPURAM, MYSORE - 570 009, KARNATAKA
33. TRANSMISSION CORPORATION OF TELANGANA LIMITED,
VIDHYUT SUDHA, KHAIRATABAD, HYDERABAD, 500082

...Respondents

Parties present:

For Petitioner: Shri S.K.Venkatesan, PGCIL
Shri S. S Raju, PGCIL
Shri S. K. Niranjan, PGCIL
Shri Amit Yadav, PGCIL

For Respondent: Shri R.B. Sharma, Advocate, BRPL & BYPL
Shri Mohit Mudgal, Advocate, BRPL & BYPL

ORDER

The present petition has been filed by Power Grid Corporation of India Ltd. (“the Petitioner”) seeking approval of transmission tariff for the Assets (02 nos) associated with “East Coast Energy Pvt. Ltd. and NCC Power Projects Ltd. LTOA Generation Projects in Srikakulam Area Part-B” in Eastern and Western Region (hereinafter referred as “transmission asset”) 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”) for the asset.

2. The Petitioner has made the following prayers:

- (i) *Approve the Transmission Tariff for the tariff block 2014-19 block for the assets covered under this petition;*



- (ii) *Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred;*
- (iii) *Allow the approach the Hon'ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during 2014-19;*
- (iv) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided under clause 25 of the Tariff regulations 2014;*
- (v) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition;*
- (vi) *Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014;*
- (vii) *Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the respondents;*
- (viii) *Allow the petitioner to bill and recover GST on Transmission charges separately from the respondents, if GST on Transmission of electricity is withdrawn from the exempted (negative) list at any time in future. Further any taxes and duties including cess, etc. imposed by any Statutory/Govt./Municipal Authorities shall be allowed to be recovered from the beneficiaries.*
- (ix) *Allow tariff upto 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 CERC (Terms and Conditions of tariff) Regulations,2014 for purpose of inclusion in the PoC charges;*
- (x) *Allow the petitioner to bill Tariff from actual DOCO and also the petitioner may be allowed to submit revised Certificate and tariff Forms (as per the Relevant Regulation) based on actual COD.*



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.

Background

3. The Investment Approval (hereinafter referred to as "IA") for implementation of "Common System Associated with East Coast Energy Private Limited and NCC Power Projects Limited LTOA Generation Projects in Srikakulam Area – B" was accorded by Board of Directors of the Petitioner in 285th meeting held on March 28, 2013 for ₹251488 lakh including an IDC of ₹15665 lakh based on February, 2013 price level (communicated vide Memorandum No.C/CP/Srikakulam-Part-B dated 5.4.2013). Further, the administrative approval and expenditure sanction of Revised Cost Estimate (RCE) of the transmission project was accorded by the Board of Directors of Petitioner in 351st meeting held on March 16, 2018 and communicated vide C/CP/PA17-18-12-0P-RCE-010 dated 28.3.2018 for ₹319027 lakh including an IDC of ₹40909 lakh based on August, 2017 price level.

4. A composite high capacity transmission scheme has been evolved for evacuation of power from the IPP generation projects in Srikakulam area. This includes establishment of a 765/400 kV Srikakulam pooling station where power from the East Coast and NCC generation projects shall be pooled through dedicated 400 kV transmission lines to be constructed by the IPP generation developers. The power so pooled at this pooling station shall be evacuated through a 765 kV high capacity transmission corridor towards Angul- Jharsuguda- Dharamjaigarh where it shall get integrated with the high capacity transmission corridors planned with IPP generation projects in Orissa and Chhattisgarh area.

5. The Common Transmission System for IPP Generation Projects in Srikakulam Area was discussed with WR constituents and agreed in the 29th meeting of Standing Committee held on 10.9.2009 and 11th meeting of WRPC held on 25.9.2009. The scheme was further discussed and agreed by SR constituents in 30th meeting of Standing Committee held on 13.4.2010 and special meeting of SRPC held on 25.11.2010. The scheme was also discussed with ER constituents in the Standing Committee of ER held on 28.12.2010. The Petitioner has been entrusted with the implementation of the said scheme.



6. The prior approval of the Government under section 68 of the Electricity Act, 2003 for “Common Transmission System Associated with East Coast & NCC Power Projects in Srikakulam Area - Part-B has been issued by Ministry of Power, Govt. of India vide ref.no. 11/4/2007-PG dated 29th July, 2010. Further, the subject scheme is one of the 9 High Capacity Power Transmission Corridors namely, HCPTC-VIII and the same has been granted Regulatory approval by the commission in order dated 31.5.2010 in petition no: 233/2009.

7. The scope of work covered under the project “Common System Associated with East Coast Energy Private Limited and NCC Power Projects Limited LTOA Generation Projects in Srikakulam Area – B” are as follows:-

Transmission Lines

- a) 765 kV Angul – Jharsuguda 2nd D/C line (1st D/C line is covered under Orissa IPPs) – 245 kms.
- b) 765 kV Jharsuguda – Dharamjaigarh 2nd D/C line line (1st D/C line is covered under Orissa IPPs) – 156 kms.

Substations

- a) Extension of Angul Substation:

This substation is owned by POWERGRID and shall be extended to accommodate following bays under this project:

- i. 2 number 765 kV line bays for termination of Angul – Jharsuguda 765 kV D/C.

- b) Extension of Jharsuguda Substation:

This substation is owned by POWERGRID and shall be extended to accommodate following bays under this project:

- i. 2 number 765 kV line bays for termination of Angul – Jharsuguda 765 kV D/C.
- ii. 2 number 765 kV line bays for termination of Jharsuguda – Dharamjaigarh 765 kV D/C.

- c) Extension of Dharamjaigarh Substation:

This substation is owned by POWERGRID and shall be extended to accommodate following bays under this project:



- i. 2 number 765 kV line bays for termination of Jharsuguda – Dharamjaigarh 765 kV D/C.

Reactive Compensation

Line Reactors

- i. 240 MVAR line reactors with 800 ohms NGR at each end of both circuits of Angul – Jharsuguda 765kV D/C line (switchable line reactor at Angul end).
- ii. 330 MVAR switchable line reactors Dharamjaigarh end of both circuits of Jharsuguda – Dharamjaigarh 765kV D/C line.

