

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Bhanu Bhushan, Member**
2. **Shri R.Krishnamoorthy, Member**

Petition No. 45/2008

In the matter of

Determination of final transmission tariff for Vindhyachal STPP-Satna 400 kV D/C transmission line (3rd and 4th circuit) and 400/220 kV Satna (Powergrid) sub-station (extension) with 1x315 MVA transformer under Vindhyachal Stage-III transmission system in Western Region for the period up to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

1. Madhya Pradesh Power Transmission Company Ltd., Jabalpur
2. Maharashtra State Electricity Distribution Company Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Vadodra
4. Electricity Deptt., Government of Goa, Panaji
5. Electricity Deptt., Administration of Daman & Diu, Daman
6. Electricity Deptt., Administration of Dadra & Nagar Haveli, Silvassa
7. Chhattisgarh State Electricity Board, Raipur
8. Madhya Pradesh Audyogik Kandra Vikas Nigam (Indore) Ltd, Indore

.Respondents

The following were present:

1. Shri U.K.Tyagi, PGCIL
2. Shri Prashant Sharma, PGCIL
3. Shri C.Kannan, PGCIL
4. Shri S.K.Niranjan, PGCIL
5. Shri M.M.Mondal, PGCIL
6. Ms. Yognaya Agnihotri, Advocate, CSEB

ORDER

(DATE OF HEARING: 15.7.2008)

This petition has been filed for approval of transmission charges for Vindhyachal-Satna 400 kV D/C transmission line (3rd and 4th circuit) and 400/220 kV Satna (Power Grid) sub-station (extension) with 1x315 MVA transformer (collectively referred to as "the transmission assets") under Vindhyachal STPS Stage-III transmission system (the transmission system) in Western Region from the date of commercial operation of the respective transmission asset to 31.3.2009, based on the

Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the 2004 regulations”) after accounting for additional capitalization during 2006-07. The petitioner has also prayed for reimbursement of expenditure from the beneficiaries incurred towards publishing of notices in newspapers and the petition filing fee.

2. The investment approval for the transmission system was accorded by Ministry of Power vide its letter dated 23.7.2004 at an estimated cost of Rs. 59647 lakh, which included IDC of Rs. 5289 lakh. Subsequently, approval of the revised cost estimate for the transmission system was approved by Ministry of Power vide its letter dated 13.11.2007 at a cost of Rs. 68956 lakh.

3. The provisional transmission charges for the transmission assets were approved by the Commission in its order dated 4.7.2007 in Petition No. 63/2007. The details of transmission assets and their dates of commercial operation as indicated by the petitioner are as under:

S. No.	Name of the assets	Date of commercial operation
1.	400 kV D/C Vindhyachal-Satna transmission line (3 rd circuit) (Asset-I)	1.10.2006
2.	400/220 kV 315 MVA ICT-II at Satna (Asset-II)	1.11.2006
3.	400 kV D/C Vindhyachal-Satna transmission line (4 th circuit) (Asset-III)	1.12.2006

4. The details of the apportioned approved cost, the estimated completion cost, etc. of the transmission assets noted at para 3 above are as under:

(Rs. in lakh)

Name of the assets	Apportioned approved cost	Capital expenditure as on the date of commercial operation	Capital Expenditure from the date of commercial operation to 31.3.2007	Balance Expenditure	Total estimated completion cost
Asset- I	21043.32	18327.28	689.67	788.64	19805.59
Asset-II	1907.34	1563.56	38.50	146.03	1748.09
Asset-III	6610.39	6182.62	0.00	269.52	6452.14

5. The petitioner has claimed the transmission charges as under:

(Rs.in lakh)

	Asset- I			Asset-II			Asset-III		
	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Depreciation	244.94	498.98	498.98	23.91	58.09	58.09	56.12	168.36	168.36
Interest on Loan	549.68	1091.67	1049.17	38.87	91.14	86.18	122.68	358.43	344.02
Return on Equity	392.12	798.73	798.73	27.73	67.36	67.36	86.55	259.65	259.65
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	31.59	64.49	65.08	3.58	8.77	8.92	7.58	22.79	23.04
O & M Expenses	46.98	97.50	101.61	50.70	126.52	131.60	31.32	97.50	101.61
Total	1265.31	2551.36	2513.56	144.80	351.88	352.15	304.25	906.72	896.68

6. The details submitted by the petitioner in support of its claim for interest on working capital are given hereunder:

(Rs. in lakh)

