

**CENTRAL ELECTRICITY REGULATORY COMMISSION**

**NEW DELHI**

**Petition No.96/TT/2019**

**Coram:**

**Shri P.K. Pujari, Chairperson**

**Shri I.S. Jha, Member**

**Date of Order: 9.8.2020**

**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 DOCO to 31.3.2019 for 400 kV D/C Rangpo-Kishenganj Section, 2 Nos. of line bays and 2 Nos. of 63 MVAR reactors of 400 kV Teesta III–Kishenganj Transmission System in Eastern Region.

**And in the matter of**

Teestavalley Power Transmission Ltd.  
2<sup>nd</sup> Floor, Vijaya Building,  
17, Barakhamba Road, New Delhi-110001

**....Petitioner**

**Versus**

1. PTC India Ltd  
2<sup>nd</sup> Floor, NBCC Tower  
15, Bhikaji Cama Place, New Delhi – 110066
2. Energy and Power Department  
Government of Sikkim  
Kazi Road, Gangtok – 737101, Sikkim
3. Teesta Urja Ltd.  
2<sup>nd</sup> Floor, Vijaya Building  
17, Barakhamba Road, New Delhi – 110001
4. M/s Sneha Kinetic Power Projects Pvt. Ltd.  
Sonam Complex, Jeevan Theng Marg Development Area  
Near Little Pixel International School, Gangtok – 737101, Sikkim
5. M/s Powergrid Corporation of India Ltd

Saudamini, Plot No.2, Sector 29,  
Near IFFCO Chowk  
Gurgaon – 122001, Haryana

6. Punjab State Power Corporation Ltd.  
The Mall, Patiala – 147001, Punjab
7. Uttar Haryana Bijli Vitran Nigam Limited  
Vidyut Sadan, Plot No. C16, Sector-6  
Panchkula – 134109, Haryana
8. Dakshin Haryana Bijli Vitran Nigam Limited  
Vidyut Sadan, Vidyut Nagar,  
Hisar – 125005, Haryana

...Respondents

**Parties present:**

**For Petitioner:** Shri Tarun Johri, Advocate, TPTL  
Ms. Shikha Singh, Advocate, TPTL  
Shri Jaideep Lakhtakia, Advocate, TPTL

**For Respondent:** None

**ORDER**

The present petition has been filed by the Petitioner, Teestavalley Power Transmission Ltd. (“TPTL”), a joint venture company of Power Grid Corporation of India Limited (PGCIL) and Teesta Urja Limited (TUL) seeking approval of transmission charges for 400 kV D/C Rangpo-Kishenganj Section, 2 Nos. of line bays and 2 Nos. of 63 MVAR reactors of 400 kV Teesta III–Kishenganj Transmission System in Eastern Region for the control period of 2014-19 under Section 62 and 79(1)(d) of the Electricity Act, 2003 read with 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 as under para 8 above..

- (ii) *Allow interim tariff as 90% of the Annual Fixed Charges from the respective CODs in accordance with Clause 7(i) of Regulation 7 of CERC (Terms and Conditions of Tariff) Regulations 2014 for the purpose of inclusion in the POC Charges under CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations 2010 for the interim period till the final tariff is determined by the Hon'ble Commission.*
- (iii) *Condone the delay on merit in the completion of Subject Asset as the delay was beyond the control of TPTL in line with Regulation 12(2)(i) of CERC Tariff Regulations, 2014.*
- (iv) *Admit the capital cost as claimed in the petition.*
- (v) *Allow TPTL to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided under clause 25 of the Tariff regulations 2014.*
- (vi) *Approve the reimbursement of expenditure by the Designated ISTS Customers through POWERGRID towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition.*
- (vii) *Allow TPTL to bill and recover Licensee fee and RLDC fees and charges, separately from the Designated ISTS Customers through POWERGRID in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.*
- (viii) *Allow TPTL 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 Designated ISTS Customers through POWERGRID.*
- (ix) *Allow TPTL to bill and adjust the shortfall or refund the excess Annual Fixed Charges on account of difference in the interim tariff and final tariff in terms of proviso (i a) of Regulation 7(7)(i) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2015.*

- (x) *Allow TPTL to bill and recover Service Tax on Transmission Charges separately from the Designated ISTS Customers through POWERGRID if at any time service tax on transmission is withdrawn from the negative list. Further, any taxes and duties including cess etc. imposed by any statutory / Govt./ municipal authorities shall be allowed to be recovered from the Designated ISTS customers through POWERGRID.*
- (xi) *Allow TPTL to recover GST if the same is imposed on transmission charges under proposed GST and the same may be allowed to be recovered from Designated ISTS Customers through POWERGRID.*

*and pass such other relief as Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.”*

### **Background**

3. The brief facts of the case are as follows:

a) The Petitioner was granted transmission license vide order dated 14.5.2009 in Petition No. 116/2008. The Standing Committee on Power System Planning in Eastern Region in its meeting held on 14.9.2009 decided that LILO of 400 kV D/C Teesta-III HEP-Kishenganj transmission line was to be done at proposed Mangan Pooling Station at a later date for future generation projects in northern part of Sikkim. Subsequently, the Standing Committee on power system planning in its meeting held on 20.9.2010 decided that LILO of 400 kV D/C Teesta-III HEP-Kishenganj transmission line at Rangpo Substation (PGCIL) was to be under the scope of PGCIL.

b) The Investment approval for the said system was accorded by Board of Directors of Petitioner (TPTL) in its 19<sup>th</sup> meeting held on 9.11.2009 at an estimated cost of ₹70007 lakh including IDC of ₹5874 lakh based on 2<sup>nd</sup> Qtr, 2008 price level. The Board of Directors of the Petitioner on 26.8.2013 approved the revised cost estimate (RCE-I) of ₹103250 lakh; revised cost estimate (RCE-II) of ₹145036 lakh on 5.1.2016; revised cost estimate (RCE-III)

of ₹162400 lakh on 24.3.2017; and revised cost estimates (RCE-IV) of ₹1,74629.00 lakh on 12.12.2018.

4. The scope of work as per Investment Approval under the subject Project is as follows:

- (i) 400 kV D/C Teesta III-Kishenganj Transmission Line with quad moose conductor.
- (ii) 2 nos. line bays and 2 nos. 63 MVAR reactors at 400/220 kV Kishenganj Substation (PGCIL)

5. The scope of work was further bifurcated into four sections as follows:

- a) Teesta III- Rangpo Circuit (**Ckt 2**) (36 km)
- b) Teesta III- Dikchu Circuit (**Ckt 1(a)**) (14 km)
- c) Dikchu- Rangpo Circuit (**Ckt 1(b)**) (22 km)
- d) Rangpo-Kishenganj D/C Section (179 km) along with 2 nos. line bays and 2 nos. reactors at Kishenganj

6. The status of various elements covered under the subject project is as under:

#### Transmission Line

S.N.	Particulars	Petition Details	Actual COD
1.	Teesta III – Rangpo Section i.e. Circuit #2 (36 Ckt Km)	Petition No. 108/TT/2016 – Final Order dated 15.5.2018.	17.01.2017
2.	Teesta III - DikchuSection i.e. Circuit #1(a) (14 Ckt Km)	Petition No. 108/TT/2016 – Final Order dated 15.5.2018.	14.04.2017
3.	Dikchu - Rangpo Section i.e. Circuit #1(b) (22 Ckt Km)	Petition No. 368/TT/2018 dated 4.9.2018	02.07.2018
4a	Ckt-2(a) of Rangpo LILO Point - Kishanganj D/C transmission line (179 Km)	Present Petition	06.01.2019
4b	Ckt-1(c) of Rangpo LILO Point - Kishanganj D/C transmission line (179 Km)	Present Petition	13.02.2019

#### Sub-Station

S.N.	Particulars	Petition Details	Actual COD
1.	1 no. of line bays and 1 no. of 63 MVAR reactors at Kishanganj Sub-station associated with <b>Ckt-2(a)</b> at 4a above.	Present Petition	06.01.2019
2.	1 no. of line bays and 1 no. of 63 MVAR reactors at Kishanganj Sub-station associated with <b>Ckt-1(c)</b> at 4b above.	Present Petition	13.02.2019

7. The details of the assets covered under instant Petition are as follows:

<b>Asset as filed in the main petition</b>
<b>Asset-1:</b> Ckt-1(c) of 400 kV D/C Rangpo LILLO point - Kishanganj D/C Section (179 km) along with 1 no. line bay and 1 no. reactor at Kishanganj substation (PGCIL)
<b>Asset-2:</b> Ckt-2 (a) of 400 kV D/C Rangpo LILLO point - Kishanganj D/C Section (179 km) along with 1 no. line bay and 1 no. reactor at Kishanganj substation (PGCIL)

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

Particulars	(₹ in lakh)	
	Asset-1	Asset-2
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Depreciation	435.93	769.14
Interest on Loan	765.54	1414.88
Return on Equity	335.84	593.25
Interest on Working Capital	33.04	59.70
O&M Expenses	22.79	41.22
<b>Total</b>	<b>1593.13</b>	<b>2878.18</b>

9. The details of the Interest on Working Capital claimed by the Petitioner are as under:

Particulars	(₹ in lakh)	
	Asset-1	Asset-2
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Maintenance Spares	26.55	26.55
O&M Expenses	14.25	14.75
Receivables	2062.05	2059.88
<b>Total</b>	<b>2102.85</b>	<b>2101.18</b>
Rate of Interest	12.20%	12.20%
<b>Interest on working Capital</b>	<b>33.04</b>	<b>59.70</b>

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. Further, none of the Respondents have filed any reply in the matter.