8. The Petitioner has filed the instant petition with the Anticipated COD in respect of the assets. However, vide affidavit dated 15.3.2019, the Petitioner has claimed the actual COD for the instant Asset-I and Asset-II. The status and scope of work of the subject project covered under various petitions is as follows:-

S.N.	Name of Asset	COD claimed in Petition	Actual COD (Claimed)	Remarks
1	<u>Asset-I:</u> Angul – Jharsuguda (Sundargarh) 765kV 2nd D/C line with line reactors (switchable) & termination bays at Angul S/S and line reactors at Jharsuguda S/S	1.9.2018 (Anticipated)	1.12.2018	Covered under Instant Petition
2	<u>Asset-II:</u> Jharsuguda (Sundargarh) – Dharamjaygarh 765kV 2 nd D/C line with termination bays at Jharsuguda S/S.	1.9.2018 (Anticipated)	3.11.2018	Covered under Instant Petition
3	<u>Balance scope:</u> 765kV, 2x330 MVAR Switchable Line Reactors charged as Bus Reactors at Dharamjaygarh S/s (for both Circuits of Jharsuguda (Sundargarh) – Dharamjaygarh 765kV 2 nd D/C line)	-	21.9.2017	Covered under petition No. 241/TT/2018 (Final Order dated 2.7.2019)

9. The details of the Annual Transmission Charges claimed by the Petitioner are as under:-

Particulars	(₹ in lakh)	
	Asset-I 2018-19 (Pro-rata)	Asset-II 2018-19 (Pro-rata)
Depreciation	3475.12	1863.56
Interest on Loan	3714.77	1925.11
Return on Equity	3904.52	2075.20
Interest on Working Capital	245.77	129.37
O&M Expenses	311.28	153.82
Total	11651.46	6147.06



10. The details of the interest on working capital claimed by the Petitioner are as under:-

(₹ in lakh)

Particulars	Asset-I	Asset-II
	2018-19	2018-19
Maintenance Spares	140.08	56.12
O&M expenses	77.82	31.18
Receivables	5825.73	2492.05
Total	6043.63	2579.35
Rate of Interest	12.20%	12.20%
Interest	245.77	129.37

11. The Petitioner has served the copy of the petition upon the respondents and notice of this application has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. 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, 2003. Reply to the petition has been filed by BSP(H)CL (Respondent no 1) and MPPMCL (Respondent no 7) vide their affidavits dated 18.4.2019 & 24.4.2019 respectively and the Petitioner vide its affidavits dated 24.5.2019 filed its rejoinder in the matter.

12. The Petition was last heard on 11.7.2019 and the Commission reserved the order in the Petition.

13. This order has been issued after considering the main petition dated 29.8.2018 and Petitioner's affidavits dated 27.11.2018, 15.3.2019, 5.4.2019, 26.4.2019, 24.5.2019 (2 nos.) and replies dated 18.4.2019 and 24.4.2019 of the respondents, BSP(H)CL & MPPMCL, respectively.

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

Analysis and Decision

Date of Commercial Operation (COD)

15. The Petitioner has claimed the actual COD in respect of the assets covered under the instant petition as per the following details:-



Asset Details	COD (Actual) (Claimed)
Asset-I: Angul – Jharsuguda (Sundargarh) 765kV 2 nd D/C line with line reactors (switchable) & termination bays at Angul S/S and line reactors at Jharsuguda S/S	1.12.2018
Asset-II: Jharsuguda (Sundargarh) – Dharamjaygarh 765kV 2 nd D/C line with termination bays at Jharsuguda S/S.	3.11.2018

16. In support of the COD of the assets covered in the instant petition, the Petitioner has submitted CEA Energisation Certificates dated 6.4.2017, 21.12.2017, 8.3.2018, 27.9.2018 & 11.9.2018 for Asset-I and dated 15.12.2017, 6.4.2018 & 27.9.2018 for Asset-II respectively, under Regulation 43 of CEA (Measures Related to Safety & Electricity Supply) Regulations, 2010. The Petitioner has also submitted RLDC Charging Certificates dated 31.12.2018 for Asset-I and dated 12.12.2018 for Asset-II. Further, the Petitioner has also submitted self-declaration COD letters dated 7.1.2019 and CMD certificates as required under grid code for both the assets i.e. Assets-I & Asset-II.

17. Taking into consideration the CEA Energisation certificate, RLDC charging certificate and CMD certificate as required under Grid Code, the COD for instant Asset-I & Asset-II is approved as 1.12.2018 and 3.11.2018 respectively.

Capital Cost

18. Clause (1) and (2) of Regulation 9 of the 2014 Tariff Regulations provide 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.”

19. The Petitioner has submitted the apportioned approved cost as per Investment Approval as well as per RCE. The Petitioner vide affidavit dated 15.3.2019 submitted the Auditor certificates along with revised tariff forms for Asset-I and Asset-II. The details of claimed apportioned cost, capital cost as on COD and estimated additional capital expenditure incurred or projected to be incurred during 2018-19, 2019-20 and 2020-21 along with estimated completion cost for the assets covered in the petition are as under:-

(₹ in lakh)

Asset	Apportioned Approved Cost (FR)	Apportioned Approved Cost (RCE)	Cost up to COD	Projected Expenditure			Estimated completion Cost
				2018-19	2019-20	2020-21	
Asset-I	167013.38	213899.19	198075.75	7341.54	5000.00	5000.00	215417.29
Asset-II	78113.54	97600.37	84056.82	5477.29	2858.55	765.44	93158.10
Total	245126.92	311499.56	282132.57	12818.83	7858.55	5765.44	308575.39

Cost Over-run

20. It is seen from the above table that the overall estimated completion cost of the instant assets is ₹ 308575.39 lakh which is within the Apportioned Approved Cost as per RCE of ₹ 311499.56 lakh.



21. The Respondent, MPPMCL has submitted that due to variation in quantities of approved items, tree/crop/forest/ROW compensation, FERV and IEDC/IDC resulted in substantial increase in the cost. As regards price variation, a high variation is observed in HG Zinc and Ball clay. This was due to delay in execution by the petitioner. As regards variation in quantities, the huge difference raises a big question mark on the quality of preliminary survey. As regards increase in crop compensation, the plea of the Petitioner is totally unacceptable as the petitioner is involved in similar projects and is expected to take due care while framing the initial estimate for meeting such situations. This shows poor management on part of the Petitioner and is also an effort to load petitioner's inefficiency to end consumer of the State.

