

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 7/TT/2018**

**Coram:**

**Shri P.K.Pujari, Chairperson  
Dr. M. K. Iyer, Member**

**Date of Order: 5.11.2018**

**In the matter of:**

Determination of transmission tariff from anticipated COD to 31.03.2019 for LILO of Vindhyachal-Jabalpur 400 kV 2nd D/C line (Ckt3&4) along with associated bays and equipments at 400/220kV Rewa Pooling Station under Transmission System for Ultra Mega Solar Park (750MW) in Rewa District, Madhya Pradesh in Western Region under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

**And in the matter of**

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

**... Petitioner**

**Vs**

1. Rewa Ultra Mega Solar Ltd  
UrjaBhawan, Link Road No 2  
Shivaji Nagar, Bhopal 462016
2. Madhya Pradesh Power Management Company Ltd.  
Shakti Bhawan, Rampur  
Jabalpur - 482 008
3. Maharashtra State Electricity Distribution Co. Ltd.  
Prakashgad, 4th Floor  
Andheri (East), Mumbai - 400 052
4. Gujarat UrjaVikas Nigam Ltd.  
Sardar Patel VidyutBhawan,  
Race Course Road  
Vadodara - 390 007



5. Electricity Department  
Government of Goa  
VidyutBhawan, Panaji,  
Near Mandvi Hotel, Goa - 403 001
6. Electricity Department  
Administration of Daman & Diu  
Daman - 396 210
7. Electricity Department  
Administration of Dadra Nagar Haveli  
U.T., Silvassa - 396 230
8. Chhattisgarh State Electricity Board  
P.O.Sunder Nagar, Dangania, Raipur  
Chhatisgaarh-492013
9. Madhya Pradesh Audyogik Kendra  
Vikas Nigam (Indore) Ltd.  
3/54, Press Complex, Agra-Bombay Road,  
Indore-452 008.....**Respondents**

**Forpetitioner** : Shri Vivek Kumar Singh, PGCIL  
Shri S.K. Venkatesan, PGCIL  
Shri S.S. Raju, PGCIL  
Shri A. Choudhary, PGCIL  
Shri Rakesh Prasad, PGCIL  
Shri Pankaj Sharma, PGCIL

**For respondent** : Ms. AnushreeBardhan, Advocate, RUMSL

### **ORDER**

The present petition has been filed by Power Grid Corporation of India Ltd. ("PGCIL") seeking approval of transmission tariff for LILO of Vindhyachal-Jabalpur 400 kV 2nd D/C line (Ckt3&4) along with associated bays and equipments at 400/220kVRewa Pooling Station (hereinafter referred to as "transmission system") under Transmission System for Ultra Mega Solar Park (750MW) in Rewa District, Madhya Pradesh in Western Region (hereinafter referred to as "transmission system") for 2014-19 tariff period under the Central Electricity Regulatory



Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “2014 Tariff Regulations”).

2. The petitioner has made the following prayers:-

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

(i) Approve the Additional ROE as claimed in the Petition.

(ii) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred / projected to be incurred.

(iii) Allow the Petitioner to approach Hon’ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19.

(iv) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided under clause 25 of the Tariff regulations 2014.

(v) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition.

(vi) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

(vii) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the respondents.

(viii) Allow the petitioner to bill and recover GST on Transmission charges separately from the respondents, if GST on Transmission of electricity is withdrawn from the exempted (negative) list at any time in future. Further any taxes and duties including cess, etc. imposed by any Statutory/Govt./Municipal Authorities shall be allowed to be recovered from the beneficiaries.

(ix) Allow tariff up to 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for purpose of inclusion in the PoC charges.

(x) Allow the petitioner to bill Tariff from anticipated DOCO and also the petitioner



may be allowed to submit revised Certificate and tariff Forms (as per the Relevant Regulation) based on actual DOCO.

(xi) and pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.”

3. The petitioner was entrusted with the instant transmission system by the Ministry of Power, Government of India vide its letter no.11/64/2014-PG dated 8.1.2015 and 4.8.2015. Ministry of Power directed the petitioner to take up transmission line for evacuation of power from Rewa Solar Ultra Mega Park. The Commission accorded regulatory approval for the instant transmission system, vide order dated 24.11.2015 in Petition No. 228/MP/2015 for execution of subject transmission system.