11. The Petition was last heard on 11.2.2020 and the Commission reserved the order in the Petition.

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

13. This order has been issued after considering the main petition dated 16.2.2019 and Petitioner's affidavits dated 30.3.2019, 28.11.2019 and 17.3.2020.

### **Analysis and Decision**

#### **Date of Commercial Operation (COD)**

14. The date of commercial operation claimed by the Petitioner in the petition is as follows:

<b>S.N.</b>	<b>Name of Asset</b>	<b>COD</b>
1	<b>Asset-1:</b> Ckt-1(c) of 400 kV D/C Rangpo LILO point - Kishanganj D/C Section along with 1 no. line bay and 1 no. reactor at Kishanganj substation (PGCIL)	13.2.2019
2	<b>Asset-2:</b> Ckt-2(a) of 400 kV D/C Rangpo LILO point - Kishanganj D/C Section along with 1 no. line bay and 1 no. reactor at Kishanganj substation (PGCIL)	6.1.2019

15. In support of COD of Asset-1, the Petitioner has submitted CEA energisation certificate dated 27.12.2018 under Regulation 43 of CEA (measures relating to Safety and Electric Supply) Regulations, 2010, RLDC charging certificate dated 20.2.2019, TPTL's COD letter dated 14.3.2019 and CMD Certificate as required under the Grid Code.

16. In support of COD of Asset-2, the Petitioner has submitted CEA energisation certificate dated 27.12.2018 under Regulation 43 of CEA (measures relating to Safety and Electric Supply) Regulations, 2010, RLDC charging certificate dated 10.1.2019, TPTL's COD letter dated 10.1.2019 and CMD Certificate as required under the Grid Code.

17. Taking into consideration the submissions of the Petitioner, the RLDC charging certificate, CEA Energisation Certificate and CMD Certificate, the COD for Asset-1 and Asset-2 is approved as 13.2.2019 and 6.1.2019, 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;*

*(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. Vide Auditor's Certificates dated 29.11.2019, the Petitioner has claimed the tariff based on expenditure incurred up to COD, which has been taken from the Audited Financial Statements as on 31.3.2019, in respect of the instant assets. No additional capitalization has been projected to be incurred from COD to 31.3.2019. Details of Approved Apportioned Cost as per FR and RCE-IV, Capital Cost as on Actual COD and estimated Additional Capitalization projected to be incurred for the Assets, are summarized below:

					(₹ in lakh)
Assets	FR Approved apportioned cost	Apportioned Approved Cost (As per RCE-	Expenditure up to COD (Accrual	Proposed Expenditure during	Estimated completion cost upto



		<b>IV)*</b>	<b>Basis)</b>	<b>2018-19</b>	<b>31.3.2019</b>
Asset-1	30311.63	71787.05	67306.19	0.00	67306.19
Asset-2	30311.63	69025.98	65741.02	0.00	65741.02
<b>Total</b>	<b>60623.26</b>	<b>140813.03</b>	<b>133047.21</b>	<b>0.00</b>	<b>133047.21</b>

\* Apportioned approved cost has been considered based on RCE-IV submitted by the Petitioner (M/s TPTL) vide Affidavit dated 28.3.2019 in reply to Commission's Order dated 14.3.2019 in Petition No. 368/TT/2018.

### Cost Over-run

20. It is observed from the above table that the estimated completion cost of instant assets up to 31.3.2019 is beyond FR. However, the same is within the RCE-IV. Hence, there is no cost overrun with respect to RCE-IV.

21. The Petitioner has submitted that the subject assets were not originally envisaged to be constructed as separate assets. As such, various contracts awarded for the Project also includes the works executed for the subject assets. The Project had to be commissioned in different stages requiring apportionment of the total cost of the Project. Breakup of apportioned capital cost for the subject assets is as follows:

(₹ in lakh)				
<b>S. No</b>	<b>Particulars</b>	<b>Total Cost for Entire Line i.e. Teesta III – Kishanganj (As per DPR)</b>	<b>Apportioned Cost for Subject Assets (As per DPR)</b>	<b>Cost for Subject Assets (As on COD)</b>
1.	Hard Cost *	<b>72593.05*</b>	<b>56969.82</b>	<b>94,338.56</b>
2.	Soft Cost	6,256.00	5,162.72	<b>45,756.81</b>
	<b>Total</b>	<b>78,849.05</b>	<b>62,132.54</b>	<b>140,095.37</b>

\* Including PGCIL consultancy charges

22. The Petitioner has submitted that Hard Cost of the subject assets includes the following:

- (1) Preliminary works
- (2) Transmission line materials
- (3) Substation cost and
- (4) Overheads (including contingencies).

23. The Petitioner has submitted that total expenditure up to COD towards the Hard Cost for the subject assets amounts to ₹94338.56 lakh. Details of Hard cost in

respect of DPR vis-à-vis cost as approved by the Board of Directors of the Petitioner is given below in table below:

(₹ in lakh)				
S. N.	Particulars	Total Cost for Entire Line i.e. Teesta III – Kishanganj (As per DPR)	Apportioned Cost of the Subject Asset (As per DPR)	Cost of Subject Asset (As on COD)
1.	Preliminary Works	2824.33	2312.84	12,110.01
2.	Transmission Line Material	61,224.99	47,238.75	68,933.26
3.	Sub Station	3,361.86	3,361.86	6,518.00
4.	Overheads	3,237.32	2,534.12	6,277.30
5.	Contingencies	1,944.55	1,522.25	500.00
	<b>Total</b>	<b>72593.05</b>	<b>56969.82</b>	<b>94338.56</b>

24. The Petitioner has submitted component-wise justification for variation in cost envisaged under DPR and cost as on COD i.e. preliminary works, transmission line materials, sub-station cost and overheads (including contingencies):

#### A) Preliminary Works

a) This includes i) design & engineering, and ii) preliminary investigation, compensation towards RoW, crops, PTCC, forest clearance and general civil works. The apportioned approved cost and the cost as on COD in respect of these items is as under:

(₹ in lakh)				
S. N.	Particulars	Total Cost for Entire Line i.e. Teesta III – Kishanganj (As per DPR)	Apportioned Cost for the Subject Assets (As per DPR)	Actual Cost for Subject Assets (As on COD)
i)	Design & Engineering	1765.00	1509.29	<b>941.92</b>
ii)	a. Preliminary investigation,	128.47	106.02	10474.98
	b. Compensation towards forest clearance	603.98	425.88	
	c. Compensation towards RoW, crops, PTCC and general civil works etc.	327.08	271.65	
	<b>Sub Total- ii</b>	<b>1,059.53</b>	<b>803.55</b>	<b>10474.98</b>
	<b>Total (i+ii)</b>	<b>2,824.53</b>	<b>2,312.84</b>	<b>11416.90</b>

b) Design & Engineering is an integral part of Project activity without which components of a Project cannot be designed, procured and erected. Therefore, for implementation of any Project, Design & Engineering is a basic requirement which needs to be fulfilled before taking up construction of the project. PGCIL submitted the proposal for consultancy services on 19.03.2009

for Design & Engineering with an amount of ₹1600 lacs + service tax (extra as applicable). Accordingly, the apportioned expenditure for the subject assets as on COD towards Design & Engineering amounts to ₹1509.29 lakh.

c) As regards preliminary investigation, compensation towards RoW, crops, PTCC, forest clearance and general civil works etc., following are the submissions:

(i) Route Alignment and Detailed Survey Works: TPTL had engaged M/s Advanced Micronic Devices Ltd. for route alignment and detailed survey works. Total expense of ₹52 lakh (including taxes) has been paid for the entire line. As such, the apportioned cost for the subject assets works out to ₹35 lakh.

(ii) Detailed Survey, Contouring and Preparation of Forest Proposal and assistance in ROW issues: Cost incurred under this head is governed by terms of a Supplementary Agreement No. A1-02 (for entire hilly portion of Sikkim and West Bengal) & A2-02 (i.e. for entire plain portion of West Bengal and Bihar) having contract value of ₹762.44 lakh & ₹504.83 lakh respectively as per the approved RCE-III. A sum of ₹619.04 lakh has already been claimed under Supplementary Agreement No. A1-02 (for entire hilly portion of Sikkim and West Bengal) and the same has already been approved by the Commission. Therefore, balance amount of ₹143.40 lakh pertaining Contract no A1-02 is claimed in this Petition. Further, ₹504.83 lakh pertaining to the entire plain portion of West Bengal and Bihar is being claimed in the instant Petition. Accordingly, the expenditure of the subject assets as on COD towards preliminary investigations for amounts to ₹682.90 lakh against the envisaged DPR cost of ₹106.02 lakh.