22. In response, the Petitioner vide affidavit dated 24.5.2019 has submitted that the reasons for cost overrun/ cost variation, along with the Revised Cost Estimate (RCE), have been submitted in detail in the instant petition. Further, the cost overrun/ variation for individual heads/ items have also been submitted in the petition in respective Form 5 as submitted by the Petitioner claiming Anticipated COD. However, we note that the Petitioner has not submitted revised Form-5 claiming actual COD.

23. We have considered the submissions of the Petitioner and Respondent and noted that against the total apportioned approved cost of assets covered in the instant petition as mentioned in the table of para 19 above, the estimated completion cost as on 31.3.2019 including additional capitalization in respect of instant assets is within the respective apportioned approved cost. Therefore, there is no cost overrun. Further, It is seen that in respect of Asset-I, the estimated completion cost, as claimed in the petition, is ₹215417.29 lakh against the estimated completion cost, as per Form-5, is ₹209557.07 lakh indicating a gap of ₹5858.22 lakh, which remain to be justified by the Petitioner. However, the cost claimed upto 31.3.2019 in the control period of 2014-19 is within the RCE. Hence, the same is allowed with the direction to the Petitioner to furnish Form-5 with justification for the balance amount of estimated completion cost claimed in the petition at the time of true up.

24. The details of capital cost considered as on COD for the purpose of tariff calculation is as follows:-



(₹ in lakh)			
Assets	Capital cost up to COD claimed by the Petitioner	Capital cost allowed	Amount Disallowed
Asset-I	198075.75	198075.75	--
Asset-II	84056.82	84056.82	--

Time over-run

25. As per the Investment Approval (IA), the transmission scheme was scheduled to be commissioned within 33 months from the date of investment approval. The IA was accorded by the Board of the Petitioner on 28.3.2013. Accordingly, the Commissioning Schedule comes to 27.12.2015 against which Asset-I and Asset-II have been commissioned on 1.12.2018 and 3.11.2018 respectively. Thus, there is a time overrun of days 35 months 4 days (1070 days) and 34 months 6 days (1042 days) in commissioning of Asset-I and Asset-II respectively.

26. The Petitioner has submitted the following reasons for delay in commissioning of the assets covered in the instant petition along with detailed chronology of events and supporting letters and documents:-

Asset-I

- (i) Delay in Forest Approval/ Clearance which consumed the time from 8.5.2013 to 20.9.2017 i.e. about 52 months against the standard time period of 10 months, thereby additional 42 months taken on this count.
- (ii) Delay due to right of way (ROW) issues from 11.8.2014 to 31.3.2018 i.e. about 43 months

Asset-II

- (i) Delay in Forest Approval/ Clearance which consumed the time from 16.8.2013 to 24.1.2018 i.e. about 53 months against the standard time period of 10 months, thereby additional 43 months taken on this count.
- (ii) Delay due to ROW issues from 20.5.2015 to 2.5.2018 i.e. about 35 months

27. BSP(H)CL in affidavit dated 18.4.2019 has submitted that, petitioner has not performed its duties under Section 38(2) of the Electricity Act, 2009 as the Central Transmission Utility (CTU) and beneficiaries cannot be made to pay for the lapses in the performance of the statutory responsibilities of planning and co-ordination during construction on the part of the petitioner. Any neglect of the statutory responsibility can create mess and the petitioner cannot be allowed to take advantage by claiming



the tariff of the assets from beneficiaries which are of no use till the commissioning of the generation project. The statutory duty of planning and coordination has to be exercised effectively and simply writing few letters on the issue would not suffice and the Petitioner as CTU has to undertake the responsibility for the mismatch in completion of transmission line and the line bay. Petitioner has failed to perform its statutory functions as CTU during the course of implementation of its portion of the work resulting into mismatch in the construction of transmission line and its bay for which it alone is responsible.

28. MPPMCL in affidavit dated 24.4.2019 has made submissions w.r.t. time overrun and same is as follows:-

Asset-I

- (i) The petitioner has not placed CPM and PERT chart so as to show and prove as to how late approval has effected starting phase of line construction and at which time it spilled over as cascading effect.
- (ii) As regards ROW issue, mentioning of disturbance of Maoist and Left Wing Extremists has been done. Incidentally, not a single proof in support thereof has been attached by the petitioner. In the absence of such documentary evidence, it is unbelievable that such a hindrance was there at all.

Asset-II

- (i) It has been mentioned that, the total line length is 150 km and total forest involved is 226 Ha. The petitioner has accepted that though the investment approval was granted on 28.3.2013, the preliminary action regarding forest approval was initiated by a delay of more than 4 months in the month of August, 2013 when the survey work of this line was taken up. The petitioner took considerable time for completion of survey work but why it was so it has not been explained. Issue of re-alignment of this route due to allocation of two coal blocks in Raigarh District to NTPC has also been raised. As is evident from the records, the matter was resolved in a short duration of 4 months only and therefore it cannot be established that this issue had led to delay in execution. Again there is no CPM and PERT chart which can prove that how the work was effected. The petitioner has not taken into confidence the beneficiaries and has also not elaborated the change in line due to re-



alignment. So, it is very difficult to judge how much work was effected due to this issue.

- (ii) As regards ROW issue, it has been submitted that exorbitant demand of crop compensation, land compensation, man handling of land workers etc. has led to delay but the same has not been supported with proper documents.
- (iii) It has also been submitted that the petitioner is CTU and is continuously handling projects of similar nature. It means that the petitioner has adequate knowledge of the above issues while obtaining the investment approval but the petitioner has not acted with due caution in order to commission the project on time. It may also be noted that though the various letters have been sent to concerned authorities for extending their helping hands to resolve the above issues, the follow up was very poor ranging from a month to even a year.

29. In response to replies of MPPMCL and BSP(H)CL, the Petitioner filed its rejoinder dated 24.5.2019, and made submissions that, the reasons for delay has already been submitted in petition & further, vide affidavit dated 26.4.2019. Also, CPM/PERT chart and DPR has been submitted vide affidavit dated 27.11.2018. The Petitioner further submitted the following:-

- (a) Point raised by respondents are misplaced as the reasons leading to changes in the timely implementation of the overall scheme vis-à-vis as planned has all been discussed with the respective regional constituents. The Power flow scenario as planned vis-à-vis as functional has already been provided in detail with justification for utilization of the subject assets.