	Asset- I			Asset-II			Asset-III		
	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Maintenance Spares	186.72	195.77	207.52	15.83	16.42	17.40	61.83	63.06	66.85
O & M expenses	7.83	8.12	8.47	10.14	10.54	10.97	7.83	8.12	8.47
Receivables	421.77	425.33	418.93	57.92	58.65	58.69	152.12	151.12	149.45
Total	616.32	629.22	634.92	83.89	85.61	87.06	221.78	222.30	224.77
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Interest	31.59	64.59	65.08	3.58	8.77	8.92	7.58	22.79	23.04

7. The reply to the petition has been filed by M.P. Power Trading Company Ltd (MPPTCL) although, MPPTCL has not been impleaded in the petition as respondent. In response to the public notices published by the petitioner in accordance with the procedure specified by the Commission, no comments have been received from the general public.

8. MPPTCL in its reply filed vide affidavit dated 10.6.2008 has stated that as per Regulation 52 of the 2004 regulations, expenditure incurred up to date of commercial operation may be taken for determination of tariff. Further, it has prayed that any adjustment on account of additional employee cost subsequent to wage revision due w.e.f. 1.1.2007 may not be allowed. MPPTCL has further prayed that expenditure

towards publishing notices in newspapers and other expenditure in relation to filing of petition may not be allowed.

9. It is clarified that the transmission charges are being allowed based on expenditure as on date of commercial operation and additional capital expenditure in accordance with the 2004 regulations.

CAPITAL COST

10. As per clause (1) of Regulation 52 of the 2004 regulations, subject to prudence check, the actual expenditure incurred on completion of the project shall form the basis for determination of final tariff. The final tariff shall be determined based on the admitted capital expenditure actually incurred up to the date of commercial operation of the transmission system and shall include capitalised initial spares subject to a ceiling norm as 1.5% of original project cost. The regulation is applicable in case of the transmission system declared under commercial operation on or after 1.4.2004.

11. The petitioner has claimed tariff after accounting for additional capitalization in respect of Asset-I and Asset-II from the date of commercial operation up to 31.3.2007 as given in the table below para 4 above.

ADDITIONAL CAPITALIZATION 2006-07

12. Clause (1) of Regulation 53 of the 2004 regulations provides-

“(1) The following capital expenditure within the original scope of work actually incurred after the date of commercial operation and up to the cut off date may be admitted by the Commission, subject to prudence check:

- (i) Deferred liabilities;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares in the original scope of works subject to the ceiling norm specified in regulation 52;
- (iv) Liabilities to meet award of arbitration or compliance of the order or decree of a court; and
- (v) On account of change in law:

Provided that original scope of work along with estimates of expenditure shall be submitted along with the application for provisional tariff:

Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation of the transmission system.”

13. The details submitted by the petitioner in support of its claim for additional capital expenditure for Asset-I and Asset-II are given hereunder:

Asset-I	Asset-II
Nature of expenditure	Nature of expenditure
Transmission line = Rs. 647.59 lakh Sub-station = Rs. 39.96 lakh PLCC = Rs. 2.12 lakh Total = Rs. 689.67 lakh	Sub-station = Rs. 37.41 lakh PLCC = Rs. 1.09 lakh Total = Rs. 38.50 lakh

14. The petitioner in case of each of the three assets had submitted Form 5B comparing actual expenditure on commercial operation with approved revised cost estimate. During the hearing held on 15.7.2008, the Commission had directed the petitioner to file the revised Form 5B, comparing actual expenditure on the date of commercial operation with the original cost estimate. The petitioner has submitted the information under its affidavit dated 25.7.2008. The petitioner has informed that increase in cost is due to price variation (PV) and increase in taxes. The justification given by the petitioner has been found reasonable and acceptable.

15. The additional capital expenditure claimed is within the original scope of work and is found to be in order as it was against the committed liability. Accordingly, capitalization of the additional expenditure claimed by the petitioner has been allowed for the transmission Asset-I and Asset-II, respectively.

Time Over-run

16. As per the original approval, the transmission assets were scheduled to be commissioned by July 2007. However, the date of commercial operation was advanced to match commissioning schedule of Unit No. 9 (500 MW) at Vindhyachal STPS Stage-III. It is noted from the records that the issue of early commissioning for the transmission assets was discussed in commercial Committee meeting, of Western Region on 31.5.2006 and agreed to by all concerned.