(iii) Increase in demand towards compensation/ mandatory payments for Forest Clearance: During the detailed survey, it was found that 95.94 Ha falls under forest land as against 59.80 Ha envisaged under the DPR for the entire line. Further, the mandatory forest payments towards diversion of forest land had been envisaged as ₹603.98 lakh under DPR for the entire line. However, the total actual demand raised by the forest department towards the mandatory forest payments i.e. NPV, compensatory afforestation, and tree felling etc. for diversion of forest land in the State of Sikkim and West Bengal is ₹1847.30 lakh.

(iv) Apportioned cost of demand towards compensation/ mandatory payments for forest clearance pertaining to Circuit 2 and Circuit-1(a) was claimed by TPTL in Petition No.108/TT/2016 and the same has been allowed by the Commission vide Order dated 15.05.2018. With respect to the apportioned cost of Circuit-1(b), another Petition No. 368/TT/2018 has been filed by the Petitioner before the Commission. Expenditure of the subject assets as on COD towards forest clearance payments amounts to ₹1280.39 lakh against the envisaged DPR cost of ₹425.88 lakh.

(v) Increase in compensation towards RoW, crops, PTCC, general civil works etc.: A significant amount of compensation has been paid towards damage of crops, trees and other standing properties during foundation, erection & stringing works to the individuals as assessed/ certified by authorities of the State Government. A major portion of such cost is on account of increase in the compensation paid for resolving ROW issues faced during the construction and before energisation of the line. Apportioned cost towards compensation for RoW, crops, PTCC, general civil works etc. pertaining to Circuit-2 and Circuit-1(a) was claimed by TPTL in Petition No.108/TT/2016 and the same has been allowed by the Commission vide Order dated 15.05.2018. With respect to the apportioned cost of Circuit-1(b), another Petition No. 368/TT/2018 has been filed by TPTL before the Commission.

(vi) Accordingly, expenditure for subject assets up to COD towards increase in compensation for RoW, crops, PTCC, general civil works etc. amounts to ₹8637.43 lakh as against the envisaged DPR estimate of Rs.271.65 lakh. In view of above, the total expenditure up to COD under preliminary works amounts to ₹12110.01 lakh against the envisaged DPR estimates of ₹2312.84 lakh.

#### **B) Transmission Line Materials**

a) This head includes tower's steel, conductor, earth wire, insulators, hardware fittings, conductor & earth-wire accessories, spares, erection, stringing & civil works including foundation.

b) Under the DPR, primary consideration for design and estimation of transmission lines was walkover survey based upon topographical map/ forest map of India. However, actual quantities were higher for supply line materials and erection & stringing including civil works compared to that envisaged in DPR. Based on preliminary investigation and survey, the towers envisaged in DPR are of types, DA, DB, DC & DD. Also, provisions for proto-type testing of hilly tower has been included in DPR as the then prevailing tower designs were not suitable for installation in high altitude hilly terrain through which the TPTL line is passing through. Hence, PGCIL, in 2009, provided the detailed design for DBH, DCH & DDH towers having more strength and being suitable for high altitude hilly areas in respect of 400 kV quad moose transmission line in hilly region.

c) Subsequently, the proto-type of tower DBH, DCH and DDH were developed by TPTL based on the design provided by PGCIL. To capture the

actual strength of the tower, prototype tests were conducted in CSIR-SERC, Chennai and CPRI, Bangalore as per the testing procedures.

d) Accordingly, out of 200 towers which are originally envisaged as DA, DB, DC & DD towers, 149 towers were changed to DBH, DCH and DDH type in hilly area on basis of detailed design provided by PGCIL during execution of the subject assets. Though there is no change in tower type in plain areas, nos. of tower increased from 268 to 291 due to change in location of substation at Kishenganj.

e) Component-wise variation in cost of transmission line material in respect of DPR vis-à-vis actual expenditure as on COD is as below:

(₹ in lakh)					
S. N.	Particulars	Total Cost for Entire Line i.e. Teesta III – Kishanganj (As per DPR)	Apportioned Cost for the Subject Asset (As per DPR)	Cost for Subject Asset (As on COD)	Variation in Cost Decrease/ Increase (+)/(-)
1.	Towers Steel	17,260.88	13,139.18	19,558.58	(-)6,419.40
2.	Conductor	19,759.60	16,251.48	14,349.44	1,902.04
3.	Earth Wire	269.00	220.38	197.54	22.85
4.	Insulators	4,507.16	3,316.97	1,929.86	1,387.11
5.	Hardware Fittings	2,762.25	2,085.19	3,424.89	(-)662.62
6.	Conductor & Earth-wire accessories	698.91	548.67	601.49	(-)52.82
7.	Spares	583.49	443.89	314.92	128.97
8.	Erection, Stringing & Civil works including foundation:	15,383.70	11,232.99	28,556.54	(-)17,323.55
	<b>Total</b>	<b>61,224.99</b>	<b>47,238.75</b>	<b>68,933.26</b>	<b>(-)21,017.42</b>

### C) Increase in Cost of Sub-Station

a) PGCIL sub-station was initially envisaged at Kishenganj in Bihar in 2009. Accordingly, TPTL had awarded PGCIL the work related to construction of 2 no of line bays of Teesta-III – Kishanganj D/C Transmission Line with quad moose conductor along with 2 nos. of 63 MVAR line reactors at Kishenganj in September, 2009 after grant of transmission License in June, 2009. However, PGCIL vide letter dated 27.07.2010 conveyed that they proposed to relocate the substation from Kishanganj in Bihar to Karandighi in West Bengal. The same was also approved by the Standing Committee in its Meeting dated

28.12.2010. Subsequently, the location was again be shifted to Kishanganj in Bihar (but at a different location as had been originally envisaged in 2009) after a span of about 3 years due to difficulties faced by PGCIL in acquiring land at Karandighi in West Bengal and the Standing Committee in its meeting dated 05.01.2013 approved the proposal.

b) In the DPR, technology of the substation at Kishanganj was envisaged as Air Insulated Sub-station (“AIS”) at an initial cost of Rs.2960 lakh at August, 2008 price level excluding engineering & administration charges, IDC and consultancy fee. However, due to land constraints in Kishanganj in Bihar, the technology of the sub-station got changed from AIS to Gas Insulated Sub – Station (“GIS”) in the year 2013. GIS is expensive as compared to AIS technology.

c) Further, PGCIL had awarded the contract for 2 Nos of 400 kV GIS bays in November 2013 after global/ open competitive bidding. The same was communicated to TPTL vide letter dated 27.11.2013. Contract with respect to 2X63 MVAR reactor at Kishanganj, PGCIL was awarded in June 2010.

d) In view of above, expenditure up to COD under sub-station including foundation for subject assets amount to ₹6518 lakh against DPR estimates of ₹3361.86 lakh.

e) Details of variation in cost with respect to DPR vis a vis cost as on COD are provided in table below:

**(₹ in lakh)**

S.N.	Particulars	Cost as per DPR	Cost as on COD	Decrease/ Increase (+) / (-)	Remarks
1.	Design & Engineering	296.00	813.33	-517.33	DPR envisaged award of works to PGCIL for Design & Engineering @10% of the equipment cost amounting to Rs. 296 lakh. DPR also envisaged additional expense under substation overhead at 5% of equipment cost. Accordingly, TPTL placed the award to PGCIL in September 2009 at a cost of 15% of the equipment cost.

2.	Site Preparation	22.00	0	+22	No claim has been made by PGCIL under this head resulting in saving in cost.
3.	Colony for Transmission Line & Sub-Station	84.00	110	-26	No claim has been made by PGCIL under this head resulting in saving in cost
4.	Foundation for structures	155.20	154.31	+0.89	Due to land constraints at Kishanganj Sub-station there is a saving in cost.
5.	Switchgear (CT, PT, Circuit Breaker, Isolator etc)	681.89	2933.95	-2252.06	Due to change in technology from AIS to GIS, cost of equipment has increased. Such award was placed by PGCIL based on Global Competitive bidding and awarded to the L1 bidder after finalization of Sub-station location in 2013.
6	Compensating Equipment (Reactor, SVCs etc)	1190.92	812.27	+378.65	The award was placed by PGCIL in 2010 at a cost estimate lower than the DPR resulting in saving in cost.
7.	Control, Relay & Protection Panel and PLCC	432.88	220.61	+212.27	The award was placed by PGCIL in 2010 at a cost estimate lower than the DPR resulting in saving in cost.
8.	Bus Bars/ conductors/ Insulators	69.63	86.29	-16.66	Due to change in technology from AIS to GIS, cost of equipment has increased.
9.	Outdoor lighting, Emergency DG Set, Grounding System and Structure for switchyard	429.33	142.39	+286.94	Due to land constraints at Kishanganj Sub-station there is a saving in cost.
10.	Taxes & Duties	-	1244.86	-1244.86	Under the DPR taxes and duties were considered as NIL. Therefore, cost on this account is on actual basis under the following head: a. Custom Duty for Off-shore Supply - ₹736.58 lakh b. Other Taxes & Duties for On- shore Supply – ₹508.28 lakh.
		<b>3361.86</b>	<b>6518.00</b>	<b>-3156.16</b>	

