

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No.61/TT/2018

Coram :

Shri P.K. Pujari, Chairperson

Dr. M. K. Iyer, Member

Shri I.S. Jha, Member

Date of Order: 7th January, 2020

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 anticipated COD to 31.03.2019 for **Asset:** 2 nos. 400 kV Malerkotla Bays at 400/220 kV GIS Substation at Kurukshehra under "Provision of 400 kV bays for lines under Northern Region System Strengthening Scheme-XXXI(Part-B)" in Northern Region.

And in the matter of:

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

.....**Petitioner**

Versus

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.
Vidyut Bhawan, Vidyut Marg,
Jaipur-302005
2. Ajmer Vidyut Vitran Nigam Ltd.
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar, Jaipur-302017
3. Jaipur Vidyut Vitran Nigam Ltd.
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar, Jaipur-302017
4. Jodhpur Vidyut Vitran Nigam Ltd.
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar, Jaipur-302017
5. Himachal Pradesh State Electricity Board
Vidyut Bhawan, Kumar House Complex Building II
Shimla-171 004



6. Punjab State Power Corporation Ltd.
Thermal Shed TIA, Near 22 Phatak,
Patiala - 147 001
7. Haryana Power Purchase Centre
2nd Floor, Shakti Bhawan, Sector-6
Panchkula-134 109
8. Power Development Deptt., J&K
Janipura Grid Station,
Jammu (Tawi)-180 007
9. Uttar Pradesh Power Corporation Ltd.
10th Floor, Shakti Bhawan Extn,
14, Ashok Marg, Lucknow - 226 001
10. Delhi Transco Ltd.
Shakti Sadan, Kotla Road (Near ITO),
New Delhi-110 002
11. BSES Yamuna Power Ltd. (BYPL),
Shakti Kiran Building, Karkardooma,
Delhi-110 092.
12. BSES Rajdhani Power Ltd. (BRPL) ,
BSES Bhawan, Nehru Place,
New Delhi
13. Tata Power Delhi Distribution Limited (TPDDL),
33 kV Substation Bldg., Hudson Lane, Kingsway Camp
Delhi – 110009
14. Chandigarh Administration
Sector-9, Chandigarh.
15. Uttarakhand Power Corporation Ltd.
Urja Bhawan, Kanwali Road, Dehradun.
16. North Central Railway
Allahabad.
17. New Delhi Municipal Council
Palika Kendra, Sansad Marg,
New Delhi-110002
18. NRSS XXXI (B) Transmission Limited (NTL)
A-26/3, Mohan Cooperative Estate, Saidabad,
New Delhi-110044

...Respondents



Parties present:

For Petitioner: Shri S. S.Raju, PGCIL
Shri A.K.Verma, PGCIL
Shri Ved Prakash Rastogi, PGCIL
Shri B.Dash, PGCIL

For Respondent: Shri M.G. Ramachandran, Senior Advocate, NRSS
Ms. Petal Chandok, NRSS
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”) for determination of tariff for **Asset:** 2 nos. 400 kV Malerkotla Bays at 400/220 kV GIS Substation at Kurukshetra under “Provision of 400 kV bays for lines under Northern Region System Strengthening Scheme-XXXI (Part-B)” in Northern Region for 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”).

2. The Petitioner has made the following prayers:

- i. Approve the Transmission Tariff for the tariff block 2014-19 for the assets covered under this Petition.*
- ii. Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred/ projected to be incurred.*
- iii. Allow tariff up to 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for purpose of inclusion in the POC charges.*
- 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 of 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 of 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 approach Hon'ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19.*
- ix. 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.*
- x. Allow the petitioner to recover FERV on the foreign loan deployed as provided under clause 50 of the Tariff Regulation, 2014.*

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 assets under "Provision of 400 kV bays for lines under Northern Region System Strengthening Scheme-XXXI (Part-B)" in Northern Region was accorded by the Board of Directors of the Petitioner in 315th meeting held on 28.5.2015 for ₹11818 lakh including IDC of ₹468 lakh based on February, 2015 price level (communicated vide Memorandum No. C/CP/NRSS-31 (Part B) dated 2.6.2015).

4. The scope of the scheme was discussed and agreed upon in 31st Standing Committee Meeting (SCM) of Northern Region (NR) held on 2.1.2013 and 28th meeting of NRPC held on 26.4.2013.