TOTAL CAPITAL COST

17. Based on the above, gross block as given below has been considered for the purpose of tariff for the transmission assets, after allowing additional capitalization on woks as claimed by the petitioner, which is within the limits of apportioned approved cost:

(Rs. in lakh)

	Expenditure as on the date of commercial operation	Additional capital expenditure up to 31.3.2007	Total capital expenditure
Asset- I	18327.28	689.67	19016.95
Asset-II	1536.56	38.50	1602.06
Asset-III	6182.62	0.00	6182.62

DEBT- EQUITY RATIO

18. Clause (1) of Regulation 54 of the 2004 regulations *inter alia* provides that,-

“(1) In case of the existing projects, debt–equity ratio Considered by the Commission for fixation of tariff for the period ending 31.3.2004 shall be considered for determination of tariff with effect from 01.04.2004:

Provided that in cases where the tariff for the period ending 31.3.2004 has not been determined by the Commission, debt-equity ratio shall be as may be decided by the Commission:

Provided further that in case of the existing projects where additional capitalisation has been completed on or after 1.4.2004 and admitted by the Commission under Regulation 53, equity in the additional capitalisation to be considered shall be :-

- (a) 30% of the additional capital expenditure admitted by the Commission, or
- (b) equity approved by the competent authority in the financial package, for additional capitalisation, or
- (c) actual equity employed,

whichever is the least:

Provided further that in case of additional expenditure admitted under the second proviso, the Commission may consider equity of more than 30% if the transmission licensee is able to satisfy the Commission that deployment of such equity of more than 30% was in the interest of general public.”

19. The Note 1 below Regulations 53 lays down that any expenditure on account of committed liabilities with the original scope of work is to be serviced in the normative debt-equity ratio specified in Regulation 54.

20. The petitioner has considered debt-equity ratio of 70:30, 69.97:30.03 and 70:30 for Asset-I, Asset-II and Asset-III respectively, as actually deployed on the date of commercial operation. The petitioner has further considered the amount of additional capitalization in the debt-equity ratio of 70:30. The methodology adopted by the petitioner has been considered as it is in accordance with the 2004 regulations. Accordingly, for the purpose of tariff, equity considered for the transmission assets is as under:

(Rs. in lakh)

	Capital cost as on date of commercial operation	Equity on the date of commercial operation	Additional capital expenditure during 2006-07	Addition of equity	Equity considered as on 1.4.2007
Asset- I	18327.28	5498.28	689.67	206.90	5705.18
Asset-II	1536.56	469.07	38.50	11.55	480.62
Asset-III	6182.62	1854.62	0.00	0.00	1854.62

RETURN ON EQUITY

21. As per clause (iii) of Regulation 56 of the 2004 regulations, return on equity shall be computed on the equity base determined in accordance with regulation 54 @ 14% per annum. Equity invested in foreign currency is to be allowed a return in the same currency and the payment on this account is made in Indian Rupees based on the exchange rate prevailing on the due date of billing.

22. Equity has been considered as on the date of commercial operation and as on 1.4.2007 onwards as given in the table in para 20 above. However, tariff for the period from date of commercial operation to 31.3.2007 has been allowed on average equity. Accordingly, the petitioner shall be entitled to return on equity as under:

(Rs. in lakh)

Name of the assets	Equity as on the date of commercial operation	Addition due to additional capitalization During 2006-07	Average equity during 2006-07	Return on equity		
				2006-07 (Pro rata)	2007-08	2008-09
Asset- I	5498.28	206.90	5601.73	392.12	798.73	798.73
Asset- II	469.07	11.55	474.84	27.70	67.29	67.29
Asset-III	1854.62	0.00	1854.62	86.55	259.65	259.65

INTEREST ON LOAN

23. Clause (i) of regulation 56 of the 2004 regulations *inter alia* provides that,-

“(a) Interest on loan capital shall be computed loan wise on the loans arrived at in the manner indicated in regulation 54.

(b) The loan outstanding as on 1.4.2004 shall be worked out as the gross loan in accordance with Regulation 54 minus cumulative repayment as admitted by the Commission or any other authority having power to do so, up to 31.3.2004. The repayment for the period 2004-09 shall be worked out on a normative basis.

(c) The transmission licensee shall make every effort to re-finance the loan as long as it results in net benefit to the beneficiaries. The costs associated with such re-financing shall be borne by the beneficiaries.