**D) Overheads (including contingencies)**

(₹ In lakh)

S. N.	Particulars	Total Cost for Entire Line i.e. Teesta III – Kishanganj (As per DPR)	Apportioned Cost for the Subject Asset (As per DPR)	Cost for Subject Asset (As on COD)	Variation in Cost Decrease/ Increase (+)/(-)
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1.	Overheads/ Incidental Expenditure during Construction (IEDC)	3237.32	2534.12	6277.30	(-) 3743.18
	<b>Total</b>	<b>3237.32</b>	<b>2534.12</b>	<b>6277.30</b>	<b>(-) 3743.18</b>

a) The overheads/ Incidental Expenditure during Construction (IEDC) primarily comprise the cost incurred under the heads 'Establishment' and 'Audit & Accounts'. Establishment cost is directly affected by the time required for completion of the Project, as it includes employee cost, other expenses, current tax etc. As against the envisaged DPR Cost of ₹2534.12 lakh total overheads/ IEDC upto COD is ₹6277.30 lakh.

b) Cost on account of overheads/ IEDC was an estimate based on the timely completion of the Project or Element. However, delay in commissioning of the subject asset was beyond the control of TPTL which has contributed to increase in the Hard Cost and consequently increase overheads/ IEDC.

25. The Petitioner has submitted the following as regards Soft Cost of the subject assets:

(₹ In lakh)				
S. N.	Particulars	Total Cost for Entire Line i.e. Teesta III – Kishanganj (As per DPR)	Apportioned Cost for the Subject Asset (As per DPR)	Cost for Subject Asset (As on COD)
1.	Soft Cost	6256.00	5162.72	45756.81
	<b>Total</b>	<b>6256.00</b>	<b>5162.72</b>	<b>45756.81</b>

26. The Petitioner has submitted that variation in Interest During Construction (IDC) and finance charges vis-à-vis the DPR is on account of the following:

a) Rate of Interest: The rate of Interest under the DPR has been considered as 10.50% p.a. However, the actual rate was higher during the construction period and went upto a maximum of 14.50% p.a. The present interest rate is in the range of 11.65%-13.40% p.a.

b) Financing Charges: Under the DPR, financing charges have not been considered. However, financing charges of ₹1277.19 lakh apportioned to subject assets have been levied on TPTL by banks/ financial institutions/ NBFCs over and above the IDC.



- c) **Payment of Interest:** In the DPR, interest was assumed to be payable at the end of the year only. However, actual interest is required to be paid on a monthly (to banks) and quarterly (to financial institutions i.e. REC) as per the terms of lending by the consortium led by Bank of Baroda (lead lender).
- d) **Debt Equity Ratio:** As against the debt-equity ratio of 70:30 envisaged under the DPR, the actual debt-equity ratio of the Project is 75:25. As such, the actual debt is 5% more than that envisaged under the DPR.
- e) **Time Overrun:** The Project was originally envisaged to be completed in 36 months, but has witnessed time overrun of about 70 months due to force majeure and other reasons beyond the control of the Petitioner.
- f) **In view of above, total expenditure upto COD under IDC (Soft Cost) and financing charges for subject assets amounts to ₹45,756.81 lakh against the envisaged DPR estimates of ₹5,162.72 lakh.**
- g) **Capital cost of the subject assets up to COD (including projection upto 31.03.2019) amounts to ₹140095.37 lakh.**

27. We have considered the submissions of the Petitioner. The Petitioner has submitted justification for variation between FR and RCE-IV which has been duly approved by the Board of Directors of the Petitioner. The estimated completion cost of the instant assets is within the apportioned approved cost as per RCE-IV. 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 that has been carried out hereinafter. However, the estimated additional capital expenditure claimed by the Petitioner during 2019-20 and beyond is not allowed as of now as the same is beyond the 2014-19 tariff period. The apportioned approved cost as per RCE-IV submitted by the Petitioner is as follows:

Name of the Element	(₹ In lakh)	
	Apportioned Approved Cost as per FR	Apportioned Approved cost as per RCE-IV

Name of the Element		Apportioned Approved Cost as per FR	Apportioned Approved cost as per RCE-IV
Circuit 1(c): 400 kV D/C Rangpo-Kishanganj line	<b>Asset-1</b>	28329.23	66846.59
1 No of line bays and 1 no of 63 MVAR Reactors at Kishanganj associated with Circuit 2(a)		1982.40	4940.46
<b>Total</b>		<b>30311.63</b>	<b>71787.05</b>
Circuit 2(a): 400 kV D/C Rangpo-Kishanganj line	<b>Asset-2</b>	28329.23	64238.04
1 No of line bays and 1 no of 63 MVAR Reactors at Kishanganj associated with Circuit 1(c)		1982.40	4787.94
<b>Total</b>		<b>30311.63</b>	<b>69025.98</b>

28. As compared with DPR cost, the capital cost as per RCE-IV for Asset-1 and Asset-2 varies by about ₹41475.42 lakh and ₹38714.35 lakh, respectively. As per auditor certificate dated 29.11.2019, the estimated completion cost of Asset-1 and Asset-2 is ₹67306.19 lakh and ₹65741.02 lakh against the RCE-IV apportioned cost of ₹71787.05 lakh and ₹69025.98 lakh, respectively. Therefore, the estimated completion cost of Asset-1 and Asset-2 is within apportioned RCE-IV cost. Accordingly, the cost variation of individual items is allowed.

29. Accordingly, the capital cost allowed as on COD, subject to adjustment of Initial Spares, IDC & IEDC, if any, is as follows:

(₹ In lakh)				
S.N.	Asset	Apportioned Approved Cost (FR)	Apportioned Approved Cost (RCE-IV)	Capital cost allowed as on COD
1	Asset-1	30311.63	71787.05	67306.19
2	Asset-2	30311.63	69025.98	65741.02
<b>Total</b>		<b>60623.26</b>	<b>140813.03</b>	<b>133047.21</b>

30. The Petitioner has not mentioned about consultancy charges paid to PGCIL in the Form-5 submitted in the subject Petition. The Commission vide order dated 15.5.2018 in Petition No. 108/TT/2016 and vide order dated 22.1.2020 in Petition No. 368/TT/2018 has not allowed consultancy charges. However, the Petitioner is

directed to submit the consultancy charges at the time of true-up. Petitioner is also directed to furnish the reconciled statements for the Compensation claims as referred to in para 24 of this Order, vis-à-vis the correspondences from the District Authorities, at the time of true-up.

**Time over-run**

31. As per the Investment Approval dated 9.11.2009, the instant assets were scheduled to be put into commercial operation within a period of 35 months from the date of financial closure. The project achieved financial closure on 31.3.2010. As such, the scheduled COD of the project was 28.2.2013. The Asset-1 and Asset-2 were put into commercial operation on 13.2.2019 and 6.1.2019 respectively. Thus, there is time overrun of 72 and 71 months in case of Asset-1 and Asset-2, respectively, a tabular representation is as under:

<b>Asset</b>	<b>Scheduled COD</b>	<b>Actual COD (claimed)</b>	<b>Delay</b>
Asset-1	28.2.2013	13.2.2019	2176 days (72 months)
Asset-2		6.1.2019	2138 days (71 months)

32. The Petitioner has submitted following in support of the time overrun in respect of instant assets:

- a) The assets traverse across the States of Sikkim, West Bengal and Bihar. Immediately after the Investment Approval, TPTL awarded different packages of works covering supply and service Packages. However, the construction activities have been frequently hampered due to Force Majeure events such as delay in grant of forest clearance, Gorkhaland Statehood Movement, severe RoW issues at various locations, crossing of transmission lines, finalization of specific location of Kishanganj substation of PGCIL, devastating earthquake in Sikkim of magnitude of 6.8 on Richter Scale, delay in tree felling permissions in private land by district authorities, severe floods etc., all of which were beyond the control of TPTL and its contractors/ sub-contractors.
- b) The major Force Majeure reasons and other uncontrollable factors in this regard that are not attributable to TPTL, are briefly tabulated below:

S.N.	Reason
1	Delay in Forest Clearances
2	Delay in grant of permission by District Administration for tree felling in Chengha Basti and Panighata TE
3	Delay due to Gorkhaland Statehood Movement
4	RoW issues at several locations
5	Dispute between Forest Dept and Revenue Dept regarding ownership of land in Mouza Seyok, Darjeeling Hills, West Bengal
6	Finalization of LILO of Teesta III – Kishanganj transmission line at Rangpo by PGCIL in Sikkim
7	Power Line crossing of 220 kV Jorethang – New Melli line of M/s Dans Energy Pvt. Ltd. in Sikkim
8	Power Line crossing of 220 kV New Melli – Rangpo transmission Line of POWERGRID in Sikkim
9	Delay in grant of approval by District Administration, Darjeeling for Tree cutting on other Private land in West Bengal
10	Finalization of Kishanganj Substation location by PGCIL in Bihar
11	Devastating Earthquake in Sikkim
12	Delay in grant of approval under Section 164 of the Electricity Act 2003
13	Power Line crossing of 132 kV Rammam- Darjeeling Transmission line of WBSETCL in West Bengal
14	Severe floods in Bihar
15	Crossing of 4 lane by-pass road of NHAI near Kishanganj, Bihar
16	Delay due to Stay granted by the High Court of Delhi and Sikkim:

### 33. Delay in grant of Forest Clearance for West Bengal Portion

a) Delay in grant of Forest Clearance in the State of West Bengal was the major reason for delay on the critical path (i.e. 87 months from envisaged forest clearance in May 2011 to actual modified forest clearance accorded in August, 2018). The said 87 months delay in forest clearance encompasses the period between May 2011 to the original SCOD of February 2013. However, the actual delay on account of forest clearance is 66 months (considered from the original SCOD of 28.02.2013). After grant of modified forest clearance in August 2018, TPTL completed construction activities at approved deviated locations in Manjha RF and Goke Forest Area in November 2018. Thereafter, TPTL applied to CEA on 01.12.2018 for granting approval towards energisation of the line. CEA conducted its inspection from 8-10.12.2018 and issued its order for compliance on 17.12.2018. Subsequently, vide letter dated 27.12.2018, CEA issued the approval for energisation of the subject assets. Thereafter, the district administration, Darjeeling granted approval for tree felling in respect of associated corridor of 6 towers (i.e. AP 260/5 to AP 263) located on private land in Chengha Basti on 02.01.2019. Subsequently,

successful trial run of Ckt 2(a) was carried out from 04-05.01.2019 and commercial operation was achieved on 06.01.2019. With regard to Ckt 1(c), TPTL intimated to the District Collector, South District (Sikkim) vide letter dated 07.09.2018 about the difficulties being faced due to compensation being demanded and assessed even for those houses which were outside the safe electrical clearance and also obstructions faced for felling of trees even where the compensation had already been paid. The matter was discussed in a meeting held in the office of District Collector, South District on 19.12.2018 in which it was decided that TPTL shall pay 15% of estimated compensation and balance compensation shall be paid after receiving an undertaking from the house owners for vacating the houses. Subsequently, the District Collector, South District, vide letter dated 10.01.2019 forwarded a list of house owners who had submitted applications surrendering their houses and asked TPTL to release the final payment of house compensation. Thereafter, TPTL vide letter dated 16.01.2019 to the District Collector, South District, referred to the meeting dated 19.12.2018 and informed that though 15% of the compensation as decided had already been paid, the residents had neither vacated nor given any date for handover of the houses. Subsequently, the matter was got resolved and balance compensation was paid by TPTL on 06.02.2019. Thereafter, the successful trial run of Ckt 1(c) was carried out from 11-12.02.2019 and commercial operation was achieved on 13.02.2019.

b) The proposals for diversion of forest land of 13.2342 Ha in Ghoom Simana Reserve Forest (RF) (Darjeeling Forest Division); 9.7152 Ha in Manjha RF & UCC RF (Kurseong Forest Division); and 24.5438 Ha in Goke Protected Forest (PF) (Darjeeling Territorial Forest Division) in West Bengal, were submitted by TPTL on 10.08.2009, 03.09.2009 and 05.04.2010 respectively and the Forest Clearance was envisaged to be received by May 2011. 28 towers of the subject transmission line fall under forest land in West Bengal.

c) The proposals submitted by TPTL were scrutinized by respective DFOs and forwarded along with requisite Part-II, to the Nodal Officer (FCA), West Bengal in July and August 2010 with due recommendations, through proper channel.

d) Nodal Officer returned the proposal back to DFO, Darjeeling Territorial Forest Division and CCF, Hill Circle, Darjeeling (for both Kurseong

and Darjeeling Forest Division), in October and November 2010 respectively along with certain observations and direction to offer equivalent non-forest land towards Compensatory Afforestation (CA) Scheme.

e) After identification of encroachment-free non-forest land and confirmation for its transfer to Forest Department for CA scheme by the District Land & Land Reform Department (DLLRO) Darjeeling, the proposal was forwarded by respective DFOs and CF (Hill Circle) in January 2012 and March 2012 respectively, to the Nodal Officer (FCA), Govt. of West Bengal (GoWB).

f) After further correspondence between the Forest Department, TPTL and district authorities during April 2012 to September 2012 regarding certificates for settlement of Forest Rights etc., the proposal was recommended by GoWB to MOEF&CC in January 2013 for grant of forest clearance. Based on the recommendation of Forest Advisory Committee (FAC) in its meeting held in February 2013 Stage-I approval was granted by MoEF&CC in May 2013.

g) However, during a joint field enquiry in June, 2014 it was observed by the State Forest officials that the non-forest land identified by the district administration was under encroachment and, therefore, the Forest Department refused to take over the said land for CA scheme.

h) TPTL kept on pursuing with DLLRO (District Land & Land Reform Department) to resolve the issue of encroachment over the identified non-forest land.

i) Meanwhile, MOEF&CC issued amendment on 11.07.2014 to the extant guidelines stipulating that CA (compensatory afforestation) can also be raised over twice the degraded forest land in respect of proposals for all transmission lines, irrespective of capacity (previously this dispensation was permissible only for transmission lines upto 220 KV).

j) Based on the above amendment to the guidelines by MoEF&CC and in view of continued delay in resolution of encroachment over the identified non-forest land by the District Administration, TPTL in August 2014, requested the respective DFOs to allow CA scheme over twice the degraded forest land in place of non-forest land. GoWB in October 2014 recommended for issuance of revised Stage-I approval to MOEF&CC so as to enable TPTL to pay the cost of CA over twice the degraded forest land. However, based on the

recommendation of FAC in its meeting held in December 2014, MoEF&CC vide letter dated 24.02.2015 declined to allow CA over twice degraded forest land stating that it may lead to opening of old cases.

k) The Land Reform Department, in July 2015, expressed inability to resolve the issue of encroachment. After considerable loss of time in attempting to resolve the issue of encroachment and also the MoEF&CC ruling out the possibility of permitting CA over twice the degraded forest land, the process of identification of alternate non-forest land for CA scheme was started afresh by the district authorities.

l) Eventually, 117.28 acres of alternate non-forest land was identified by the District Land Department for raising of CA scheme and in June 2016, the GoWB (L&R Dept) accorded approval for inter-departmental transfer of the said land in favour of the Forest Department for CA scheme, subject to realization of transfer value Rs. 5.02 crores from TPTL. Demand for the said amount was raised on TPTL on 13.06.2016 and the same was remitted by TPTL on 15.06.2016. Thereafter, the said non-forest land was handed over to Forest Dept in July 2016.

m) Based on the compliance report to Stage-I approval conditions submitted by GoWB in Oct. 2016, the regional office of MOEF&CC at Bhubaneswar granted the Stage- II approval in January 2017. Thereafter, GoWB issued order under Section 2 of the FC Act in January 2017.

n) Subsequently, tree felling operation was undertaken by the State Forest Dept in Goke PF (Darjeeling Territorial Division) & Ghoom Simana RF (Darjeeling Division) and TPTL started construction works at 11 nos of tower locations out of total 13 locations in Goke PF and at 9 nos of tower locations out of total 11 locations in Ghoom Simana RF.

o) In respect of Kurseong Division, even though the forest range officers had visited the site for marking of trees and TPTL had deposited the requisite payment, the tree felling was not completed. Consequently, TPTL was not able to start the construction activities at 3 locations in Manjha RF out of total 4 locations in Kurseong Division.

p) In June 2017, the hilly region of West Bengal witnessed violent protests/ strikes over the persisting demand for a separate State under



Gorkhaland Statehood movement, which was called off in September 2017. Thereafter, TPTL resumed construction works at the above locations and requested Forest Department to undertake tree felling operations at the balance locations.

q) Many developmental activities (residential/ commercial), took place during the period from 2010 to 2017 in Singla area near Goke forest in and around the proposed transmission corridor in private lands. However, due to stiff resistance by locals and to maintain statutory electrical clearances as per Electricity Act, 2003; locations of balance 2 out of total 13 transmission line towers (i.e. 156 and 156/1) in Goke RF required minor deviation/ realignment.

r) In December 2017, TPTL took up the matter with Nodal Officer for expediting the tree felling operation to enable start of works at the 4 locations in Kurseong Division. TPTL also requested to complete the tree felling operation at balance 2 tower locations (out of total 11 locations) in Darjeeling Forest Division which had been kept on hold due to inter-departmental payment related issues within the Forest Dept. TPTL also requested for approval of minor deviations in the 2 towers locations in Goke PF which was on account developmental activities and stiff resistance by locals.

s) Similarly, due to ROW issues in private land (Chenga Basti) at exit point of approved corridor and geological issues; 2 tower locations (i.e. AP 260/2 and 260/4) in Manjha RF also came to require minor deviations.