5. The scope of work covered under the project “Provision of 400 kV bays for lines under Northern Region System Strengthening Scheme-XXXI (Part-B)” in Northern Region is as follows:-

Substation

- (i) Kurukshetra (PGCIL) HVDC substation (GIS) Extension
400 kV Line Bays: 2 nos.
- (ii) Malerkotla (PGCIL) 400/220 kV substation (GIS) Extension
400 kV Line Bays: 4 nos.
- (iii) Amritsar (PGCIL) 400/220 kV substation Extension
400 kV Line Bays: 2 nos.

6. Details of the assets covered in the project scope under various petitions is summarized below:-

S.N.	Asset	Petition no
1	2No. Line bays at Amritsar 400/220kV Substation	60/TT/2017
2	4 No. 400kV Line bays at Malerkotla GIS 400/220kV Substation	
3	2 nos. 400 kV Malerkotla Bays at 400/220 kV GIS Substation at Kurukshetra	Covered under instant petition

7. The Commission Vide Order dated 7.5.2018 allowed the interim Annual Transmission Charges under the proviso (i) to Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the POC charges in respect of all the assets claimed in the petition.

8. The details of the annual transmission charges claimed by the Petitioner are as under:-

(₹ in lakh)

Particulars	Asset		
	2016-17 (Pro-rata)	2017-18	2018-19
Depreciation	6.22	30.11	44.42
Interest on Loan	2.65	11.60	15.64
Return on Equity	2.27	19.92	36.50
Interest on Working Capital	2.16	7.29	8.25
O&M Expenses	36.68	113.68	117.46
Total	49.98	182.60	222.27



9. The details of the interest on working capital (IWC) claimed by the Petitioner are as under:-

Particulars	Asset (₹ in lakh)		
	2016-17 (Pro-rata)	2017-18	2018-19
Maintenance Spares	16.51	17.05	17.52
O&M expenses	9.17	9.47	9.79
Receivables	24.99	30.43	37.05
Total	50.68	56.95	64.46
Rate of Interest	12.80%	12.80%	12.80%
Interest on Working Capital	2.15	7.29	8.25

10. The Petitioner has served the copy of the petition upon the respondents and notice of this tariff 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 UPPCL (Respondent no 9), BRPL (Respondent no 12) and NTL (Respondent no 18) vide their affidavits dated 25.4.2018, 23.3.2018 and 1.6.2018 & 3.5.2019, respectively and the Petitioner vide its affidavits dated 14.6.2018, 16.4.2018 & 14.6.2018 filed its rejoinder to the reply of UPPCL, BRPL and NTL, respectively, in the matter.

11. The Petition was heard on 12.9.2019 and the Commission reserved the order in the Petition.

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

13. This order has been issued after considering the main petition dated 22.1.2018 and Petitioner's affidavits dated 16.4.2018, 16.5.2018, 14.6.2018 (2 nos.), 11.9.2018 (2 nos.), 26.10.2018 and reply dated 25.4.2018, 23.3.2018 and 1.6.2018 & 3.5.2019 of the Respondents, UPPCL, BRPL and NTL, respectively.

Analysis and Decision



Date of Commercial Operation (COD)

14. The Petitioner has claimed proposed COD of 1.12.2016 in respect of the instant asset under proviso (ii) of Regulation 4(3) of 2014 Tariff Regulations and has submitted that the instant asset i.e. 2 nos. 400 kV Malerkotla Bays at 400/220 kV GIS Substation at Kurukshetra were ready but were not put into use because of the non-commissioning of the associated transmission line (400kV D/C Kurukshetra-Malerkotla TBCB transmission line) under the scope of NRSS XXXI (B) Transmission Limited (NTL). In support of the actual COD of the instant assets, the Petitioner has submitted CEA energisation certificate dated 4.11.2016 under Regulation 43 of CEA (Measures Related to Safety & Electricity Supply) Regulations, 2010 and RLDC certificate (idle charging certificate) dated 2.12.2016.

15. The Respondent, BRPL vide affidavit dated 23.3.2018 has submitted that, the Tribunal recently in its joint judgment dated 18.1.2018 in Appeal Nos. 198 of 2015 and 6 of 2016 has dismissed the Appeals of the Petitioner upholding the views of the Commission. Regulation 4(3) of the Tariff Regulations, 2014 which is similar to the one in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, cannot be applicable in a situation where one element of the transmission line is ready and other not complete. The Petitioner is well aware of this, otherwise he would have filed a separate application on this issue. Thus, the claim of the Petitioner is liable to be rejected by the Commission and the asset in question will be considered complete only when the line is ready.