Power Flow:

- (b) Angul and Jharsuguda 765/400kV substations in Odisha were planned as pooling hub for generation projects in nearby areas. The two pooling stations were planned to be strongly interlinked with high capacity interconnections. For further dispersal of power from Angul-Jharsuguda generation complex, high capacity corridors were planned towards SR, WR and NR (via WR/ER). The 1st Angul – Jharsuguda – Dharamjaygarh 765kV D/C corridor was part of Orissa projects under HCPTC-I for power evacuation from generators of



nearby region. The 2nd Angul – Jharsuguda – Dharamjaygarh 765kV D/C corridor was planned as part of HCPTC-VIII, for power evacuation from IPPs envisaged in Srikakulam area (about 2640MW) in Andhra Pradesh. It was later also identified for power evacuation from various Odisha Phase-2 IPPs (having aggregate LTA of about 3360MW). OPGC (2x660MW) and Darlipalli (2x800MW) generation projects of Odisha Phase-II having LTA of 600MW and 1541MW respectively are expected to be commissioned in next few months, whereas GMR Energy Kamalanga Ltd. (1x350MW) and Vedanta Ltd. (4x600MW) (erstwhile Sesa Sterlite Ltd.) have relinquished their respective LTA of 220MW and 1000MW. One of the generation project i.e. East Coast Energy Pvt. Ltd. (2x660MW) of Srikakulam area is delayed and the other project i.e. NCC Power Projects Ltd. (2x660MW) which was earlier part of HCPTC-VIII has been shifted to HCPTC-VI. Even in the case of delay of generation projects, the subject corridor would not only establish a strong interconnection between two power hubs i.e. Angul and Jharsuguda, but also facilitate power transfer among various regions like WR, ER, NR, and SR. Southern Region was envisaged to be surplus of power however, due to delay/deferment of various generation projects in SR, the region became power deficit. Accordingly, Srikakulam – Vemagiri 765kV D/c was planned for import of power from ER utilizing the already approved Angul – Srikakulam 765kV D/C link. Similarly, power from the Angul-Jharsuguda complex could be transferred to Dharamjaygarh through Jharsuguda – Dharamjaygarh 765kV 2xD/C lines. From Dharamjaygarh, power could be transferred to WR and NR through Dharamjaygarh – Jabalpur Pool – Bina – Gwalior – Agra/Jaipur 765kV high capacity corridors. Further, power from Dharamjaygarh could be transferred to ER/NR through Dharamjaygarh – Ranchi – Gaya – Varanasi – Kanpur 765kV/400kV high capacity corridors.

- (c) In view of the above facts and in the present scenario, the subject corridor is utilized for transfer of power from Angul-Jharsuguda complex in ER and Dharamjaygarh in WR to Srikakulam/Vemagiri areas in SR. Further, the power flow scenario as planned and its improvised utility has been discussed in detail with the regional constituents in the 24th WRPC meeting held on 9.10.2013 and 24th ERPC meeting held on 27.4.2013.



30. In support of time over-run, the Petitioner vide affidavit dated 26.4.2019 has submitted the following chronology of activities:-

Asset-I

Activity	Period of activity				Reasons for delay
	Schedule		Actual		
	From	to	From	to	
LOA	26.4.13	31.7.13	1.8.13 Onwards	-	Timely execution with regards to Award of works
Supply of structure, equipment etc	25.10.2013	1.9.2015	13.9.2013	30.5.2018	Supply related works initiated even before schedule. The supply process continued beyond planned schedule due to slow progress of work owing to various ROW/ Forest clearance issues.
Civil works and Erection/ Foundation	18.10.2013	27.10.2015	8.10.2013	20.10.2018	Civil works/ Foundation works started even before schedule. The process continued beyond planned schedule due to slow progress of work owing to various ROW/ Forest clearance issues.
Forest clearance	24.9.2013	24.7.2014			
a)Survey & Land Scheduling			8.5.2013	24.4.2014	Inordinate delay in survey & Land scheduling by concerned authorities. Forest compliance & approval consumed inordinate time. The reasons have been tabulated in detail chronology in the petition alongwith the documentary evidences
b)Compliance and approval			7.5.2014	20.9.2017	
ROW/ Law & Order/ Maoists issues	-	-	18.11.2014 13.5.2015 6.10.15	19.12.2014 3.8.2015 20.10.18	The reasons have been tabulated in detail chronology in the petition alongwith the documentary evidences
Testing & Commissioning	28.10.2015	26.12.2015	1.6.2011	1.12.2017	Delayed commissioning due to uncontrollable reasons as detailed in petition alongwith the documentary evidences

Asset-II

Activity	Period of activity				Reasons for delay
	Schedule		Actual		
	From	to	From	to	
LOA	26.4.2013	31.7.2013	1.8.2013	Onwards	Timely execution with regards to Award of works
Supply of structure, equipment Etc	25.10.2013	1.9.2015	30.4.2014	18.1.2018	Supply related works initiated even before schedule. The supply process continued beyond planned schedule due to slow progress of work owing to various ROW/Forest clearance issues.
Civil works and Erection/ Foundation	18.10.2013	27.10.2015	10.3.2014	25.10.2018	Civil works/ Foundation works started even before schedule. The process continued beyond planned schedule due to slow progress of work owing to various ROW/Forest clearance issues.



Activity	Period of activity				Reasons for delay
	Schedule		Actual		
	From	to	From	to	
Forest clearance a) Survey & Land b) Scheduling Compliance & Approval	24.9.2013	24.7.2014	16.8.2013	24.1.2018	Inordinate delay Forest clearance by concerned authorities. Forest compliance & approval consumed inordinate time. The reasons have been tabulated in detail chronology in the petition alongwith the documentary evidences
ROW/ Law & Order/ Maoists issues	-	-	20.5.2015	2.5.2018	The reasons have been tabulated in detail chronology in the petition alongwith the documentary evidences
Testing & Commissioning	28.10.2015	26.12.2015	29.6.2018	31.10.2018	Delayed commissioning due to uncontrollable reasons as detailed in petition alongwith the documentary evidences

31. The Petitioner has submitted that the actual testing and commissioning in respect of Asset-I started on 1.6.2011 and was completed on 1.12.2017. The project award was done on 1.8.2013. Therefore, the Testing and Commissioning activity could not have started on 1.6.2011. Similarly, the testing and Commissioning could not have been completed on 1.12.2017 since the construction works got completed on 20.10.2018. Thus, there seems to be error in the submission of the Petitioner with regard to date of actual start and completion of the Testing and Commissioning activity in respect of Asset-I. Accordingly, the Petitioner is directed to furnish these details at the time of truing up exercise.