4. The Investment Approval (IA) for implementation of instant Transmission System was accorded by the Board of Directors of the petitioner vide Memorandum Ref: C/CP/REWA dated 15.1.2016, at an estimated cost of ₹30504 lakh including IDC of ₹1238 lakh, at August, 2015 price level.

5. The scope of work covered under the instant transmission system is as follows:-

#### **TRANSMISSION LINE**

(i) LILO of Vindhyachal-Jabalpur 400kV 2<sup>nd</sup> D/C line (Ckt 3&4) at Rewa Pooling Station

#### **SUB-STATION**

(i) **400/220kV Rewa Pooling Station**

##### **400kV**

- Line bays :4 nos.
- 500MVA, 400/220kV transformer :3 nos.
- 125MVAr Bus Reactor :1 no.
- Transformer bays :3 nos.
- Bus reactor bays :1 no.



### 220kV

- Line bays :6 nos.
- Transformer bays :3 nos.
- BC+TBC :2 nos.

### Reactive Compensation

- (i) 1X125 MVAr Bus Reactor at 400/220kV Rewa Pooling Station.

The entire scope of the transmission system is covered under the instant petition.

6. The petitioner had initially claimed the tariff for the instant assets as a whole on the basis of the anticipated COD of 1.11.2017. Later, vide affidavit dated 5.3.2018, it has submitted that the asset has been split into two, viz Asset-1: LILO of Vindhyachal-Jabalpur 400 kV 2nd D/C line (Ckt 3 & 4) alongwith 2 nos. ICTs, Bus reactor associated bays and 1 no. 220 kV line bays at 400/220 kV Rewa Pooling station and Asset-2:1 no. ICT and 5 nos. 220 kV line bays at 400/220 kV Rewa Pooling station and further submitted that the COD of Asset-1 was 6.7.2018 while Asset-2 was anticipated to be put into commercial operation on 1.10.2018.

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

**(₹in lakh)**

<b>Particulars</b>	<b>Asset-1</b>	<b>Asset-2</b>
	<b>2018-19</b>	<b>2018-19</b>
Depreciation	746.62	100.26
Interest on Loan	756.53	99.72
Return on Equity	862.02	115.32
Interest on Working Capital	73.86	15.44
O&MExpenses	497.24	178.66
<b>Total</b>	<b>2936.27</b>	<b>509.40</b>

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



Particulars	(₹in lakh)	
	Asset-1 2018-19	Asset-2 2018-19
Maintenance Spares	101.26	53.60
O&M expenses	56.26	29.78
Receivables	664.41	169.80
<b>Total</b>	821.93	253.18
Interest	73.86	15.44
Rate of Interest	12.20%	12.20%

9. The petitioner has served the petition on the respondents and notice of this application has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the notices published by the petitioner under Section 64 of the Electricity Act, 2003. Madhya Pradesh Power Management Company Limited (MPPMCL) has filed a reply vide affidavit dated 6.2.2018. In response, the petitioner has filed its rejoinder vide affidavit dated 26.7.2018. Rewa Ultra Mega solar Limited (RUMSL) has filed the details of commissioning of generation vide affidavit 18.5.2018. The issues raised by the MPPMCL and the clarifications given by the petitioner are addressed in the relevant paragraphs of this order.

10. This order has been issued considering the submissions made by the petitioner in the petition and affidavits dated 5.3.2018, 26.3.2018, 30.5.2018 and 21.8.2018 and the reply filed by MPPMCL and RUMSL vide affidavits dated 6.2.2018 and 18.5.2018 respectively.

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

**Date of Commercial Operation (“COD”)**



12. The petitioner has submitted that Asset-1 was put into commercial operation on 6.7.2018 matching solar generation and Asset-2 was anticipated to be put into commercial operation on 1.10.2018. It is observed that Asset-2 has not yet been put into commercial operation and it may take some more time. As Asset-2 has not been put into commercial operation we are not inclined to approve the COD and tariff of Asset-2 in this order. The petitioner is directed to file a fresh petition for determination of tariff of Asset-2 on its COD.

13. As regards Asset-1, it was scheduled to be put into commercial operation on 15.3.2017. Initially, it was anticipated to be put into commercial operation on 1.11.2017 and later, vide affidavit dated 5.3.2018, the petitioner prayed for approval of COD as 31.1.2018 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. However, vide affidavit dated 21.8.2018, the petitioner has submitted that COD of Asset-1 has been matched with generation of RUMSL and sought COD as 6.7.2018.