16. In response, the Petitioner vide affidavit dated 16.4.2018 has submitted that, the date of commercial operation for the instant asset is requested as 1.12.2016 under Proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations and same may be allowed.

17. Regulation 4(3) of the 2014 Tariff Regulations, provides as under:-

"(3) date of commercial operation in relation to a transmission system shall mean the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from sending end



to receiving end:

Provided that:

i) Where the transmission line or substation is dedicated for evacuation of power from a particular generating station, the generating company and transmission licensee shall endeavor to commission the generating station and the transmission system simultaneously as far as practicable and shall ensure the same through appropriate Implementation Agreement in accordance with Regulation 12(2) of these Regulations.

ii) In case a transmission system or an element thereof is prevented from regular service for reasons not attributable to the transmission licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system, the transmission licensee shall approach the Commission through an appropriate application for approval of the date of commercial operation of such transmission system or an element thereof.”

18. Regulation 6.3A (4)(iv) of Indian Electricity Grid Code Regulations, 2016 is as follows:-

“6.3A Commercial operation of Central generating stations and inter-State Generating Stations 4. Date of commercial operation in relation to an inter-State Transmission System or an element thereof shall mean the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from the sending end to the receiving end:

(iv) In case a transmission system or an element thereof is prevented from regular service on or before the Scheduled COD for reasons not attributable to the transmission licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system of other transmission licensee, the transmission licensee shall approach the Commission through an appropriate application for approval of the date of commercial operation of such transmission system or an element thereof.”

19. We have considered the submissions of the Petitioner and Respondents. The Petitioner has claimed COD of the instant asset as 1.12.2016 under Proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations due to non-commissioning of the



associated transmission line (400kV D/C Kurukshetra-Malerkotla TBCB transmission line) under the scope of NRSS XXXI (B) Transmission Limited (NTL). In support of COD, the Petitioner has submitted CEA certificate dated 4.11.2016, RLDC Certificate (idle charging certificate) dated 2.12.2016 in accordance with Regulation 5 of CERC (Terms & Conditions of Tariff), Regulations, 2014, self-declaration COD letter dated 14.12.2016 & 28.12.2017 and CMD Certificate required under Grid Code. Thus, in our opinion, when all the conditions for commercial operation are being met, the Petitioner cannot be denied the leverage of declaration of COD of instant asset. Accordingly, taking into consideration, CEA Energisation Certificate, RLDC Certificate (idle charging certificate) and CMD Certificate as required under Grid Code, the COD of the instant asset is approved as 1.12.2016 under Proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations.

Capital Cost

20. 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;*
- (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.”*

21. The Petitioner has submitted Audited Cost Certificate dated 12.1.2018 for the instant asset. The capital cost incurred as on COD and additional capitalization projected to be incurred, as follows:-



(₹ in lakh)

Apportioned Approved Cost (FR)	Cost up to COD	Projected Expenditure for FY			Estimated Completion Cost
		2016-17	2017-18	2018-19	
1921.01	283.82	152.35	292.42	271.44	1000.03

Cost Over-run

22. The Petitioner has submitted that against the apportioned approved cost (FR) of ₹1921.01 lakh, the estimated completion cost is ₹1000.03 lakh, so the estimated capital cost is within the apportioned approved cost. Therefore, there is no cost over-run in the instant asset.

23. We have considered the submissions of the Petitioner. The estimated completion cost of the instant asset is within the apportioned approved cost as per FR. Accordingly, the capital cost claimed by the Petitioner as on COD and additional capitalization upto 31.3.2019 has been considered for tariff calculation, subject to scrutiny of IDC/ IEDC and Initial spares, hereinafter.