(d) The changes to the loan terms and conditions shall be reflected from the date of such re-financing and benefit passed on to the beneficiaries.

(e) In case of dispute, any of the parties may approach the Commission with proper application. However, the beneficiaries shall not withhold any payment ordered by the Commission to the transmission licensee during pendency of any dispute relating to re-financing of loan;

(f) In case any moratorium period is availed of by the transmission licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.

(g) The transmission licensee shall not make any profit on account of re-financing of loan and interest on loan;

(h) The transmission licensee may, at its discretion, swap loans having floating rate of interest with loans having fixed rate of interest, or vice versa, at

its own cost and gains or losses as a result of such swapping shall accrue to the transmission licensee:

Provided that the beneficiaries shall be liable to pay interest for the loans initially contracted, whether on floating or fixed rate of interest.”

24. The petitioner has claimed interest on loan in the following manner:
- (i) Gross loans opening has been considered from 2006-07.;
 - (ii) On the basis of actual rate of interest on actual average loan, the weighted average rate of interest on loan is worked out for various years;
 - (iii) Bond XXVI has been utilised for the purpose of additional capitalisation w.e.f. 26.3.2007 ;
 - (iv) Gross loan at (i) above have been considered along with the loan utilised after date of commercial operation and the weighted average rate of interest on loan for respective years as per above has been has been multiplied to arrive at interest on loan, considering as repayment.
25. In our calculation, the interest on loan has been worked out as detailed below:
- (i) Gross amount of loan, repayment of instalments and rate of interest submitted by the petitioner have been used to work out weighted average rate of interest on actual loan.
 - (ii) Notional loan arising out of additional capitalization from date of commercial operation to 31.3.2007 has been added in loan amount as on date of commercial operation to arrive at total notional loan. This adjusted gross loan has been considered as normative loan for tariff calculations

- (iii) Tariff has been worked out considering normative loan and normative repayments. Once the normative loan has been arrived at, it has been considered for all purposes in the tariff. Normative repayment has been worked out by the following formula :

Actual repayment of actual loan during the year

----- X Opening balance of normative
Opening balance of actual loan during the year loan during the year

- (iv) Moratorium in repayment of loan has been considered with reference to normative loan and if the normative repayment of loan during the year is less than the depreciation during the year, it has been considered as moratorium and depreciation during the year has been deemed as normative repayment of loan during the year.
- (v) Weighted average rate of interest on actual loan worked out as per (i) above has been applied on the average loan during the year to arrive at the interest on loan.

26. Based on the above, the year-wise details of interest worked out are given hereunder:

(Rs. in lakh)

Details of loan	Asset-I			Asset-II			Asset-III		
	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Opening Gross Loan	12829.00	13311.77	13311.77	1094.49	1121.44	1121.44	4328.00	4328.00	4328.00
Cumulative Repayment	0.00	244.94	743.91	0.00	23.91	82.00	0.00	56.12	224.48
Net Loan-Opening	12829.00	13066.83	12567.85	1094.49	1097.53	1039.44	4328.00	4271.88	4103.52
Additions due to Additional Capitalisation	482.77	0.00		26.95	0.00		0.00	0.00	
Repayment during the year	244.94	498.98	498.98	23.91	58.09	58.09	56.12	168.36	168.36
Net Loan-Closing	13066.83	12567.85	12068.88	1097.53	1039.44	981.34	4271.88	4103.52	3935.16
Average Loan	12947.92	12817.34	12318.37	1096.01	1068.48	1010.39	4299.94	4187.70	4019.34
Weighted Average Rate of Interest on Loan	8.49%	8.52%	8.52%	8.52%	8.53%	8.53%	8.56%	8.56%	8.56%
Interest	549.68	1091.67	1049.17	38.89	91.18	86.22	122.68	358.43	344.02

27. The detailed calculations in support of the weighted average rate of interest are contained in Annexure-I, Annexure-II and Annexure-III attached.