32. We are proceeding with the analysis of time over-run on the basis of the reasons and justification along with the supportive documents submitted by the Petitioner. The Petitioner has been entrusted with the implementation of "Common Transmission System Associated with East Coast & NCC Power Projects in Srikakulam Area - Part-B". The scope in the instant petition included implementation of 2 nos. 765 kV D/C transmission lines together with associated substation bays and switchable line reactors. The total completion schedule of 33 months was divided into three major time periods. The scheduled time period provided 7 months (from March, 2013 to September, 2013) for Initial activities like award of work, mobilization of contractor, detailed survey, finalization and approval of final route alignment, submission of forest and other statutory clearance proposals, manufacturing/ fabrication of supplies at supplier's end etc. Thereafter, 24 months (including supplies) between October, 2013 to October, 2015 has been stipulated for supply of substation equipment and transmission line materials and civil works of



foundation, tower erection, stringing and other miscellaneous works and finally 2 months (October, 2015 to December, 2015) were provided for the testing and commissioning activity.

33. We have perused the material placed on record, sequence of events and submissions made by the petitioner. Based on the above, the time over-run occurred due to various factors such as survey, forest and wildlife clearance, right of way issues etc. Accordingly, the project completion schedule envisaged vis-à-vis hindrance caused due to Forest clearance, ROW etc. and actual time consumed in critical activities and their impact on the overall time over-run has been analysed and the same is as follows:-

Asset I

S.N.	Activity	Start	Finish	Time period	Effective Delay/ Impact on SCOD	Remarks
1	Project schedule (IA to SCOD)	28.3.13	27.12.15	1004 days	--	
2	Time period scheduled for Construction and Testing & Commissioning	28.11.13	27.12.15	759 days	--	
3	Forest Clearance	8.5.13	20.9.17	1596 days	NIL	Forest Clearance took 1596 days from 8.5.2013 to 20.9.2017. However, the delay due to forest clearance has been subsumed in ROW which existed upto 20.10.2018
4	ROW beyond SCOD	27.12.15	20.10.18	1028 days	1028 days	The hindrance due to ROW continued beyond SCOD by 1028 Days
5	ROW	18.11.14	20.10.18	1432 days	1028 days	The ROW has caused hindrance between 18.11.2014 to 20.10.2018 of about 1432 days which is beyond the control of the petitioner
6	Balance Construction and Testing & commissioning	20.10.18	1.12.18	42 days	42 days	The petitioner took 42 days to complete the balance work and Testing & Commissioning after ROW was resolved
7	Overall Time over-run (SCOD to COD)	27.12.15	1.12.18	1070 days	1070 days (S.N. 5+6)	The summation of hindrance due to ROW beyond SCOD and balance construction works including testing & commissioning activity comes to 1070 days which is beyond the control of the petitioner

34. It is observed from the above Table, that the critical activity which has impacted the scheduled commissioning of the Asset-I is hindrance due to forest clearance and ROW. The forest clearance was obtained on 20.9.2017. Therefore,



the delay due to forest clearance is subsumed in the ROW which existed upto 20.10.2018. The ROW has caused hindrance between 18.11.2014 to 20.10.2018 of about 1432 days which was beyond the control of Petitioner. The impact of ROW on the SCOD is 1028 days. Once the ROW was resolved on 20.10.2018, the Petitioner completed the balance work including Testing & Commissioning on 1.12.2018, within a time period of 42 days. Accordingly, the entire time over-run of 1070 days (35 months 4 days) was beyond the control of the petitioner and the same is condoned.

Asset II

S.N.	Activity	Start	Finish	Time period	Effective Delay/ Impact on SCOD	Remarks
1	Project schedule (IA to SCOD)	28.3.13	27.12.15	1004 days	--	
2	Time period scheduled for Construction and Testing & Commissioning	28.11.13	27.12.15	759 days	--	
3	Forest Clearance	16.8.13	24.1.18	1622 days	NIL	Forest Clearance took 1622 days from 16.8.2013 to 24.1.2018. However, the delay due to forest clearance has been subsumed in ROW which existed upto 2.5.2018
4	ROW	20.5.15	2.5.18	1078 days	857 days	The ROW has caused hindrance between 20.5.15 to 2.5.2018 of about 1078 days which is beyond the control of the petitioner
5	ROW beyond SCOD	27.12.15	2.5.18	857 days	857 days	The hindrance due to ROW continued beyond SCOD by 857 Days
6	Balance Construction and Testing & commissioning	2.5.18	3.11.18	185 days	185 days	The petitioner took 185 days to complete the balance work and Testing & Commissioning after ROW was resolved
7	Overall Time over-run (SCOD to COD)	27.12.15	3.11.18	1042 days	1042 days (S.N. 5+6)	The summation of hindrance due to ROW beyond SCOD and balance construction works including testing & commissioning activity comes to 1042 days which is beyond the control of the petitioner

35. Similarly, it is observed from the above Table, that the critical activity which has impacted the scheduled commissioning of the Asset-II is hindrance due to forest clearance and ROW. The forest clearance was obtained on 24.1.2018. Therefore, the delay due to forest clearance is subsumed in the ROW which existed upto 2.5.2018. The ROW has caused hindrance between 20.5.2015 to 2.5.2018 of about 1078 days which was beyond the control of Petitioner. The impact of ROW on the



SCOD is 857 days. Once the ROW was resolved on 2.5.2018, the Petitioner completed the balance work including Testing & Commissioning on 3.11.2018, within a time period of 185 days. Accordingly, the entire time over-run of 1042 days (34 months 7 days) was beyond the control of the petitioner and the same is condoned.