Time over-run

24. As per the Investment Approval (IA), the transmission scheme was scheduled to be commissioned within 16 months from the date of investment approval i.e. 28.5.2015. Accordingly, the Commissioning Schedule comes to 28.9.2016. The Petitioner has submitted the details of COD claimed and delay occurred in commissioning of the instant asset as per following:-

Scheduled COD	Actual COD (claimed)	Delay
28.9.2016	1.12.2016	64 days

25. The Petitioner has submitted that delay is mainly due to delay in commissioning of associated 400kV D/C Kurukshetra-Malerkotla TBCB T/L being implemented by M/s Essel Group under the scope of NRSS-XXXI (B) transmission limited (NTL). The Petitioner has made submissions that NTL vide letter dated 1.10.2016 intimated that 400kV D/C Kurukshetra-Malerkotla TBCB T/L will be ready for charging on 30.11.2016. Accordingly, the Petitioner planned the execution of bays and postponed various activities in order to match with the TBCB line and obtained the CEA energization



certificate on 4.11.2016 before the schedule provided by NTL in order to charge the bays matching with the TBCB line. NTL further delayed the commissioning of the TBCB line. Since Petitioner had already awarded the contract and work was in advance stage, hence it was not possible to stretch the timeline beyond a certain limit, due to contractual implications regarding additional claims on idle charges by the contractor etc, due to which the asset, 2 nos. 400 kV Malerkotla Bays at 400/220 kV GIS Substation at Kurukshetra was deliberately delayed and then looking into contractual obligation had to be commissioned w.e.f 1.12.2016.

26. BRPL, vide affidavit dated 23.3.2018 has made following submissions:-

a) The Petitioner has referred to the two month time overrun in the completion of the asset in question and the reason cited for the delay is to match with the time line provided by NTL. Yet the Petitioner did not wait for charging of the 400 kV D/C Malerkotla-Kurukshetra TBCB T/L, the first circuit of which was charged on 15.1.2017 and the 2nd on 18.1.2018. The mere fact that the Petitioner did not wait for charging of 400 kV D/C Malerkotla-Kurukshetra TBCB T/L, the entire delay of 2 months is on his account. Further, the Petitioner has also failed in its statutory function under Section 38(2) of the Electricity Act, 2003 in its capacity as Central transmission Utility (CTU) in relation to the function of planning and co-ordination in all respects including construction of the 400 kV D/C Malerkotla-Kurukshetra TBCB T/L and thus on both accounts it is the Petitioner who is responsible for delay and thus cannot be allowed any IDC and IEDC during the Time Overrun.

b) The Petitioner has not submitted the following supporting documents as per Tariff Filing Forms (Transmission & Communication System)–for determination of Tariff; (a) Detailed Project Report, (b) CPM Analysis, (c) PERT Chart and Bar Chart.

c) The Petitioner has only submitted the PERT chart in respect of the scheduled completion and not for actual completion that too for five activities. The Petitioner is



required to submit the scheduled completion PERT superimposing the actual completion PERT properly indicating the Critical path on both the Scheduled and actual PERT clearly identifying the activity on which the delay has occurred. To determine the time overrun against an activity the PERT charts along with CPM analysis is absolutely necessary. The Petitioner had identified above four activities for time overrun but whether only these four activities are responsible for time overrun can be determined only with the help of PERT Chart. No such consolidated PERT chart along with critical path has been filed by the Petitioner for which the petitioner is solely responsible.

d) The reasons explained above clearly points that the delay in the execution of the transmission project is attributable to the petitioner. The Commission may not allow such excuses as the delay and the reasons for delay clearly falls within the controllable factors mentioned in Regulation 12 of the 2014 Tariff Regulations. Accordingly, the IDC and IEDC during the entire time run period may not be allowed.

27. In response, the Petitioner filed its rejoinder dated 16.4.2018 and submitted that, the extract of DPR, CPM analysis, PERT chart and Form-12 has already been submitted along with the main petition. It is further submitted that justification of time over run is also given in the petition. Therefore, Commission may condone the delay in completion of subject assets on merit of the same being out of the control of Petitioner in line with CERC Regulations'2014 12(2)(i) "uncontrollable factors".

28. The Commission vide order dated 7.5.2018 had directed the Petitioner to submit the actual COD of TBCB line and the reasons of time over run documentary evidence in prescribed format. In response, the Petitioner vide affidavit dated 16.5.2018 has submitted the details of time over run in respect of instant assets and the same is as follows:-

Activity	Period of activity				Reasons for delay
	Schedule		Actual		
	From	To	From	To	
Investment			2.6.15	-	