14. The petitioner has submitted CEA Certificate for approval of LILO of 400kV D/C Vindhychal-Jabalpur line 3-4 at Rewa Pooling station dated 31.1.2018 and CEA Certificate for approval of 400/220kV PGCIL Rewa Pooling Sub-station, Rewa dated 24.1.2018 under Regulation 43 of CEA (Measures relating to safety and electric supply) Regulations, 2010. The petitioner vide affidavit dated 5.3.2018 has submitted letter dated 3.10.2017 from Executive Engineer, Rewa Ultra Mega Solar Ltd. where RUMSL has requested for revision of the timeline for operationalization of LTA and connectivity of Rewa project to February, 2018. Subsequently, a meeting on Grid integration of RUMSL and related issue was held on 27.2.2018, wherein



RUMSL informed that 220 kV lines from RUMSL-Mahindra to Rewa PS (PGCIL) is delayed due to forest clearance issues. Accordingly, RUMSL informed that an interim arrangement has been made to evacuate unit-1 generation through unit-3 (ARINSUN) switchyard using an internal 33 kV line from RUMSL-Mahindra bus to RUMSL-Arinsun bus. RUMSL further informed that the interim arrangement is expected to be in place by June, 2018. Mahindra (unit-1) shall use one 220/33 kV transformer of unit-3. The unit-1 is expected to be ready to do its first synchronization by 30.3.2018, Unit-2 by 15.4.2018 and unit-3 by 30.4.2018.

15. RUMSL vide affidavit dated 18.5.2018 has submitted that as per the information received from the SPDs, the status of the project with the cumulative capacity to be commissioned is as under:-

<b>Date</b>	<b>Cumulative commissioned(in MW)</b>
May, 2018	05
June, 2018	20
July, 2018	65
August, 2018	95
September, 2018	150
October, 2018	305
November, 2018	360
December, 2018	610
January, 2019	715
February, 2019	750

16. The petitioner, vide affidavit dated 21.8.2018, has submitted the WRLDC Certificate dated 2.7.2018, 3.5.2018 and 16.5.2018 in accordance with Regulation 6.3A(5) of Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 and CMD Certificate. From RLDC certificate dated 2.7.2018, it is observed that some transmission asset completed trial operation from





20.6.2018 to 21.6.2018 and from RLDC certificate dated 3.5.2018, it is observed that some transmission asset completed its trial operation from 26.3.2018 to 27.3.2018 and same is as under:-

RLDC Certificate date	Trial Operation date	Name of Transmission Asset
2.7.2018	20.6.2018 to 21.6.2018	<ol style="list-style-type: none"> <li>1. 400/220kV, 500MVA ICT-1 with 400 kV bays at Rewa Pooling station.</li> <li>2. 400/220kV, 500MVA ICT-2 with 400 kV bays at Rewa Pooling station.</li> <li>3. Bay 215 of 220kV bay at Rewa PS.</li> <li>4. Bus Coupler bay 206 at Rewa PS</li> </ol>
3.5.2018	26.3.2018 to 7.3.2018	<ol style="list-style-type: none"> <li>5. 400kV Rewa –Sasan with associated bays at Rewa PS(LILO of Vindhyachal-SPL-Jabalpur-3).</li> <li>6. 400kV Rewa –Vindhyachal line with associated bays at Rewa PS(LILO of Vindhyachal-Jabalpur-4).</li> <li>7. 400kV Rewa –Jabalpur line-1 with associated bays at Rea PS(LILO of Vindhyachal-Sasan-Jabalput-3).</li> <li>8. 400kV Rewa –Jabalpur line-2 with associated bays at Rea PS(LILO of Vindhyachal-Sasan-Jabalput-3).</li> <li>9. 125MVAR Bus reactor with associated bays at 400kV Rewa PS.</li> </ol>

17. We have considered the submissions of the petitioner. The petitioner has submitted the CEA energisation certificate, WRLDC certificates as per the 2014 Tariff Regulations and the certificate from its CMD as required under the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010. It is observed that though some of the elements of Asset-1 were ready in March, 2018 itself, the petitioner has matched the COD of Asset-1 with the commissioning of RUMSL and declared its COD as 6.7.2018. Taking into consideration the certificates of CMD and the certificates issued by RLDC and CEA we approve the COD of Asset-1 as 6.7.2018. Accordingly, the tariff for Asset-1 is determined in the



instant petition considering the COD as 6.7.2018.