t) In April 2018, Darjeeling Division after internally resolving the inter-departmental payment issue for tree felling (which had already been deposited by TPTL) allowed TPTL to start construction works on balance 2 locations in Ghoom Simana RF.

u) For resolving the issues ailing this Project, the matter was placed under 'PRAGATI' for review & monitoring by Prime Minister's Office. In 'PRAGATI' meeting held on 25.04.2018, it was decided that GoWB should submit the proposal for Forest Clearance to MoEF&CC by 15.05.2018 and direction was also given to all concerned to resolve the issues at the earliest. The proposal was subsequently recommended by GoWB in July 2018 to regional office of MoEF&CC at Bhubaneswar in respect of modified Stage-II approval.



v) GoWB (Forest Dept) vide letter dated 03.07.2018 forwarded the application of TPTL to regional office of MoEF&CC at Bhubaneswar for approval of minor deviations, which had been necessitated on account of ROW issues in private land at entry & exit point of approved corridor and geological issues.

w) As per the recommendations of Regional Empowered Committee (REC), in the meeting held in August 2018, regional office of MoEF&CC at Bhubaneswar granted the Modified Stage-II approval in August 2018.

x) Thereafter, tree-felling operation was started by Forest Department in September 2018 to facilitate commencement of construction works at 3 locations in Manha RF and 2 locations in Goke PF.

y) Steps/ activities involved for obtaining forest clearance as per timelines envisaged in original schedule viz –a- viz actual time taken, is depicted below:

S. N.	Steps of Forest Clearance	Original Schedule	Actual Implemented Schedule	Remarks (Reasons for delay)
1.	Submission of forest application i.e. Form-A Part-I for seeking prior approval under section 2 of FC Act by TPTL to DFOs, State Forest Dept.	01.05.2010	<ul style="list-style-type: none"> <li>• For diversion of: 13.2342 Ha of forest land in GhoomSimana RF <b>on 10.08.2009</b></li> <li>• 9.7152 Ha of forest land in Manjha RF and UCC RF <b>on 03.09.2009&amp;</b></li> <li>• 24.5438 Ha of forest land in Goke PF, DGHC <b>on 05.04.2010</b></li> </ul>	TPTL filed application ahead of envisaged schedule
2.	Part-II by DFOs and forwarding to Conservator of Forest (CF)	01.07.2010	<ul style="list-style-type: none"> <li>• By DFO, DGHC to Nodal Officer <b>on 06.01.2012</b></li> <li>• By DFO, Kurseong Division <b>on 06.02.2012</b></li> <li>• By DFO, Darjeeling</li> </ul>	Due to identification of non-forest land by District Land & Land Reform dept for raising of CA Scheme

S. N.	Steps of Forest Clearance	Original Schedule	Actual Implemented Schedule	Remarks (Reasons for delay)
			Division on <b>15.02.2012</b>	
3.	Part-III by CF and forwarding to CF cum Nodal officer	01.08.2010	By CF, Hill Circle, Darjeeling on <b>15.03.2012</b>	
4.	Part-IV by CF cum Nodal officer of State Forest Dept.	01.09.2010	<b>03.09.2012</b>	Due to Certificates for settlement of FRA by District Administration
5.	Part-V by PCCF cum Secretary and forwarding of recommendation to Centre Govt i.e. MoEF	01.10.2010	<b>16.01.2013</b>	
6.	Appraisal of proposal by Forest Advisory Committee (FAC) of MoEF and recommendations to MoEF	01.12.2010	<b>20.02.2013</b>	
7.	Grant of Stage –I approval by MoEF	01.01.2011	<b>28.05.2013</b>	
8.	Submission of compliance report to condition of Stage-I approval by State Govt. to MOEF/RMOEF	15.03.2011	<b>05.10.2016</b>	Due to encroachment on identified non-forest land for CA Scheme and identification of alternate non forest land for CA scheme by District Administration.
9.	Grant of Stage –II approval (i.e. Final Forest Clearance) by RmoEF	15.04.2011	<b>04.01.2017</b>	In respect of original proposal
10.	Order under section 2 of FCA by State Govt.	30.04.2011	<b>24.01.2017</b>	In respect of original proposal
11.	Modified Stage-II Approval by RMOEF, Bhubneshwar		<b>28.08.2018</b>	In respect of minor deviations
12.	Modified order under section 2 of FCA by State Govt.		<b>31.08.2018</b>	In respect of minor deviations

z) The Petitioner has submitted details of correspondence amongst TPTL, Forest Department and DLLRO, Darjeeling for identification of non-forest land.

#### **34. Delay in according Forest Clearance in Sikkim**

a) The Petitioner has submitted that in Sikkim, the Project traverses through North Sikkim, East Sikkim and South Sikkim, whereas the subject assets (Rangpo – Kishenganj Line) traverses only through South Sikkim. The proposal for forest

clearance was submitted to respective DFOs in December 2009 and January 2010. Forest clearance was envisaged to be received within 12 months. Chronology in respect of Forest Clearance in State of Sikkim is as under: -

S. N.	Particulars	Status
1.	Submission of forest application i.e. Form-A Part-I for seeking prior approval under section 2 of FC Act by TPTL to DFOs, State Forest Dept. for diversion of 48.4485 ha of forest land in State of Sikkim (a) 10.2232 Ha of forest land in South Sikkim; (b) 14.6013 Ha of forest land in East Sikkim and I 23.6240 Ha of forest land in North Sikkim)	Submitted in December 2009 and January, 2010
2	Part II by respective DFOs to concerned Conservator of Forests (CF)	March-April 2010
3	Part-III by CF to Nodal Officer	July, 2010
4	Part IV by Nodal Officer to PCCF, Sikkim	August, 2010
5	Part-V by PCCF cum Secretary, GoS and forwarding of recommendation to Centre Govt i.e.MoEF	August, 2010
6	Appraisal of proposal by Forest Advisory Committee (FAC) of MoEF and recommendations to MoEF	October, 2010
7	Grant of Stage –I approval by MoEF	January, 2011
8	Conduction of Gram Sabha meetings by concerned Gram Panchayats and submission of Gram Sabha resolutions/minutes to respective District Collectors/ Sub-Divisional Magistrates in respect of settlement of Forest Rights under the Scheduled Tribes & Other Traditional Forest Dwellers Act, 2006 (FRA) as a part of compliance of condition no 18 of Stage-I approval	May 2011 – June 2011
9	Submission of compliance report to conditions of Stage-I approval by TPTL to Nodal Officer, GoS	July, 2011
10	Submission of compliance report to condition of Stage-I approval by State Govt. to MOEF	August, 2011
11	Grant of Stage–II approval (i.e. Final Forest Clearance) by MoEF	September, 2011

b) The Petitioner has submitted that Stage-II forest clearance in respect of the subject assets passing through Sikkim, was accorded on 07.09.2011, i.e. after a period of about 20 months from submission of the proposal. Thus, construction activities for Subject Asset in Sikkim could only be started after 07.09.2011. Accordingly, there is a delay of approximately 8 months in the grant of Stage-II forest clearance in Sikkim.

c) The Petitioner has submitted that delay in grant of Forest Clearance in Sikkim was considered and condoned by the Commission vide Order dated 15.05.2018 in Petition No.108/TT/2016. The delay on account of forest clearance for portion of the

transmission line traversing through Sikkim, gets subsumed by the time overrun caused due to delay in accord of forest clearance in West Bengal.

**35. Delay in grant of Tree Cutting Permission on private land in Chenga Basti & Panighata T.E**

a) 7 towers (i.e. 260/5, 260/6, 260/7, 261, 261/1, 262N and 263) are located on private land in Chenga Basti and Panighata TE. Tower no 260/4 is located on forest land (i.e. Manjha RF) and connects with tower no 260/5 on private land (i.e. Chenga Basti). TPTL submitted application to district administration seeking permission for felling of trees in respect of corridor falling between towers no 260/5 to 263 on the said location, in December 2017. However, district administration granted the permission for looping and trimming of trees only on 02.01.2019, i.e. after a period of 1 year.

36. The Petitioner has submitted that the subject assets have faced a total uncontrollable delay for the period up to November 2018 for both the Circuit 2(a) and Circuit 1(c) and additional delay up to January 2019 for Circuit 1(c). Out of this, the delay on account of grant of forest clearance alone is 66 Months (i.e. from envisaged scheduled COD of February 2013 till grant of final forest clearance in August 2018) and has subsumed the other uncontrollable delaying factors. Till such time 99% of foundation and erection works were already completed. The period of delay after August 2018 and up to November 2018/ January 2019, has been caused due to ROW issues faced at AP 266 – 268 Naxalbari Block (January 2015 to November 2018); at AP 190 (January 2018 to November 2018); and subsequent ROW issues in South Sikkim with regard to Energisation of Circuit 1(c). Thereafter, balance foundation, erection and stringing works were carried out and COD of Circuit 2(a) was achieved on 06.01.2019 and of Circuit 1(c) has been achieved on 13.02.2019.