Activity	Period of activity				Reasons for delay
approval					
LOA	24.8.15	-	22.7.14	-	No delay
Supplies	12.1.16	1.7.16	10.10.15	20.7.16	Started within schedule. Also this activity is not critical.
Foundation	22.10.15	30.8.16	22.10.15	30.6.16	No delay/within schedule
Tower Erection	-	-	-	-	Part of S/s extension, there is no tower erection
Stringing	-	-	-	-	Part of S/s extension, there is no tower stringing.
Testing & Commissioning	31.8.2016	1.10.2016	5.9.2016	2.11.2016	<ol style="list-style-type: none"> 1. Started within schedule. 2. The 400kV bays at Kurukshetra are being constructed by Petitioner for termination of 400kV D/C Kurukshetra-Malerkotla TBCB T/L being implemented by M/s NTL. 3. NTL vide letter dated 1.10.2016 intimated that TBCB line will be ready for charging on 30.11.2016. 4. Accordingly, Petitioner postponed various activities in order to match with the TBCB line and obtained the CEA certificate dated 4.11.2016 before the schedule provided by NTL in order to charge the bays matching with the TBCB line. 5. NTL further delayed the commissioning of TBCB line. Since Petitioner had already awarded the contract and work was in advance stage, hence it was not possible to stretch the timeline beyond a certain limit, due to contractual implications regarding additional claims on idle charges by the contractor etc, 6. Accordingly, the asset had to be commissioned w.e.f 1.12.2016.

29. The Petitioner has submitted that the instant asset is being installed for 400kV D/C Kurukshetra-Malerkotla transmission line which is being constructed under TBCB by NRSS-XXXI (B) transmission limited (NTL). It is seen from the above table of activities (Schedule vs Actual) that activities like letter of award (LOA), supplies, foundation work completed before schedule date of 28.9.2016. After completion of these activities, the Petitioner started the work of testing and commissioning on 5.9.2016, i.e. before SCOD date of 28.9.2016. However, in the mean time, NRSS-XXXI (B) transmission limited (NTL) vide letter dated 1.10.2016 intimated the Petitioner that the associated 400kV D/C Kurukshetra-Malerkotla TBCB transmission line will be ready for charging on 30.11.2016. The Petitioner obtained CEA energization certificate on 4.11.2016 and waited till 30.11.2016 as the time line given by NTL to match with the commissioning of TBCB line but due to contractual obligation, the instant asset was commissioned on 1.12.2016. However, the TBCB line was actually commissioned on



18.1.2017 vide letter dated 18.1.2017 of NTL.

30. We have gone through the submissions of the Petitioner. The Petitioner has attributed the entire time over-run in respect of instant asset towards time taken for matching with the associated transmission line of NTL. The Petitioner has invoked proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations as it was prevented from putting the assets into commercial operation as the associated transmission asset under the scope of NTL was not ready. The Petitioner has submitted CEA energisation certificate and RLDC certificate in support of COD of the instant asset. Accordingly, the COD has been approved as 1.12.2016 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. Therefore, the time over-run of 64 days in commissioning of instant asset on account of matching with the downstream network of NTL was a decision of the Petitioner and hence the same is not condoned. However, for the period prior to COD of the instant asset, the Petitioner is at liberty to claim compensation in terms of LDs, IDC or IEDC from NTL as per the arrangement/ agreement entered into, if any in line with the order dated 5.8.2015 in petition no 11/SM/2014 of the Commission. Further, the transmission charges from 1.12.2016 (COD date) to 17.1.2017 (one day before actual charging of 400kV D/C Kurukshetra-Malerkotla TBCB transmission line) will be borne by the NTL and thereafter from 18.1.2017 (date of Power flow/ COD of TBCB line) it will be shared under POC mechanism.

31. In view of the above, the time over-run condoned/ not condoned and COD of the instant asset is as follows:-

Asset name	COD*	Time over-run	Time over-run Condoned	Time over-run not Condoned
2 nos. 400 kV Malerkotla Bays at 400/220 kV GIS Substation at Kurukshetra	1.12.2016	64 days	–	64 days

*Under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations

Interest During Construction (IDC)

32. The Petitioner has claimed Interest During Construction (IDC) for the instant assets and has submitted the Auditor Certificate in support of the same. However, the



Petitioner has not submitted IDC computation statement. The year-wise details of the IDC discharged is summarized as under:-

(₹ in lakh)				
IDC as per Auditor Certificate	IDC discharged upto COD	IDC undischarged upto COD	IDC discharged year-wise	
			2016-17	2017-18
8.63	7.42	1.21	1.21	-

33. The allowable IDC as on COD has been worked out considering the information submitted by the Petitioner. IDC, up to the allowable date, has been worked out based on the loans deployed for the assets as per Form-9C of the original petition. Therefore, for the purpose of determination of allowable IDC, the interest rate as mentioned in Form 9C against these loans has been considered.