Interest During Construction (IDC)

36. The Petitioner has claimed Interest During Construction (IDC) for the instant assets and has submitted the Auditor Certificate in support of the same. The Petitioner has submitted computation of IDC alongwith the year-wise details of the IDC discharged which is summarized as under:

(₹ in lakh)				
Asset	IDC as per Auditor Certificate	IDC discharged upto COD	IDC discharged in 2018-19	IDC discharged in 2019-20
Asset I	29417.74	26066.00	1428.01	1923.73
Asset II	12544.51	11234.26	635.20	675.06

37. On scrutiny of the statement showing "Payment of Interest on Term Loan" corresponding to SBI loans, as submitted by the Petitioner, it is observed that the SBI bank certificate up to 24.1.2014 mentioned the loan type as "Term Loan and Working Capital Loan" however, the same loans have been shown as "Short Term Loan Working Capital Loan or Loan Working Capital Loan". Thus, there is lack of consistency and clarity in the Bank certificates. Further, the certificate issued by the SBI after 24.1.2014 mentioned interest on account of short term working capital loan. Hence, the Petitioner is directed to submit a clarification from SBI at the time of true up. However, IDC claimed by the Petitioner has been considered for the purpose of tariff subject to true up.

38. From the Bank loans documents submitted by the Petitioner, it is not clear as to how much of that loan relates to the instant assets covered in the petition. Hence, the Petitioner is directed to furnish the details of SBI loan which relates to the instant assets, at the time of true up.

39. The Petitioner has also availed loans carrying floating rate of interest (like HDFC and ICICI) but it has submitted details of changes in rate of interest from 1.7.2018 to 1.8.2018 in respect of HDFC loan and 1.6.2018 to 30.6.2018 and



1.9.2018 to 30.9.2018 in respect of ICICI loan. The Petitioner is directed to submit the details of change in rate of interest during the period for which IDC is claimed along with supporting documents at the time of true up. However, IDC claimed by the Petitioner has been considered for the purpose of tariff, subject to verification of documents to be submitted at the time of true up.

40. In view of above, the admissible IDC, as on COD, is ₹28247.35 lakh and ₹12535.09 lakh on accrual basis and ₹24907.29 lakh and ₹11229.05 lakh on cash basis has been considered for the purpose of tariff in respect of Asset-I and Asset-II respectively. However, this shall be reviewed based on documents submitted at the time of true up.

41. Accordingly, the IDC claimed and considered as on COD and summary of discharge of IDC liability upto COD and thereafter, for the purpose of tariff determination, subject to revision at the time of true up is as below:

(₹ in lakh)

Asset	IDC claimed as per Auditor's Certificate	IDC allowed	IDC allowed as on COD on cash basis	Undischarged IDC as on COD disallowed	Year-wise IDC discharged
					2018-19
Asset I	29417.74	28247.35	24907.29	3340.06	1428.01
Asset II	12544.51	12535.09	11229.05	1306.04	635.19

Incidental Expenditure During Construction (IEDC)

42. The Petitioner has claimed IEDC of the Assets covered in the petition as per the tabulation given below. The Petitioner has claimed IEDC as on COD, which is within the percentage of hard cost as indicated in the abstract cost estimate. Further, the Petitioner submitted that entire IEDC claimed in Auditor Certificates is on cash basis and is paid up to COD of the assets. Hence, the entire amount of IEDC has been allowed. Accordingly, the IEDC details considered for the purpose of tariff calculation are as follows:-

(₹ in lakh)

Assets	IEDC claimed as per Auditor Certificate	IEDC considered as on COD	IEDC discharged Up to COD
Asset-I	5679.29	5679.29	5679.29
Asset-II	2035.57	2035.57	2035.57



Initial Spares

43. This has been dealt in line with Regulation 13 of the 2014 Tariff Regulations. The details of initial spares claimed by the Petitioner is as follows:-

(₹ in lakh)

Asset	Plant and Machinery Cost excluding IDC, IEDC and Land Exp.		Initial spares claimed		Ceiling limit as per Regulations (%)	
	Transmission Line (TL)	Sub-Station (S/S)	TL	S/S	TL	S/S
Asset-I	159605.87	15891.54	1592.60	518.83	1.00%	6.00%
Asset-II	75337.34	3216.61	609.49	118.62	1.00%	6.00%

44. The Respondent, MPPCL has submitted that, the petitioner has requested to allow the initial spares as demanded in the petition on the basis that the expenditure met for spares are within the limits prescribed in the Regulations. However, considering the above submissions, the capital cost shall surely change and hence the Commission is requested to make a prudence check while allowing the initial spares.

45. In response to MPPMCL submissions, the petitioner has submitted that, the claimed initial spares for the subject assets covered under instant petition are within the ceiling limit as the TL (1.00%) and S/S is Brown field S/S (6% limit), as per Regulation 13 chapter 4 of the CERC regulation 2014.

46. We have considered the submissions made by the Petitioner and the Respondents. The initial spares allowed for the purpose of tariff calculation after considering the Plant and Machinery cost excluding IDC, IEDC and Land expenses only up to 31.3.2019, which shall be subject to true-up are as under:-

(₹ in lakh)

Asset	Plant and Machinery Cost excluding IDC, IEDC and Land Exp. (up to 31.3.2019)		Initial spares claimed		Initial spares allowed		Excess Initial spares disallowed	
	T/L	S/S	T/L	S/S	T/L	S/S	T/L	S/S
Asset-I	154897.52	15422.74	1592.60	518.83	1548.53	518.83	44.07	--
Asset-II	71858.31	3068.07	609.49	118.62	609.49	118.62	--	--

Capital cost as on COD

47. Accordingly, the capital cost allowed as on COD under Regulation 9(2) of the 2014 Tariff Regulations is summarized as under:-



(₹ in lakh)					
Assets	Capital cost as per Auditor Certificate as on COD	Less: IDC Disallowed	Less: Un-discharged IDC as on COD.	Less: Excess Initial spares as on COD	Capital cost considered as on COD
Asset-I	198075.75	1170.39	3340.06	44.07	193521.24
Asset-II	84056.82	9.42	1306.04	--	82741.35

Additional Capital Expenditure (ACE)

48. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cutoff date for instant assets is 31.3.2021. The Petitioner has claimed the following ACE on estimation basis in respect of the instant assets and submitted the Auditor's Certificates in support of the same:-

(₹ in lakh)				
Asset	Estimated Expenditure in the FY			Total Estimated ACE claimed by Petitioner
	2018-19	2019-20	2020-21	
Asset-I	7341.54	5000.00	5000.00	17341.54
Asset-II	5477.29	2858.55	765.44	9101.28

49. The Respondent, MPPCL has submitted that, the petitioner has claimed under Regulation-14 (1) of the Tariff regulation with the reasoning of the Balance/Retention payment only, without providing proper details and justification. The claims of the petitioner may only be allowed in true-up when it comes actual.