DEPRECIATION

28. Sub-clause (a) of clause (ii) of Regulation 56 of the 2004 regulations provides for computation of depreciation in the following manner, namely:

- (i) The value base for the purpose of depreciation shall be the historical cost of the asset.
- (ii) Depreciation shall be calculated annually based on straight line method over the useful life of the asset and at the rates prescribed in Appendix II to these regulations. The residual value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset. The historical capital cost of the asset shall include additional capitalisation on account of Foreign Exchange Rate Variation up to 31.3.2004 already allowed by the Central Government/Commission.
- (iii) On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.
- (iv) Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

29. Depreciation allowed has been worked out as below:

(Rs.in lakh)

Details of Depreciation	Asset-I			Asset-II			Asset-III		
	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09

Gross block as on the date of commercial operation	18327.28	19016.95	19016.95	1563.56	1602.06	1602.06	6182.62	6182.62	6182.62
Additional Capitalisation during 2006-07	689.67	0.00	-	38.50	0.00	-	0.00	0.00	-
Gross Block at the end of the year	19016.95	19016.95	19016.95	1602.06	1602.06	1602.06	6182.62	6182.62	6182.62
Rate of Depreciation	2.6236%	2.6239%	2.6239%	3.6256%	3.6261%	3.6261%	2.7231%	2.7231%	2.7231%
Depreciable Value (90%)	16804.90	17115.26	17115.26	1424.53	1441.85	1441.85	5564.36	5564.36	5564.36
Remaining Depreciable Value	16804.90	16870.32	16371.34	1424.53	1417.94	1359.85	5564.36	5508.24	5339.88
Depreciation	244.94	498.98	498.98	23.91	58.09	58.09	56.12	168.36	168.36

ADVANCE AGAINST DEPRECIATION

30. As per sub-clause (b) of clause (ii) of Regulation 56 of the 2004 regulations, in addition to allowable depreciation, the transmission licensee is entitled to Advance Against Depreciation, computed in the manner given hereunder:

AAD = Loan repayment amount as per regulation 56 (i) subject to a ceiling of 1/10th of loan amount as per regulation 54 minus depreciation as per schedule

31. It is provided that Advance Against Depreciation shall be permitted only if the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year. It is further provided that Advance Against Depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation up to that year.

32. The petitioner has not claimed Advance Against Depreciation and accordingly, Advance Against Depreciation has not been considered.

OPERATION & MAINTENANCE EXPENSES

33. In accordance with clause (iv) of Regulation 56 the 2004 regulations, the following norms are prescribed for O & M expenses

	Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
O&M expenses (Rs in lakh per ckt-km)	0.227	0.236	0.246	0.255	0.266
O&M expenses (Rs in lakh per bay)	28.12	29.25	30.42	31.63	32.90

34. The petitioner has claimed O & M expenses for 258.31 ckt km and one bay for Asset-I, 4 bays for Asset - II and 258.31 ckt km and one bay for Asset-III which have been allowed. Accordingly, the petitioner's entitlement to O & M expenses has been worked out as given hereunder:

(Rs. in lakh)

	Asset-I				Asset-II				Asset-III		
	2006-07 (Pro rata)	2007-08	2008-09		2006-07 (Pro rata)	2007-08	2008-09		2006-07 (Pro rata)	2007-08	2008-09
O&M expenses (Rs in lakh per ckt-km) for 258.31 ckt km	31.77	65.87	68.71		-	-	-	O&M expenses (Rs in lakh per ckt-km) for 258.31 ckt km	21.18	65.87	68.71
O&M expenses (Rs in lakh per bay) for one bay	15.21	31.63	32.90	O&M expenses (Rs in lakh per bay) for four bay	50.70	126.52	131.60	O&M expenses (Rs in lakh per bay) for one bay	10.14	31.63	32.90
Total	46.98	97.50	101.61	Total	50.70	126.52	131.60	Total	31.32	97.50	101.61

35. The petitioner has submitted that the wage revision of its employees is due with effect from 1.1.2007. Therefore, according to the petitioner, O & M expenses should be subject to revision on account of revision of employee cost from that date. In the alternative, it has been prayed that the increase in employee cost due to wage revision be allowed as per actuals for extra cost to be incurred consequent to wage revision. We are not expressing any view, as this issue does not arise for consideration at this stage. The petitioner may approach for a relief in this regard at an appropriate stage in accordance with law.