34. It is observed that there is a single foreign loan i.e. IBRD-V deployed for the asset in Form-9C. However, the Petitioner has not submitted the drawl dated along with amount of drawl, exchange rate at each drawl along with supporting documents and rate of interest of each drawl of loan along with supporting documents required to calculate the IDC as on COD. The Petitioner is directed to submit the detailed IDC calculation, at the time of true up of 2014-19.

35. Further, the time over-run of 64 days has not been condoned. Hence, for the purpose of determination of allowable IDC, the pro-rata of IDC from 28.9.2016 (SCOD) to 30.11.2016 (one day before COD) of ₹1.00 lakh has been disallowed and remaining IDC of ₹7.63 lakh has been considered for tariff purpose. Also, the undischarged IDC as on COD of ₹1.21 lakh has been deducted from COD cost and allowed as additional capitalization during 2016-17 in which it is discharged.

36. Based on the available information, IDC is being worked out for the purpose of tariff determination, subject to revision at the time of true up, as below:-

(₹ in lakh)					
IDC claimed as per Auditor certificate	IDC Disallowed due to Excess claim & Time overrun not allowed, if any.	IDC Allowed on accrual basis	IDC Allowed on cash basis as on COD	Un-discharged IDC liability as on COD	IDC liability allowable as Add. Cap. from COD to 31.03.2017
1	2	3=(1-2)	4	5=(3-4)	6
8.63	1.00	7.63	6.42	1.21	1.21



Incidental Expenditure During Construction (IEDC)

37. The Petitioner has claimed IEDC of ₹2.09 lakh for instant asset. The Petitioner has claimed IEDC as on COD, which is within the percentage of 10.75% on hard cost as indicated in the abstract cost estimate. Also, the Petitioner has submitted that the entire amount of IEDC has been discharged upto COD. Hence, the IEDC claimed by the Petitioner for instant asset is allowed subject to time over-run issues. The IEDC allowed for the instant asset will be reconsidered in the light of the directions of Appellate Tribunal for Electricity (APTEL) in judgment dated 2.12.2019 in Appeal Nos. 95 of 2018 and 140 of 2018 against Commission's orders dated 29.7.2016 and 5.10.2017 in Petition Nos. 46/TT/2014 and 2/RP/2017 respectively, at the time of truing up.

38. Accordingly, the amount of IEDC claimed, disallowed on account of time overrun not condoned, and considered accordingly, in the tariff calculations, are as below:-

(₹ in lakh)		
IEDC claimed as per Auditor certificates	IEDC Disallowed due to Time overrun not allowed	IEDC Allowed on cash basis as on COD
2.09	0.24	1.85

Initial Spares

39. This has been dealt in line with Regulation 13 of the 2014 Tariff Regulations. The Petitioner has claimed initial spares of ₹3.50 lakh for the instant asset and submitted Auditor Certificate in support of the same. The Initial Spares claimed by Petitioner in respect of instant asset corresponding to sub-station (GIS) are within the ceiling of 5% as prescribed by the Commission. Petitioner has submitted the details of year-wise discharge of initial spare and submitted that 'NIL' cost was discharged upto COD and the same has been discharged and included in the additional capital expenditure of 2016-17 and 2017-18 as indicated in the Auditor certificate. Hence, no adjustment is required in respect of discharge of initial spare.

40. The initial spares allowed for the purpose of tariff calculation after considering the Plant and Machinery cost excluding IDC, IEDC and Land expenses up to cut off date,

subject to true-up are as under:-

(₹ in lakh)

Plant and Machinery Cost excluding IDC, IEDC and Land & Civil Works	Initial spares claimed	Ceiling limit as per Regulation (GIS sub-station)	Initial spares worked out	Initial spares allowed as on COD	Initial spares allowed in 2016-17 as included in Auditor certificate	Initial spares allowed in 2017-18 as included in Auditor certificate	Initial spares dis-allowed on account of excess claim
868.60	3.50	5%	45.53	0.00	3.41	0.09	0.00

Capital cost as on COD

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

(₹ in lakh)

Capital Cost claimed as on COD as per Auditor Certificate	IDC Disallowed due to Excess claim & Time Overrun not allowed, if any.	Un-discharged IDC liability worked out as on COD	Disallowed IEDC (Excess claim/ time overrun)	Disallowed/ undischarged Initial spares	Capital Cost as on COD considered for tariff calculation
1	2	3	4	5	6=(1-2-3-4-5)
283.82	1.00	1.21	0.24	0.00	281.37