### **Capital Cost**

18. The details of capital cost claimed by the petitioner for Asset-1 are as follows:-

Approved apportioned cost (FR)	Estimated expenditure up to COD	Projected Exp. for FY			Estimated completion cost
		2018-19	2019-20	2020-21	
26386.62	20729.24	3310.1	1777.14	260.71	26077.19

The estimated completion cost of Asset-1 is within the FR apportioned approved cost. Thus, there is no cost over-run.

### **Central Finance Assistance (CFA)**

19. The petitioner has submitted that vide office Memorandum No F. No. 30/26/2014-15/NSM dated 29.9.2016, CFA for development of solar park and external transmission system has been provided by the Ministry of New and Renewable Energy. The relevant portion is reproduced below:-

“2. I am also directed to convey approval for setting up external power evacuation system for Rewa Solar park, Madhya Pradesh by PGCIL for evacuation of 750MW solar power from Rewa Solar park, Madhya Pradesh with total Central Finance Assistance (CFA) of Rs. 60,00,00,000.

3. As per Administrative Guidelines 30/26/2014-15/NSM, dated 12.12.2014 and subsequent clarification vide OM no. 30/26/2014-15/NSM dated 29.09.2016, an amount of Rs 30,25,50,000/- (Rupees Thirty Crore Twenty Five Lakh and Fifty Thousand only) is due to SECI, New Delhi towards award of work for external power evacuation system of Rewa Solar park. The amount of Rs 30,25,50,000/- (Rupees Thirty Crore Twenty Five Lakh and Fifty Thousand only) includes Rs 30,00,00,000/- (Rupees Thirty Crore only) towards development of external power evacuation system for Rewa Solar Park to PGCIL and Rs 25,50,000/- ( Rupees Twenty Five Lakh and Fifty Thousand only) towards fund handling charges to SECI.

4. Accordingly, sanction of the President of India is hereby conveyed for release of Rs 25,75,50,000/- (Rupees Twenty Five Crore Seventy five Lakh and Fifty Thousand only) to Solar Energy Corporation of India (SECI), New Delhi after adjusting Rs 4,50,00,000/- (Rs Four Crore and Fifty Lakh only) of excess amount of CFA released to Rewa Ultra Mega Solar Limited( RUMSL) for development of internal infrastructure of Rewa Solar Park, Madhya Pradesh by this Ministry under the Solar Park scheme, RUMSL will release Rs 4,50,00,000/- (Rs Four Crore and Fifty Lakh only) to PGCIL as CFA towards development of external power evacuation system of Rewa Solar Park.



20. MPPMCL vide affidavit dated 6.2.2018 has submitted that issue of CFA is a bipartite issue between PGCIL and RUMSL and respondent has nothing to do with it. The adjustment from the capital cost of the asset shall not be allowed at this stage as it will create undue financial burden to the respondents. In response, petitioner has submitted that the said CFA has not yet been disbursed. The said CFA shall be adjusted in the capital cost of the asset and accordingly the cost and transmission tariff shall be revised at the time of filing truing up petition.

21. We have considered the submission of the petitioner and MPPMCL. It is observed from the affidavit dated 21.8.2018, in which petitioner has submitted Auditor certificate dated 21.8.2018, that the petitioner has received a grant of ₹3000.00 lakh during 2017-18 (upto 31.3.2018) and this amount has been allocated to the asset covered in the instant petition. Accordingly, the grant of ₹3000.00 lakh during 2017-18 (upto 31.3.2018) received from MNRE under CFA towards the assets covered in the instant petition has been adjusted in the capital cost.

**Time over-run**

22. As per the Investment Approval dated 15.1.2016, the scheduled COD of the transmission scheme was within 14 months from the date of Investment Approval, matching with commissioning schedule of RUMSL. Accordingly, the scheduled COD of the instant asset was 15.3.2017. The instant asset was put into commercial operation on 6.7.2018. As such, there is a delay of 478 days in case of the instant asset.