INTEREST ON WORKING CAPITAL

36. The components of the working capital and the interest thereon are discussed hereunder:

(i) Maintenance spares

Regulation 56(v) (1) (b) of the 2004 regulations provides for maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation. In the present case, element wise capital expenditure on the date of commercial operation which has been considered as the historical cost for the purpose of the present petition and maintenance spares have been worked out accordingly by escalating 1% of the historical cost @ 6% per annum. In this manner, the value of maintenance spares works out to Rs. 183.27 lakh, Rs.15.64 lakh and Rs. 61.83 lakh for Asset-I, Asset-II and Asset-III, respectively as on date of commercial operation. The necessary details are given hereunder:

Transmission assets	Date of Commercial Operation	Capital Expenditure (Rs. in lakh) on the date of commercial operation	Escalated spares Cost as on 1.4.2004 (Rs. in lakh)
Asset- I	1.10.2006	18327.28	183.27
Asset-II	1.11.2006	1536.56	15.64
Asset-III	1.12.2006	6182.62	61.83

(ii) O & M expenses

Regulation 56(v)(1)(a) of the 2004 regulations provides for operation and maintenance expenses for one month as a component of working capital. The petitioner has claimed O&M expenses for 1 month of O&M expenses of the respective year as claimed in the petition. This has been considered in the working capital.

(iii) Receivables

As per Regulation 56(v)(1)(c) of the 2004 regulations, receivables will be equivalent to two months average billing calculated on target availability level. The petitioner has claimed the receivables on the basis 2 months' transmission charges claimed in the petition. In the tariff being allowed, receivables have been worked out on the basis 2 months' transmission charges.

(iv) Rate of interest on working capital

As per Regulation 56(v) (2) of the 2004 regulations, rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2004 or on 1st April of the year in which the project or part thereof (as the case may be) is declared under commercial operation, whichever is later. The interest on working capital is payable on normative basis notwithstanding that the transmission licensee has not taken working capital loan from any outside agency. The petitioner has claimed interest on working capital @ 10.25% based on SBI PLR as on 1.4.2006, which is in accordance with the 2004 regulations and has been allowed.

37. The necessary computations in support of interest on working capital are appended herein below:

(Rs. in lakh)

	Asset-I			Asset-II			Asset-III		
	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Maintenance Spares	183.27	188.77	200.10	15.64	16.03	16.99	61.83	63.06	66.85
O & M expenses	7.83	8.13	8.47	10.14	10.54	10.97	7.83	8.13	8.47
Receivables	421.71	425.10	418.80	57.91	58.64	58.68	152.12	151.12	149.45
Total	612.81	622.00	627.36	83.69	85.21	86.64	221.78	222.31	224.76
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Interest	31.41	63.76	64.30	3.57	8.73	8.88	7.58	22.79	23.04

TRANSMISSION CHARGES

38. The transmission charges being allowed for the two transmission assets are summarised below:

(Rs. in lakh)

	Asset-I			Asset-II			Asset-III		
	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09	2006-07 (Pro rata)	2007-08	2008-09
Depreciation	244.94	498.98	498.98	23.91	58.09	58.09	56.12	168.36	168.36
Interest on Loan	549.68	1091.67	1049.17	38.89	91.18	86.22	122.68	358.43	344.02
Return on Equity	392.12	798.73	798.73	27.70	67.29	67.29	86.55	259.65	259.65

Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	31.41	63.76	64.30	3.57	8.73	8.88	7.58	22.79	23.04
O & M Expenses	46.98	97.50	101.61	50.70	126.52	131.60	31.32	97.50	101.61
Total	1265.13	2550.63	2512.79	144.78	351.81	352.08	304.25	906.72	896.67

39. In addition to the transmission charges, the petitioner shall be entitled to other charges like income-tax, incentive, surcharge and other cess and taxes in accordance with the 2004 regulations.

40. The petitioner has sought approval for the reimbursement of expenditure of Rs. 2, 33,449/- incurred on publication of notices in the newspapers. The petitioner shall claim reimbursement of the said expenditure directly from the respondents in one installment in the ratio applicable for sharing of transmission charges. The Commission by its separate general order dated 11.9.2008 in Petition No. 129/2005 has decided that the petitioner shall not be allowed reimbursement of the petition filing fee.