Additional Capital Expenditure (ACE)

42. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cut-off date for instant assets is 31.3.2021. The Petitioner has submitted Auditor Certificates in support of the additional capitalisation. In addition, the Petitioner has also claimed the discharge of IDC liability as ACE. The Petitioner vide form 7 has claimed both these cost as ACE under Regulation 14(1)(i) and 14(1)(ii), which has been summarized upto 31.3.2019 as under:-

(₹ in lakh)

Additional Capital expenditure claimed			Total
2016-17	2017-18	2018-19	
152.35	292.42	271.44	716.21

43. The Petitioner has claimed additional capital expenditure towards Balance and Retention payments. The admissible un-discharged IDC liability as on COD has been allowed as ACE during the year of its discharge. The allowed Additional Capital expenditure are summarized below which is subject to true up:-

(₹ in lakh)

Particulars	Regulation	2016-17	2017-18	2018-19
ACE to the extent of Balance	14 (1)(i) &	152.35	292.42	271.44



Particulars	Regulation	2016-17	2017-18	2018-19
& Retention Payment & ACE to the extent of unexecuted work	14 (1)(ii)			
IDC Discharged	14 (1)(i)	1.21	0.00	0.00
Total Add-Cap allowed for tariff		153.56	292.42	271.44

Capital cost for the tariff period 2014-19

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

(₹ in lakh)				
Capital Cost allowed as on COD	Add Cap allowed from COD to 31.03.2017	Add Cap allowed in FY 2017-18	Add Cap allowed in FY 2018-19	Total Estimated Completion Cost up to 31.3.2019
281.37	153.56	292.42	271.44	998.79

Debt-Equity Ratio

45. Debt-Equity Ratio is considered as per Regulation 19 of the 2014 tariff Regulations. The financial package up to COD as submitted in Form 6 has been considered to determine the debt-equity Ratio. The capital cost allowed as on the date of commercial operation has been considered in the debt-equity ratio of 95.88:4.12 and additional capitalization allowed have been considered in the debt-equity ratio of 70:30. The debt-equity as on dates of commercial operation and 31.3.2019 considered on normative basis are as under:-

(₹ in lakh)				
Particulars	As on COD		As on 31.03.2019	
Debt	269.79	95.88%	771.98	77.29%
Equity	11.58	4.12%	226.81	22.71%
Total	281.37	100.00%	998.79	100.00%

Return on Equity (ROE)

46. The Petitioner has submitted that ROE has been calculated at the rate of 19.61% after grossing up the ROE with MAT rate of 20.961% as per the above Regulations. 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.

47. 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.

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

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata)	2017-18	2018-19
Opening Equity	11.58	57.65	145.37
Addition due to Additional Capitalization	46.07	87.73	81.43
Closing Equity	57.65	145.37	226.81
Average Equity	34.61	101.51	186.09
Return on Equity (Base Rate)	15.50%	15.50%	15.50%
MAT rate for the Financial year 2013-14	20.961%	20.961%	20.961%
Rate of Return on Equity (Pre-tax)	19.610%	19.610%	19.610%
Return on Equity (Pre-tax)	2.25	19.91	36.49

Interest on Loan (IOL)

49. 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.

50. The Petitioner has submitted that the IOL has been claimed on the basis of rate prevailing as on COD and the change in interest due to floating rate of interest applicable, if any, needs to be claimed/ adjusted over the tariff block 2014-19. We have calculated IOL 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. The IOL is allowed considering all the loans submitted in Form-9C. The Petitioner is directed to reconcile the total Gross Loan for



the calculation of weighted average Rate of Interest and for the calculation of IDC, which would be reviewed at the time of truing-up.