23. The petitioner has submitted that as per the 2014 Tariff Regulations the time



line for construction of a new 400/220kV sub-station is 30 months against which normally 24 months are taken in many projects in case of urgency. The petitioner submitted that the Ministry of Power, vide letter dated 8.1.2015 had directed the petitioner to complete the transmission lines including the pooling station in compressed time schedule to match it with the generation of RUMSL. The time line for construction of solar park was about 12-15 months as discussed in 38th meeting of the Standing Committee of Power system planning in WR. Hence, the petitioner had squeezed all the construction activities and reduced the time line to 14 months to match transmission scheme with the commissioning of generation as discussed in above mentioned SCM. The petitioner has also submitted that Chairperson RUMSL& Principal Secretary, New and Renewable Energy Department, Government of Madhya Pradesh, informed that the time line of Generation Project has been revised and could be connected with transmission system in October, 2017, vide letter dated 9.12.2016. The petitioner vide affidavit dated 5.3.2018 has submitted that vide letter dated 3.10.2017, Executive Engineer, RUMSL requested for revision of the time line for operationalisation of LTA and connectivity of Rewa Project to February, 2018.

24. The petitioner vide affidavit dated 5.3.2018 has also submitted a letter dated 28.2.2018 regarding the minutes on Grid Integration of RUMSL and related issues held at WRLDC, POSOCO, Mumbai on 27.2.2018 in which petitioner informed that 6x220kV bays are ready for charging alongwith 2 Nos. of 400/220 kV ICTs at Rewa Pooling Station and also informed that the 400kV LILO on Vindhyachal-Jabalpur-3&4 is ready and RUMSL informed that unit-1 is expected to be ready to do its first synchronization by 30.3.2018, 2<sup>nd</sup> unit by 15.4.2018 and 3rd unit by 30.4.2018.



25. MPPMCL vide affidavit dated 6.2.2018 has submitted that petitioner was granted approval to complete the work on 15.1.2016 and as per the approval the work was to be completed within 14 months, so as to match the implementation schedule of RUMSL and if there is any delay on the part of RUMSL, the liability should be borne by RUMSL and it should not be loaded on respondents. The petitioner's prayer for condonation of delay is liable to be rejected and IEDC and IDC for the corresponding period should be disallowed. In response, petitioner in its rejoinder dated 26.7.2018 submitted that the main objective of the implementation of this transmission system was to evacuate the power from Ultra Mega Solar Park (750 MW) in Rewa District, Madhya Pradesh. The transmission system will be properly utilized only after the commissioning of solar park and further it RUMSL has submitted the status of project with the cumulative capacity to be commissioned and accordingly, the instant asset was put into commercial operation on 6.7.2018 matching with the generation of RUMSL.

26. We have considered the submissions of the petitioner and MPPMCL. As per the investment approval dated 15.1.2016, the scheduled COD of the transmission scheme was 15.3.2017, against which the COD of The instant asset was declared on 6.7.2018 i.e. with a time over-run of 478 days. Further, the Energisation Certificates dated 24.1.2018 and 31.1.2018 as issued by CEA show that the some of the elements of the instant asset were ready on 24.1.2018 and some on 31.1.2018. The petitioner has claimed combined tariff for the elements of the instant asset, therefore the instant asset was claimed to be ready on 31.1.2018. The petitioner has neither explained the time over-run from the scheduled COD of



15.3.2017 to 30.1.2018 norsubmitted any documentary evidence to justify the time delay for this period. As such, we are of the view that the time over-run from 15.3.2017 to 30.1.2018 is attributable to the petitioner.

27. As regards the delay from 31.1.2018 to 5.7.2018, it is noted that on the basis of CEA energisation certificate, the asset was ready on 31.1.2018. The petitioner vide affidavit dated 5.3.2018, had initially claimed 31.1.2018 as COD under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. However, vide affidavit dated 21.8.2018, the petitioner instead preferred to match the COD of the instant asset as 6.7.2018 instead of claiming 31.1.2018 as COD under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. Accordingly, entire time over-run from 15.3.2017 to 5.7.2018 (478 days) is not condoned. Hence, the IDC and IEDC for the period from 15.1.2016 to 15.3.2017 (426 days), i.e. from the Investment Approval date to the scheduled COD are only allowed to be capitalised.

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

28. The petitioner has claimed IDC of ₹1238.94lakh in respect of the instant asset. The petitioner has claimed IDC on accrual basis for the instant asset. The petitioner has submitted the discharge details of IDC of the instant asset as under:-

(₹in lakh)		
<b>IDC claimed</b>	<b>IDC discharged till COD</b>	<b>IDC discharged after COD</b>
<b>1238.94</b>	1028.42	210.52

29. As discussed at para 27 above, IDC is allowed to be capitalised only till 15.3.2017. As such, the IDC for the period 15.1.2016 to 15.3.2017 only has been allowed which amounts to ₹178.27 lakh. As the IDC allowed is less than the IDC



claimed by the petitioner to be discharged as on COD (₹1028.42 lakh), the entire allowed IDC has been considered as on COD on cash basis. Accordingly, no discharge of IDC after COD has been considered.