41. This order disposes of Petition No. 45/2008.

- sd/-
(R.KRISHNAMOORTHY)
MEMBER

New Delhi dated the 17th September 2008

sd/-
(BHANU BHUSHAN)
MEMBER

Annexure-I

400 kV D/C Vindhyachal-Satna transmission line (3rd circuit)

(Rs. in lakh)

Details of Loan	2006-07	2007-08	2008-09
Bond- XVIII			
Gross Loan opening	7678.00	7678.00	7678.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	7678.00	7678.00	7678.00
Additions during the year	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	7678.00	7678.00	7678.00
Average Loan	7678.00	7678.00	7678.00
Rate of Interest	8.15%	8.15%	8.15%
Interest	625.76	625.76	625.76
Repayment Schedule	12 annual instalments from 9-3-2010		
Bond- XX			
Gross Loan opening	5151.00	5151.00	5151.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	5151.00	5151.00	5151.00
Additions during the year	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	5151.00	5151.00	5151.00
Average Loan	5151.00	5151.00	5151.00
Rate of Interest	8.93%	8.93%	8.93%
Interest	459.98	459.98	459.98
Repayment Schedule	12 annual instalments from 7.9.2010		
Bond- XXIV (For ACE) (Date of Drawal 26.3.2007)			
Gross Loan opening	0.00	483.00	483.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	0.00	483.00	483.00
Additions during the year	483.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	483.00	483.00	483.00
Average Loan	241.50	483.00	483.00
Rate of Interest	9.95%	9.95%	9.95%
Interest	24.03	48.06	48.06
Repayment Schedule	12 Annual Instalments from 26.3.2011		
Total Loan			
Gross Loan opening	12829.00	13312.00	13312.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	12829.00	13312.00	13312.00
Additions during the year	483.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	13312.00	13312.00	13312.00
Average Loan	13070.50	13312.00	13312.00
Rate of Interest	8.49%	8.52%	8.52%
Interest	1109.77	1133.80	1133.80

400/220 kV 315 MVA ICT-II at Satna

(Rs. in lakh)

Details of Loan	2006-07	2007-08	2008-09
Bond- XVIII			
Gross Loan opening	605.00	605.00	605.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	605.00	605.00	605.00
Additions during the year	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	605.00	605.00	605.00
Average Loan	605.00	605.00	605.00
Rate of Interest	8.15%	8.15%	8.15%
Interest	49.31	49.31	49.31
Repayment Schedule	12 annual instalments from 9-3-2010		
Bond- XX			
Gross Loan opening	489.00	489.00	489.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	489.00	489.00	489.00
Additions during the year	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	489.00	489.00	489.00
Average Loan	489.00	489.00	489.00
Rate of Interest	8.93%	8.93%	8.93%
Interest	43.67	43.67	43.67
Repayment Schedule	12 annual instalments from 7.9.2010		
Bond- XXIV (For ACE) (Date of Drawal 26.3.2007)			
Gross Loan opening	0.00	27.00	27.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	0.00	27.00	27.00
Additions during the year	27.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	27.00	27.00	27.00
Average Loan	13.50	27.00	27.00
Rate of Interest	9.95%	9.95%	9.95%
Interest	1.34	2.69	2.69
Repayment Schedule	12 Annual Instalments from 26.3.2011		
Total Loan			
Gross Loan opening	1094.00	1121.00	1121.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	1094.00	1121.00	1121.00
Additions during the year	27.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	1121.00	1121.00	1121.00
Average Loan	1107.50	1121.00	1121.00
Rate of Interest	8.52%	8.53%	8.53%
Interest	94.32	95.66	95.66

400 kV D/C Vindhyachal-Satna transmission line (4th circuit)

(Rs. in lakh)

Details of Loan	2006-07	2007-08	2008-09
Bond- XVIII			
Gross Loan opening	2058.00	2058.00	2058.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	2058.00	2058.00	2058.00
Additions during the year	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	2058.00	2058.00	2058.00
Average Loan	2058.00	2058.00	2058.00
Rate of Interest	8.15%	8.15%	8.15%
Interest	167.73	167.73	167.73
Repayment Schedule	12 annual instalments from 9-3-2010		
Bond- XX			
Gross Loan opening	2270.00	2270.00	2270.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	2270.00	2270.00	2270.00
Additions during the year	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	2270.00	2270.00	2270.00
Average Loan	2270.00	2270.00	2270.00
Rate of Interest	8.93%	8.93%	8.93%
Interest	202.71	202.71	202.71
Repayment Schedule	12 annual instalments from 7.9.2010		
Total Loan			
Gross Loan opening	4328.00	4328.00	4328.00
Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00
Net Loan-Opening	4328.00	4328.00	4328.00
Additions during the year	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	4328.00	4328.00	4328.00
Average Loan	4328.00	4328.00	4328.00
Rate of Interest	8.56%	8.56%	8.56%
Interest	370.44	370.44	370.44