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

Particulars	(₹ in lakh)		
	2016-17(pro-rata)	2017-18	2018-19
Gross Normative Loan	269.79	377.28	581.68
Cumulative Repayment upto previous Year	0.00	6.17	36.22
Net Loan-Opening	269.79	371.11	545.76
Addition due to Additional Capitalization	107.49	204.69	190.01
Repayment during the year	6.17	30.05	44.36
Net Loan-Closing	371.11	545.76	691.41
Average Loan	320.45	458.43	618.58
Weighted Average Rate of Interest on Loan	2.4769%	2.6316%	2.5319%
Interest on Loan	2.63	11.61	15.66

Depreciation

52. Depreciation has been dealt with in line of Regulation 27 of 2014 Tariff Regulations. The instant assets were put under commercial operation during 2017-18 & 2018-19. Accordingly, it will complete 12 years beyond the tariff period 2014-19 and 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)		
	2016-17 (Pro-rata)	2017-18	2018-19
Opening Gross Block	281.37	434.93	727.35
Additional Capital expenditure	153.56	292.42	271.44
Closing Gross Block	434.93	727.35	998.79
Average Gross Block	358.15	581.14	863.07
Rate of Depreciation	5.1964%	5.1710%	5.1393%
Depreciable Value	322.33	523.03	776.76
Remaining Depreciable Value	322.33	516.86	740.54
Depreciation	6.17	30.05	44.36

Operation and Maintenance Expenses (O&M Expenses)

53. The Petitioner has claimed the O&M expenses for assets covered in the instant petition as per following details:-

Particulars	(₹ in lakh)		
	2016-17 (Po-rata)	2017-18	2018-19
O&M Expenses	36.68	113.68	117.46



54. The respondent BRPL vide affidavit dated 23.3.2018 has 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 2014 Tariff Regulations.

55. In response, the Petitioner in its rejoinder dated 16.4.2018 and has submitted that the wage revision of the employees of the Petitioner company is due w.e.f. 1.1.2017. Actual impact of wage hike which will be effective from a future date has not been factored in fixation of the normative O&M rates prescribed for the tariff block 2014-19. The scheme of wage revision applicable to CPSUs is binding on the Petitioner and hence it would approach the Commission for suitable revision in the norms for O&M Expenses for claiming the impact of wage hike from 1.1.2017 onwards.

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

Element	2016-17	2017-18	2018-19
Sub-Station: 400 kV GIS bay (₹ in lakh per bay)	55.02	56.84	58.73

57. We have considered the submissions made by the Petitioner. 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 2016-17, 2017-18 & 2018-19 is given below:-

Details	(₹ in lakh)		
	2016-17 (Pro-rata)	2017-18	2018-19
2 Nos. 400 kV bays at Kurukshetra GIS substation	36.47	113.68	117.46

Interest on Working Capital (IWC)

58. 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 as on 01.04.2016 plus 350 Bps i.e. 12.80% have been considered as the rate of interest on working capital.

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

(₹ in lakh)

Particulars	2016-17 (Pro-rata)	2017-18	2018-19
Maintenance Spares	16.60	17.05	17.62
O&M expenses	9.22	9.47	9.79
Receivables	25.08	30.42	37.04
Total working capital	50.90	56.95	64.44
Rate of Interest	12.80%	12.80%	12.80%
Interest on working capital	2.16	7.29	8.25

Annual Transmission charges

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

(₹ in lakh)

Particulars	2016-17 (Pro-rata)	2017-18	2018-19
Depreciation	6.17	30.05	44.36
Interest on Loan	2.63	11.61	15.66
Return on Equity	2.25	19.91	36.49
Interest on Working Capital	2.16	7.29	8.25
O&M Expenses	36.68	113.68	117.46
Total	49.89	182.53	222.22

Filing fee and the publication expenses

61. 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

62. 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 license 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

63. 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

64. BRPL vide its affidavit dated 23.3.2018 has submitted that the Petitioner in the instant petition has not filed the "Transmission service Agreement" between the transmission licensee and the designated inter-state customers as per provisions of Regulation 3(63) of the Tariff Regulations, 2014.

65. In response, the Petitioner vide its rejoinder affidavit dated 16.4.2018 has submitted as per clause 13(5) of CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010, the notified Model Transmission Service Agreement provides the provision for sharing of transmission charges. The Petitioner has submitted that BRPL has already signed TSA on 19th Aug, 2011 & signed copy of TSA with BRPL.

66. We have considered the submissions of the Petitioner and Respondent. The



transmission charges from 1.12.2016 (COD date) to 17.1.2017 (one day before actual charging of 400kV D/C Kurukshetra-Malerkotla TBCB transmission line) will be borne by the NTL and thereafter from 18.1.2017 (COD of TBCB line) it will be shared under POC mechanism.

67. 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 and as provided in Regulation 43 of the 2014 Tariff Regulations.

68. This order disposes of Petition No.61/TT/2018.

Sd/-
(I. S. Jha)
Member

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

Sd/-
(P. K. Pujari)
Chairperson