37. We have considered the submissions made by the Petitioner for condonation of the time over-run in case of the instant asset. The instant assets were scheduled to be put into commercial operation on 28.2.2013, against which the assets were put into commercial operation on 6.1.2019 and 13.2.2019 with delays of 2138 days and 2176 days respectively. The Petitioner has submitted that the time over-run in case of the assets under the transmission project was due to delay in grant of forest clearance in West Bengal and Sikkim, RoW problems at various locations, court stay order, earthquake, flood, national highway and power line crossings etc. It has been observed that the time overrun has mainly occurred due to delay in forest clearance. The delay due to other reasons such as RoW problems at various locations, court stay order, earthquake, flood, national highway and power line crossings etc. gets subsumed in the forest clearance in West Bengal Portion and, hence other reasons are not being analysed.

38. The Petitioner has submitted that the proposal for diversion of forest land of 13.2342 Ha in Ghoom Simana RF (Darjeeling FD), 9.7172 Ha in Manjha RF and UCC RF (Kurseong FD) and 24.5438 Ha in Goke Protected Forest (Darjeeling Territorial FD) in West Bengal were submitted on 10.8.2009, 3.9.2009 and 5.4.2010 respectively. The petitioner has submitted that Stage-I approval was obtained on 28.5.2013 while Stage-II approval was obtained on 14.1.2017 and the modified stage-II approval was obtained on 28.8.2018.

39. We observe that there is delay of 2829 days in grant of forest clearance in West Bengal portion of the subject assets. In our view, this additional time taken of about 2829 days in obtaining forest clearance in West Bengal is beyond the control of the Petitioner and had a cascading effect on the execution of the instant transmission assets. However, the Petitioner compressed the execution time due to which the

overall time overrun is about 2176 days (Asset-1) and 2138 days (Asset-2). Therefore, the same is condoned.

40. In view of the above the time over-run condoned/ not condoned in respect of the instant assets is summarized as below:

<b>Assets</b>	<b>Time over-run in commissioning of asset (days)</b>	<b>Time over-run condoned (days)</b>	<b>Time over-run not condoned (days)</b>
Asset-1	2176	2176	NIL
Asset-2	2138	2138	NIL

### **Interest During Construction (IDC)**

41. The Petitioner has claimed Interest during Construction (IDC) for the instant assets and has submitted the Auditor Certificates dated 29.11.2019 in support of the same. The Petitioner has claimed IDC of ₹24432.05 lakh and ₹23182.02 lakh for Asset-1 and Asset-2, respectively. The claimed IDC is inclusive of notional IDC and financial charges. It is indicated in the Auditor's Certificates that the notional IDC included in the above claimed IDC are ₹294.35 lakh and ₹294.35 lakh for Asset-1 and Asset-2, respectively. Further, Form-5 for both the assets indicates that the financing charges are ₹547.84 lakh each for both the assets. Accordingly, IDC claim (excluding notional IDC and financial charges) has been worked out to ₹23589.86 lakh and ₹22339.83 lakh for Asset-1 and Asset-2, respectively.

42. However, the Petitioner has not submitted any separate calculation/ statement of IDC comprising dates and amount of drawl of the loans deployed for the assets, rate of interest of the loans for each drawl and repayment for the assets. The Petitioner, instead of the calculation/ statement of IDC for the assets separately, has submitted bank statement/ journal entries of bank transactions for the entire project and indicated apportioned IDC to different Assets. Also, the Petitioner has not submitted the basis of apportionment of IDC into different assets.

43. The Petitioner has claimed notional IDC of ₹294.35 lakh each for both the assets as per Auditor's Certificates as on COD. However, as per Form-5 for both the assets, Notional IDC as on COD are indicated as ₹279.19 lakh each for both the assets. The Petitioner, vide Form-6, has claimed the Debt-Equity ratio of 75:25 as on COD, in line with the Investment Approval. However, the figures submitted for debt and equity in Form-6 are not reconciled with the ratio indicated in the forms. Further, Form-8 (*Calculation of Return on Equity*) and Form-9E (*Calculation of Interest on Normative Loan*) for both the assets are not reconciled with figures and ratio indicated as per Form-6 for the corresponding assets. Also, the Petitioner has not submitted segregated calculation/ statement of IDC for each asset comprising dates and amount of each drawl of the loans, rate of interest of the loans for each drawl and repayment of the loans deployed for the assets. Hence, there is a lack of clarity in respect of deployment at each drawl of the funds before COD.

44. Therefore, notional IDC is not being allowed as of now. However, the same shall be reviewed after prudence check, on submission of reconciled statement of deployment of funds with revised tariff forms along with detailed calculation/ statement of IDC comprising dates and amount of each drawl of the loans, rate of interest of the loans for each drawl and repayment schedule of the loans deployed for the assets based on the revised Auditor's Certificate and/or revised Tariff Forms, if any, at the time of true up of 2014-19 tariff.

45. Further, the Petitioner has claimed financial charges of ₹547.84 lakh each for both the assets as per Form-5 as well as through Auditor's Certificates as on COD. However, the financial charges are not being allowed as of now due to reasons explained above. The same shall be reviewed, after prudence check, on submission of the detailed break up of financial charges duly certified by the Auditor at the time of true up of 2014-19.

46. In view of above, IDC (excluding notional IDC and financial charges) of ₹23589.86 lakh and ₹22339.83 lakh for Asset-1 and Asset-2, respectively is being considered for tariff calculation. However, IDC allowed now, shall be subject to prudence check after submission of separate calculation/ statement of IDC comprising of dates and amount of each drawl of the loans, rate of interest of the loans for each drawl and repayment schedule of the loans deployed for the Assets based on the revised Auditor's Certificate and/or Tariff Forms by the Petitioner at the time of true up of 2014-19.

#### **Incidental Expenditure During Construction (IEDC)**

47. Petitioner has claimed Incidental Expenditure during Construction (IEDC) of ₹2977.96 lakh and ₹2662.84 lakh for Asset-1 and Asset-2, respectively and has submitted Auditor's Certificate dated 29.11.2019 in support of the same. The IEDC claimed by the Petitioner has been allowed in the instant petition which is subject to reconsideration 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 true up of 2014-19. Petitioner is directed to submit the IEDC details, i.e. IEDC claimed and allowed, in respect of other Assets of the Transmission Project, at the time of true up.

48. Vide Order dated 22.1.2020, in Petition no 368/TT/2018, Commission had observed that:

**“41. ....The Petitioner is directed to submit the details of Bank Guarantee encashed and retention money held by the Petitioner at the time of true-up.”**

In line with the directions issued in petition no 368/TT/2018, we would like to asseverate that the Petitioner should furnish, at the time of true up, the details of



Bank Guarantee encashed and retention money held corresponding to the assets in the instant petition, clearly segregating it from the capital cost.

### Initial Spares

49. This has been dealt in line with Regulation 13 of the 2014 Tariff Regulations. The Petitioner has claimed Initial Spare of ₹1024.30 lakh each for both the Asset-1 and Asset-2 and has submitted Auditor's Certificate dated 29.11.2019 in support of the same. The Petitioner has submitted that no initial spares has been claimed for substation and that the entire initial spares has been claimed for transmission line only. The Petitioner has further submitted that entire initial spares has been discharged on COD.

50. Initial Spares claimed by the Petitioner in respect of instant assets corresponding to transmission line are beyond the ceiling as prescribed by the Commission. Hence, excess Initial Spares claimed by the Petitioner in respect of Asset-1 and Asset-2 has been deducted from COD cost to arrive at the capital cost for the purpose of tariff, as follows:

Asset	(₹ in lakh)				
	Total Capital Cost (Plant and machinery Cost excluding IDC, IEDC, Land cost and cost of Civil works) up to Cut-off date (31.03.2019)	Initial Spares Claimed against Capital Cost Claimed	Ceiling Limit as per Regulation, 2014	Initial Spares worked out	Excess Initial Spares disallowed
	(a)	(b)	€	(€(e))	
Asset-1 (T/L)	39896.17	1,024.30	1.00%	392.65	631.65
Asset-2 (T/L)	39896.17	1,024.30	1.00%	392.65	631.65

### Capital cost as on COD

51. The Petitioner has claimed ₹3188.63 lakh each for both the Asset-1 and Asset-2 as un-discharged liability as on COD vide Auditor's Certificates dated 29.11.2019

and Form-5 submitted in the instant petition. Further, the Petitioner has not submitted any other discharge statement in respect of the same.