50. In response, Petitioner vide rejoinder dated 24.5.2019 has submitted, that the ACE claimed in the assets covered under instant petition is within cut-off date and same has been claimed under Regulation 14(1)(i) against balance and retention payments as mentioned in Form-7 of respective Assets.

51. We have considered the submission made by the Petitioner and Respondents. The admissibility of ACE incurred after COD is to be dealt in accordance with provision of Regulation 14(1) and (2) of the 2014 Tariff Regulations. The ACE incurred and projected to be incurred for the transmission asset claimed by the Petitioner is within the cut-off date, it is within the approved cost (RCE) and it is on account of balance and retention payment and hence additional capitalization claimed by the Petitioner for period 2018-19 is allowed under Regulation 14(1) of the 2014 Tariff Regulations. However, the additional capitalization for period 2019-20 and 2020-21 is not being considered for the



purpose of tariff and the same shall be dealt during next tariff period as per the extant tariff Regulations and corresponding claim by the Petitioner.

52. The un-discharged IDC as on COD has been allowed as ACE during the year of its discharge. Accordingly, the ACE allowed has been summarized as under, which shall be reviewed at the time of true up:-

(₹ in lakh)

Particulars	Asset-I	Asset-II
	2018-19	2018-19
ACE to the extent of Balance & Retention Payments and work deferred for execution	7341.54	5477.29
Add: IDC Discharged	1428.01	635.19
Total Add Cap allowed	8769.55	6112.48

Capital cost for the tariff period 2014-19

53. Accordingly, the capital cost considered for the tariff period 2014-19, subject to truing up, is as follows:-

(₹ in lakh)

Asset	Capital Cost allowed as on COD	Add Cap for 2018-19	Total Estimated Completion Cost up to 31.3.2019
Asset-I	193521.24	8769.55	202290.79
Asset-II	82741.35	6112.48	88853.83

Debt-Equity Ratio

54. Debt-Equity Ratio is considered as per Regulation 19 of the 2014 tariff Regulations. The Petitioner has claimed Debt-Equity ratio of 70:30 for both Asset-I and Asset-II as on the date of commercial operation. The amount of loan claimed by the Petitioner for calculation of Debt-Equity ratio in Form-6 and for calculation of IDC in "Statement showing IDC discharged up to DOCO" do not match with each other. We have considered the loan used for IDC calculation for working out Debt Equity ratio for both Asset-I and Asset-II. Hence, the Debt-Equity ratio as on COD works out to 71.20:28.80 in respect of Asset-I and 71.11:28.89 in respect of Asset-II, the same is allowed. For the purpose of ACE, Debt-Equity ratio of 70:30 has been considered for both Asset-I and II. These computations of Debt-Equity ratio are subject to truing up. The details of Debt and Equity considered are as under:-

(₹ in lakh)

Asset-I				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	137796.59	71.20	143935.28	71.15
Equity	55724.65	28.80	58355.52	28.85
Total	193521.24	100.00	202290.79	100.00

Asset-II				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	58836.08	71.11	63114.81	71.03
Equity	23905.27	28.89	25739.02	28.97
Total	82741.35	100.00	88853.83	100.00

Return on Equity (ROE)

55. The Petitioner has submitted that ROE has been calculated at the rate of 19.61% after grossing up the ROE with MAT rate of 20.961%. The Petitioner has further submitted that the grossed up ROE is subject to truing up based on the effective tax rate of respective financial year applicable to the Petitioner Company.

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

57. Accordingly, the ROE allowed is as follows:-

(₹ in lakh)

Particulars	Asset-I	Asset-II
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Opening Equity	55724.65	23905.27
Addition due to Additional Capitalization	2630.87	1833.74
Closing Equity	58355.52	25739.02
Average Equity	57040.08	24822.15



Particulars	Asset-I	Asset-II
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Return on Equity (Base Rate)	15.500%	15.500%
MAT rate for the Financial year 2013-14	20.961%	20.961%
Rate of Return on Equity (Pre-tax)	19.610%	19.610%
Return on Equity (Pre-tax)	3708.09	1987.06

Interest on Loan (IOL)

58. The IOL has been calculated as per the provisions of Regulation 26 of the 2014 Tariff Regulations as detailed below:-

- a) 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.
- b) The depreciation of every year has been considered as Normative repayment of loan of concerned year;
- c) The weighted average rate of interest on actual loan portfolio has been worked out by considering the Gross amount of loan, repayment & rate of interest as mentioned in the petition, which has been applied on the normative average loan during the year to arrive at the interest on loan.

59. The gross opening loan as on COD as stated at Form-9C is at variance with the amount of loan used for computing the IDC as shown at "Statement showing IDC Discharged up to DOCO". As also, the Petitioner has not furnished the applicable rate of interest for loans carrying floating rates. Further, the Petitioner has included working capital loans for computing weighted average rate of interest. Accordingly, for the present the weighted average rate of interest as claimed by the Petitioner has been considered for the purpose of tariff, which shall be subject to true up. The Petitioner is directed to furnish clarification with documentary evidence that the SBI loans deployed in project were not raised for working capital purpose.

60. 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 date of commercial operation. Any change in rate of interest subsequent to the date of commercial operation will be considered at the time of truing-up.