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

30. The petitioner has claimed ₹442.10 lakh as IEDC in respect of the instant asset. In the instant petition, 10.75% of hard cost is indicated as IEDC in the abstract cost estimate. It is observed that the claimed IEDC as on COD is within the percentage on hard cost as indicated in the abstract cost estimate. The petitioner has submitted that the entire IEDC has been discharged as on COD. As such, no deduction from the claimed IEDC is required on account of claim beyond the allowed limit or unpaid IEDC. However, as discussed at para 27 above, the IEDC in respect of time overrun disallowed has not been allowed. Accordingly, considering the time overrun, IEDC has been allowed proportionately amounting to ₹208.33 lakh.

### **Initial spares**

31. The petitioner has claimed Initial Spares for the instant asset as below:-

(₹in lakh)				
Components of the Asset	Cost for calculation of initial spares	Initial spares being claimed	Initial spares being claimed (%)	Ceiling limit as per Regulations (%)
Sub-station	11350.96	380.19	3.35%	4%
Transmission line	11660.33	113	0.97%	1%

32. Initial spares, claimed by the petitioner in respect of the instant assets are within the ceiling norms for capitalization of initial spares specified in the Regulation 13 of the 2014 Tariff Regulations and hence, are allowed.

### **Capital Cost allowed as on COD**



33. Based on the discussion in the foregoing section, the capital cost allowed as on COD under Regulation 9(2) of the 2014 Tariff Regulations is summarized as under:-

(₹in lakh)				
Capital cost claimed as on COD	(less) IDC disallowed	(less) IEDC disallowed	(less) excess Initial spares	Capital cost allowed on COD
17729.25	1060.67	233.77	0.00	<b>16434.82</b>

#### **Additional Capital Expenditure (ACE)**

34. The petitioner has claimed ACE as per Auditor certificate dated 21.8.2018. In addition, the petitioner has also claimed the discharge of IDC liability for 2018-19 and 2019-20 as ACE. Further, the petitioner has claimed the entire ACE under Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations.

35. The cut-off date for the instant assets is 31.3.2021 as per Clause (13) of Regulation 3 of the 2014 Tariff Regulations. The ACE claimed by the petitioner as per Form-7 is summarized in the table below:-

(₹in lakh)		
2018-19	2019-20	2020-21
3505.59	1792.17	260.71

36. As discussed above, no discharge of IDC is allowed in the post COD period. Based on the information submitted by the petitioner, ACE allowed for the tariff period 2014-19 is as under:-

(₹in lakh)		
Particulars	Regulation	2018-19
Add cap towards works deferred for execution (by addition into gross block)	14(1)(ii)	3310.10





37. The additional capital expenditure approved for the period from COD to 31.3.2019 shall be reviewed at the time of true up.

**Capital Cost allowed for the period from COD to 31.3.2019**

38. Considering the capital cost allowed as on COD and the ACE, following capital cost is allowed for the period till 31.3.2019.

(₹in lakh)		
Capital cost as on COD	ACE for 2018-19	Capital cost as on 31.3.2019
16434.82	3310.10	<b>19744.92</b>

**Debt-Equity Ratio**

39. The capital cost as on the date of commercial operation arrived as above and additional capitalization allowed have been considered in the normative debt-equity ratio of 70:30 as per Clause 1 and 5 of Regulation 19 of the 2014 Tariff Regulations. The details of debt-equity as on dates of commercial operation and 31.3.2019 considered on normative basis are as under:-

(₹in lakh)

Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	11504.37	70.00	13821.44	70.00
Equity	4930.44	30.00	5923.47	30.00
<b>Total</b>	<b>16434.82</b>	<b>100.00</b>	<b>19744.92</b>	<b>100.00</b>

**Return on Equity**

40. The petitioner has submitted that it is liable to pay income tax at MAT rate, the RoE has been calculated @ 20.243% after grossing up the RoE with MAT rate of 20.961%, as provided under Regulation 25(2)(i) of the 2014 Tariff Regulations. As per Regulation 25(3) of the 2014 Tariff Regulations, the grossed up rate of RoE at the end of the financial year shall be trued up based on actual tax paid together with



any additional tax demand including interest thereon duly adjusted for any refund of tax including interest received from the IT authorities pertaining to the 2014-19 period on actual gross income of any financial year. Any under-recovery or over-recovery of grossed up ROE after truing up shall be recovered or refunded to the beneficiaries on year to year basis. The petitioner has also submitted that adjustment due to any additional tax demand including interest duly adjusted for any refund of the tax including interest received from IT authorities shall be recoverable/adjustable after completion of income tax assessment of the financial year.