52. Accordingly, the capital cost allowed under Regulation 9(2) of the 2014 Tariff Regulations as on COD, for the purpose of tariff calculation after scrutiny of IDC, IEDC, Initial Spares and liability thereon, if any, is summarized as under:

(₹ in lakh)

Asset-1 (Ckt-1(c))  [Break up of Capital Cost]	As per Auditor's Certificate dated 29.11.2019 (Accrual Basis)	As per Form-5 (Accrual Basis)	Allowable Capital Cost (Accrual Basis)	Liability (As per Form-5 & Auditor's Certificate)	Capital Cost Allowed (Cash Basis)
Transmission Line	39896.18	36666.71	36666.71	2325.08	34341.63
Sub Station		3229.46	3229.46	169.84	3059.62
Total Hard Cost (a)	39896.18	39896.17	39896.17	2494.93	37401.25
Total IEDC (b)	2977.96	2977.96	2977.96	109.39	2868.57
IDC	24432.05	23589.86	23589.86	584.31	23005.55
Notional IDC		294.35	-	-	-
Financial Charges		547.84	-	-	-
Total IDC (c)	24432.05	24432.05	23589.86	584.31	23005.55
Total Capital Cost (a)+(b)+(c)	67306.19	67306.18	66463.99	3188.63	63275.37
LESS: Excess Initial Spare					631.65
<b>Capital Cost (On Cash Basis) allowed as on COD</b>					<b>62643.72</b>

(₹ in lakh)

Asset-2 (Ckt-2(a))  [Break up of Capital Cost]	As per Auditor's Certificate dated 29.11.2019 (Accrual Basis)	As per Form-5 (Accrual Basis)	Allowable Capital Cost (Accrual Basis)	Liability (As per Form-5 & Auditor's Certificate)	Capital Cost Allowed (Cash Basis)
Transmission Line	39896.16	36666.71	36666.71	2325.08	34341.63
Sub Station		3229.46	3229.46	169.84	3059.62
Total Hard Cost (a)	39896.16	39896.17	39896.17	2494.93	37401.25
Total IEDC (b)	2662.84	2662.84	2662.84	109.39	2553.45
IDC	23182.02	22339.83	22339.83	584.31	21755.52
Notional IDC		294.35	-	-	-
Financial Charges		547.84	-	-	-
Total IDC (c)	23182.02	23182.02	22339.83	584.31	21755.52
Total Capital Cost (a)+(b)+(c)	65741.02	65741.03	64898.84	3188.63	61710.22
LESS: Excess Initial Spare					631.65

**Additional Capital Expenditure (ACE)**

53. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cut-off date for instant assets is 31.3.2021. However, the Petitioner has not claimed any Additional Capital Expenditure during 2018-19 period. Accordingly, the capital cost as on COD has been considered as on 31.3.2019, for the purpose of tariff calculations.

**Capital cost for the tariff period 2014-19**

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

Asset	Capital Cost allowed as on COD	Add Cap allowed from COD to 31.03.2019	(₹ in lakh)
			Total Estimated Completion Cost up to 31.3.2019
Asset-1	62643.72	0.00	62643.72
Asset-2	61078.57	0.00	61078.57

**Debt-Equity Ratio**

55. Debt-Equity Ratio is considered as per Regulation 19 of the 2014 tariff Regulations. As per Investment Approval, the debt-equity of 75:25 has been approved by the Board of Directors of the Petitioner. The petitioner has submitted Form-6 for the instant assets indicating the same Debt-Equity Ratio. However, the figures submitted for debt and equity in Form-6 are not reconciled with the ratio indicated in the forms. Further, equity figures as per Form-8 (ROE) for both the assets are not reconciled with figures and ratio indicated as per Form-6 for the corresponding assets. Hence, there is a lack of clarity in respect of deployment of funds before COD.

56. In view of the above, the Debt-Equity Ratio of 75:25 as per Investment Approval has been considered in calculating transmission tariff for both the assets which shall be subject to review after prudence check at the time of true up of 2014-19 tariff period. Petitioner is directed to clarify the position regarding the actual Debt and Equity deployed as on COD vis-à-vis the Investment Approval, at the time of true up. Accordingly, the debt-equity as on dates of commercial operation and 31.3.2019 considered on normative basis are as under:

(₹ in lakh)

Asset-1	As on COD		As on 31.03.2019	
Debt	46982.79	75.00%	46982.79	75.00%
Equity	15660.93	25.00%	15660.93	25.00%
<b>Total</b>	<b>62643.72</b>	<b>100.00%</b>	<b>62643.72</b>	<b>100.00%</b>

(₹ in lakh)

Asset-2	As on COD		As on 31.03.2019	
Debt	45808.92	75.00%	45808.92	75.00%
Equity	15269.64	25.00%	15269.64	25.00%
<b>Total</b>	<b>61078.57</b>	<b>100.00%</b>	<b>61078.57</b>	<b>100.00%</b>

### Return on Equity (ROE)

57. The Return on Equity (ROE) has been computed as per Regulation 24 of the CERC (Terms and Conditions of Tariff) Regulations, 2014. The Petitioner has not claimed any tax for FY 2018-19. Further, the petitioner, vide Form-8 for each asset, has submitted that tax is not payable in FY 2018-19. Accordingly, ROE has been allowed at the rate of 15.50% without grossing up, as follows:

(₹ in lakh)

Particulars	Asset-1	Asset-2
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Opening Equity	15660.93	15269.64
Addition due to Additional Capitalization	0.00	0.00
Closing Equity	15660.93	15269.64
Average Equity	15660.93	15269.64
Return on Equity (Base Rate )	15.50%	15.50%
MAT rate for the Financial year 2013-14	0.000%	0.000%
Rate of Return on Equity (Pre-tax)	15.500%	15.500%

<b>Return on Equity (Pre-tax)</b>	<b>312.57</b>	<b>551.17</b>
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### 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:

- (i) Gross amount of loan, repayment of instalments and rate of interest on actual loans have been considered as per petition including additional information.
- (ii) The yearly repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that year.
- (iii) Weighted average rate of interest on actual average loan worked out as per (i) above is applied on the notional average loan during the year to arrive at the interest on loan.

59. 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.

60. The details of IOL calculated are as follows:

<b>Particulars</b>	<b>(₹ in lakh)</b>	
	<b>Asset-1 2018-19 (Pro-rata)</b>	<b>Asset-2 2018-19 (Pro-rata)</b>
Gross Normative Loan	46982.79	45808.92
Cumulative Repayment upto previous Year	0.00	0.00
Net Loan-Opening	46982.79	45808.92
Addition due to Additional Capitalization	0.00	0.00
Repayment during the year	425.91	751.02
Net Loan-Closing	46556.88	45057.91

Average Loan	46769.83	45433.42
Weighted Average Rate of Interest on Loan	12.4193%	12.4193%
<b>Interest on Loan</b>	747.94	1314.01

### Depreciation

61. 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 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)	
	Asset-1 2018-19 (Pro-rata)	Asset-2 2018-19 (Pro-rata)
Opening Gross Block	62643.72	61078.57
Additional Capital expenditure	0.00	0.00
Closing Gross Block	62643.72	61078.57
Average Gross Block	62643.72	61078.57
Rate of Depreciation	5.2800%	5.2800%
Depreciable Value	56379.34	54970.71
Remaining Depreciable Value	56379.34	54970.71
<b>Depreciation</b>	<b>425.91</b>	<b>751.02</b>

### Operation and Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)		
Asset	Particulars	2018-19
Asset-1	O&M Expenses	22.79
Asset-2		41.22

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

Element	2018-19
Sub-Station: 400 kV bay (₹ in lakh per bay)	68.71
Transmission Line: Double Circuit-Bundled conductor with four or more sub-conductors (Rs. Lakh/km)	1.210

64. 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 2018-19 is given below:

(₹ in lakh)			
S.N.	Element	Asset-1	Asset-2
		2018-19* (pro-rata)	2018-19* (pro-rata)
1	Substation (1 no. of 400 kV line bay at Kishenganj)	8.659	15.813
2	Transmission Line ( 400 kV D/C Rangpo-Kishenganj (Quad) -179 kM)	27.296	49.845
	<b>O&amp;M Expenses Allowed</b>	<b>35.95</b>	<b>65.65</b>

### Interest on Working Capital (IWC)

65. 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 transmission charges 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 1.4.2018 Plus 350 Bps i.e. 12.20% have been considered as the rate of interest on working capital for the Assets.

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



Particulars	(₹ in lakh)	
	Asset-1	Asset-2
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Maintenance Spares	41.88	42.29
O&M Expenses	23.27	23.49
Receivables	2012.70	1960.56
<b>Total</b>	<b>2,077.85</b>	<b>2026.34</b>
Rate of Interest	12.20%	12.20%
Interest on working Capital	32.64	57.57

### Annual Transmission charges

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

Particulars	(₹ in lakh)	
	Asset-1	Asset-2
	2018-19 (Pro-rata)	2018-19 (Pro-rata)
Depreciation	425.91	751.02
Interest on Loan	747.94	1314.01
Return on Equity	312.57	551.17
Interest on Working Capital	32.64	57.57
O&M Expenses	35.95	65.65
<b>Total</b>	<b>1555.02</b>	<b>2739.42</b>

### Filing fee and the publication expenses

68. 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 Regulation 52(1) of the 2014 Tariff Regulations.

### License fee and RLDC Fees and Charges

69. 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**

70. 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**

71. The billing, collection and disbursement of the transmission charges approved in this order 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 as provided in Regulation 43 of the 2014 Tariff Regulations.

72. This order disposes of Petition No.96/TT/2019.

Sd/-  
**(I. S. Jha)**  
Member

Sd/-  
**(P. K. Pujari)**  
Chairperson