61. The details of IOL calculated are as follows:-

Particulars	(₹ in lakh)	
	Asset-I	Asset-II
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Gross Normative Loan	137796.59	58836.08
Cumulative Repayment upto previous Year	0.00	0.00
Net Loan-Opening	137796.59	58836.08
Addition due to Additional Capitalization	6138.69	4278.74
Repayment during the year	3435.20	1850.34
Net Loan-Closing	140500.08	61264.48
Average Loan	139148.33	60050.28
Weighted Average Rate of Interest on Loan	8.097%	7.919%
Interest on Loan	3734.95	1941.30

Depreciation

62. Depreciation has been dealt with in line of Regulation 27 of 2014 Tariff Regulations. The instant assets were put under commercial operation during 2018-19. 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. Details of the depreciation allowed are as under:-

Particulars	(₹ in lakh)	
	Asset-I	Asset-II
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Opening Gross Block	193521.24	82741.35
Additional Capital expenditure	8769.55	6112.48
Closing Gross Block	202290.79	88853.83
Average Gross Block	197906.01	85797.59
Rate of Depreciation	5.236%	5.283%
Depreciable Value	178115.41	77217.83
Remaining Depreciable Value	178115.41	77217.83
Depreciation	3435.20	1850.34

Operation and Maintenance Expenses (O&M Expenses)

63. The Petitioner has claimed the following O&M expenses for the assets covered in the instant petition:-

(₹ in lakh)	
Asset	2018-19
Asset-I	311.28
Asset-II	153.82

64. The Petitioner has submitted that norms for O&M Expenses for the tariff period 2014-19 have been arrived on the basis of normalized actual O&M Expenses



during the period 2008-13. The Petitioner has further submitted that the wage revision of the employees of the Petitioner is due during the 2014-19 tariff period and actual impact of wage hike, which will be effective at a future date, has not been factored in fixation of the normative O&M rate 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, if any.

65. The Respondents, BSP(H)CL & MPPCL, have submitted that, the increase in the employee cost, if any, due to wage revision must be taken care by improvement in their productivity levels by the petitioner company so that the beneficiaries are not unduly burdened over and above the provisions made in the Tariff Regulations, 2014.

66. In response to MPPCL and BSP(H)CL submissions with regard to wage revision of employee, petitioner has submitted that, the wage revision of the employees of the petitioner company w.e.f. 1.1.2017 and actual impact of wage hike which will be effective from 1.1.2017 has also not been factored in fixation.

67. Norms for O&M expenditure for Transmission System have been specified under section 29 (4) of Tariff Regulation are as follows:-

Element	2018-19
Transmission Line: Double Circuit (Bundled conductor with four or more sub-conductors) (₹ in lakh per km)	1.210
Sub-Station: 765 kV bay (₹ in lakh per bay)	96.20

68. We have considered the submissions made by the Petitioner and Respondents. The O&M Expenses have been worked out as per the norms of O&M Expenses specified in the 2014 Tariff Regulations. Accordingly, the allowed O&M Expenses for the year 2018-19 is given below:-

Details	(₹ in lakh)
	2018-19 (Pro-rata)
Asset-I	
294.75 km Angul-Jharsuguda line Double Circuit (Bundled conductor with four or more sub-conductors)	118.23
6 Nos 765 kV Bay	191.34



Details	2018-19 (Pro-rata)
Total	309.57
Asset-II	
150.22 km Jharsuguda-Dharamjaygarh line Double Circuit (Bundled conductor with four or more sub-conductors)	74.20
2 Nos 765 kV Bays	78.54
Total	152.74

Interest on Working Capital (IWC)

69. As per the 2014 Tariff Regulations the components of the working capital and the interest thereon are discussed hereinafter:-

a) Maintenance spares:

Maintenance spares @ 15% Operation and maintenance expenses specified in Regulation 28.

b) O & M expenses:

Operation and maintenance expenses have been considered for one month of the O&M expenses.

c) Receivables:

The receivables have been worked out on the basis of 2 months' of annual fixed cost as worked out above.

d) Rate of interest on working capital:

As per Clause 28 (3) of the 2014 Tariff Regulations, SBI Base Rate (8.70%) as on 01.04.2018 Plus 350 Bps i.e. 12.20% have been considered as the rate of interest on working capital for the Assets.

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

Particulars	(₹ in lakh)	
	Asset-I 2018-19 (Pro-rata)	Asset-II 2018-19 (Pro-rata)
Maintenance Spares	46.44	22.91
O&M expenses	25.80	12.73
Receivables	1904.84	1009.83
Total	1977.07	1045.47
Rate of Interest	12.20%	12.20%
Interest on working Capital	241.20	127.55



Annual Transmission charges

71. Accordingly, the annual transmission charges being allowed for the instant assets are as under:-

(₹ in lakh)

Particulars	Asset-I	Asset-II
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Depreciation	3435.20	1850.34
Interest on Loan	3734.95	1941.30
Return on Equity	3708.09	1987.06
Interest on Working Capital	241.20	127.55
O&M Expenses	309.58	152.74
Total	11429.02	6058.99

Filing fee and the publication expenses

72. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 52 of the 2014 Tariff Regulations. The Petitioner shall be entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly from the beneficiaries on pro-rata basis in accordance with clause (1) of Regulation 52 of the 2014 Tariff Regulations.

License fee and RLDC Fees and Charges

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

Goods and Services Tax

74. 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 Charges

75. Respondent, M/s BSP(H)CL affidavit dated 18.4.2019 has submitted that the petitioner has not furnished the Transmission Service Agreement (TSA) and as per Regulation 3(63) of the 2014 Tariff Regulations, the petitioner is required to submit the TSA.

76. The Commission has already dealt with the issue of TSA at Para 17 & 18 of its order dated 19.9.2018 in Petition No.206/TT/2017, wherein it has been held that the petitioner has entered into a TSA and has complied with the requirement of TSA under the provisions of 2010 Sharing Regulations. The relevant portion of Para 18 of the order dated 19.9.2018 is produced below:-

“18.....

The petitioner has submitted that the DICs are intimated about the COD of the new ISTS and are included in the Scheduled II of the TSA. The petitioner has submitted that the TSA is posted on the petitioner's website and has also submitted a copy of the same. It is observed that the petitioner has entered into a TSA as required under the provisions of 2010 Sharing Regulations and has complied with the requirement of the TSA by including the new ISTS in Schedule-II of the TSA.”

77. We have considered the submissions of the Petitioner and Respondent. Transmission charges for all the assets allowed in this order shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations. 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.

78. This order disposes of Petition No.360/TT/2018.

Sd/-
(I. S. Jha)
Member

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

Sd/-
(P. K. Pujari)
Chairperson