41. The petitioner has further submitted that transmission assets put into commercial operation with the timeline specified in the 2014 Tariff Regulations are eligible for additional RoE of 0.5%. The petitioner has submitted that the timeline specified for the instant asset is 38 months and the as Asset-1 has been put into commercial operation within the specified period of 38 months, the instant asset is eligible for additional ROE of 0.5% in terms of Regulation 24(i) of 2014 Tariff Regulations. We have considered the submissions of the petitioner. As the instant asset has been put into commercial operation within 38 months, additional RoE of 0.5% is allowed. Therefore, RoE has been calculated at the rate of 20.24% after grossing up the RoE with MAT rate of 20.961% as per the above Regulations. The petitioner has further submitted that the grossed up RoE is subject to truing up based on the effective tax rate of respective financial year applicable to the petitioner company.

42. We have considered the submissions made by the petitioner and respondent.



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

<b>Particulars</b>	<b>(₹in lakh)</b>
	<b>2018-19</b>
Opening Equity	4930.44
Addition due to Additional Capitalization	993.03
Closing Equity	5923.47
Average Equity	5426.96
Return on Equity (Base Rate )	16.00%
Tax rate (MAT for 2013-14)	20.961%
Rate of Return on Equity (Pre Tax )	20.243%
<b>Return on Equity (Pre Tax)</b>	<b>809.64</b>

### **Interest on loan**

43. Interest on Loan is allowed for the instant assets in terms of Regulation 26 of the 2014 Tariff Regulations. In keeping with the provisions of Regulation 26 of the 2014 Tariff Regulations, the petitioner entitlement to interest on loan has been calculated on the following basis:-

- (i) Gross amount of loan, repayment of installments and rate of interest and weighted average rate of interest on actual average loan have been considered as per Form 9C given in the affidavit dated 21.7.2017;
- (ii) The normative repayment for the tariff period 2014-19 shall be deemed to



be equal to the depreciation allowed for that period;

(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.

44. Based on the above, interest on loan has been calculated as follows:-

(₹ in lakh)	
Particulars	2018-19
Gross Normative Loan	11504.37
Cumulative Repayment up to Prev. year	0.00
Net Loan-Opening	11504.37
Addition due to Additional Capitalization	2317.07
Repayment during the year	701.16
Net Loan-Closing	13120.29
Average Loan	12312.33
WARI on Loan	7.8305%
<b>Interest</b>	<b>710.54</b>

### **Depreciation**

45. Depreciation is allowed for the instant assets in terms of Regulation 27 of the 2014 Tariff Regulations. Depreciation has been calculated annually based on Straight Line Method at the rates specified in Appendix-III to the 2014 Tariff Regulations.

46. Based on the above, the depreciation has been considered as follows:-

(₹ in lakh)	
Particulars	2018-19
Opening Gross Block	16434.82
Projected Addition during 2014-19	3310.10
Closing Gross Block	19744.92
Average Gross Block	18089.87
Rate of Depreciation	5.26%
Depreciable Value	14791.33
Remaining Depreciable Value	14791.33
<b>Depreciation</b>	<b>701.16</b>



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

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

<b>Particulars</b>	<b>2018-19</b>
Double circuit (Twin & triple conductor) (₹ in lakh per Km)	0.806
Multi circuit (Twin & Triple conductor) (₹ in lakh per Km)	1.413
400KV Bays (₹ in lakh per bay)	68.71
220KV Bays (₹ in lakh per bay)	48.10

48. The petitioner has claimed ₹497.24 lakh of O&M expenses for the year 2018-19. MPPMCL vide affidavit dated 6.2.2018 has submitted that there is no provision in tariff regulation for revising the normative O&M charges based on actual. The Commission has arrived at the O&M rates based on past five years actual O&M expenses which includes the wage hikes during the previous five years and 10% margin over and above the effective CAGR of O&M expenses has been allowed. The beneficiaries are over-burdened due to the exorbitant O&M rates when compared to the rates of State transmission utilities. Therefore, the request for revision of O&M rates should not be allowed.

49. We have considered the submission submitted by petitioner and respondents. The O&M Expenses have been worked out as per the norms of O&M Expenses specified in the 2014 Tariff Regulations. As regards the impact of wage revision, any



application filed by the petitioner in this regard will be dealt with in accordance with the appropriate provisions of the 2014 Tariff Regulations. The total allowable O&M Expenses for the instant asset are as follows:-

(₹ in lakh)	
Element	2018-19 (Pro-rata)
LILO of Vindhyachal-Jabalpur 400 kV D/C at Rewa pooling station-(51.66Kms- D/C) bundled with two or more sub-conductors	30.68
LILO of Vindhyachal-Jabalpur 400 kV D/C at Rewa pooling station-(5.79Kms- M/C) bundled with two or more sub-conductors	6.02
7 nos. 400 kV bays at Rewa Sub-station	354.46
3 nos. 220 kV bays at Rewa Sub-station	106.34
<b>Total</b>	<b>497.53</b>

**Note:**The petitioner has claimed 400 kV Bays: 7 nos., 220 kV Bays: 3 nos., Line length=51.66 km for D/C and 5.79 km for M/C and pro-rata has been calculated from 6.7.2018 to 31.3.2019=269 days

### **Interest on working capital**

50. The petitioner is entitled to claim IWC as per the Regulation 28(1)(C) and Regulation 3(5) of 2014 Tariff Regulations. The components of the working capital and the petitioner's entitlement to interest thereon are discussed hereunder:-

#### **(i) Receivables**

Receivables as a component of working capital will be equivalent to two months of annual transmission charges.

#### **(ii) Maintenance spares**

Regulation 28 of the 2014 Tariff Regulations provides for maintenance spares @ 15% per annum of the O&M expenses. The value of maintenance spares has accordingly been worked out.



### **(iii) O & M expenses**

Operation and maintenance expenses have been considered for one month as a component of working capital. The petitioner has claimed O&M expenses for 1 month of the respective year as claimed in the petition. This has been considered in the workingcapital.

### **(iv) Rate of interest on working capital**

As per Proviso 3 of Regulation 28 of the 2014 Tariff Regulations, rate of interest for calculation of interest on working capital has been considered as 12.20%.

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

(₹in lakh)

<b>Interest on Working Capital</b>	<b>2018-19</b>
Maintenance Spares	101.26
O & M expenses	56.26
Receivables	631.70
Total	789.22
<b>Interest</b>	<b>70.96</b>

### **Annual Transmission charges**

52. The annualtransmission charges being allowed for the instant assets are summarized hereunder:-

(₹in lakh)

<b>Particulars</b>	<b>2018-19</b>
Depreciation	701.16
Interest on Loan	710.54
Return on Equity	809.64
Interest on Working Capital	70.96
O&MExpenses	497.53
<b>Total</b>	<b>2789.83</b>

53. The petitioner has submitted that the claim for transmission charges and other charges is exclusive of incentive, late payment surcharge, FERV, any statutory



taxes, levies, duties, cess, filing fees, license fee, RLDC fees and charges or any other kind of impositions etc. The same if imposed shall be borne and additionally paid by the respondents. The petitioner is entitled to FERV as provided under Regulation 50 of the 2014 Tariff Regulations and the petitioner can make other claims as per the 2014 Tariff Regulations.

#### **Filing fee and the publication expenses**

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

#### **License fee and RLDC Fees and Charges**

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

#### **Goods and Services Tax**

56. The petitioner has made a prayer to be allowed to bill and recover the service tax on transmission charges separately from the respondents, if at any time service tax on transmission is withdrawn from negative list at any time in future. The petitioner has further prayed that if any taxes and duties including cess etc. are





imposed by any statutory/Government/municipal authorities, it shall be allowed to be recovered from the beneficiaries. Accordingly, the transmission charges is exclusive of service tax and the same shall be borne and additionally paid by the respondents to the petitioner, if at any time service tax on transmission is withdrawn from negative list in future. MPPMCL has stated that the petitioner's prayer as GST is not applicable for transmission service. We consider petitioner's prayer pre-mature and accordingly this prayer is rejected.

### **Sharing of Transmission Charges**

57. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time, as provided in Regulation 43 of the 2014 Tariff Regulations.

58. This order disposes of Petition No. 7/TT/2018.

Sd/-

**(Dr. M.K.Iyer)**  
**Member**

Sd/-

**(P.K.Pujari)**  
**Chairperson**

