

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 106/TT/2018**

**Coram:**

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

**Date of Order: 22.04.2019**

**In the matter of:**

Approval 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 for determination of transmission tariff from COD to 31.3.2019 for **Asset:** 400kV D/C (Quad) Nabinagar-II-Gaya transmission line with 02 nos associated bays at Gaya Sub-station associated with Transmission System for Nabinagar-II TPS under Eastern Region.

**And in the matter of:**

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

**.....Petitioner**

**Vs**

1. Bihar State Power (Holding) Company Ltd  
(Formerly Bihar State Electricity Board -BSEB)  
Vidyut Bhavan, Bailey Road, Patna – 800 001
2. West Bengal State Electricity Distribution Company Limited  
Bidyut Bhawan, Bidhan Nagar  
Block DJ, Sector-II, Salt Lake City  
Kolkata-700 091
3. Grid Corporation of Orissa Ltd.  
Shahid Nagar, Bhubaneswar -751 007
4. Jharkhand State Electricity Board  
In Front Of Main Secretariat  
Doranda, Ranchi-834002
5. Damodar Valley Corporation  
DVC Tower, Maniktala



Civic Centre, VIP Road, Kolkata - 700 054

6. Power Department  
Govt. of Sikkim, Gangtok-737 101
7. Nabinagar Power Generating Company Private Ltd (NPGCL)  
NTPC Bhawan, Scope Complex- 7, Institutional Area,  
Lodhi Road, New Delhi - 110003 .... Respondent

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

**For Respondent** : None

### **ORDER**

The present petition has been filed by the petitioner, Power Grid Corporation of India Ltd. ("PGCIL") for determination of Transmission Tariff from DOCO to 31.3.2019 for 400kV D/C (Quad) Nabinagar-II – Gaya transmission line with 02 nos. associated bays at Gaya Sub-station associated with Transmission System for Nabinagar-II TPS under Eastern Region(hereinafter referred to as "**Asset**") for 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations").

2. The petitioner has made following prayer:-

- i. Approve the Transmission Tariff for the tariff block 2014-19 block for the asset covered under this petition
- ii. Admit the capital cost as claimed in the Petition and approve the Additional Capitalization 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. Allow the petitioner's claim of additional ROE @ 0.5% invoked as per clause 24(i) of the CERC Regulations, 2014 for the subject asset.
- vi. 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.
- vii. 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.
- viii. 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.
- ix. Allow the petitioner to bill and recover GST on Transmission charges separately from the respondents, if GST on Transmission of electricity is withdrawn from the exempted (negative) list at any time in future. Further any taxes and duties including cess, etc. imposed by any Statutory/Govt./Municipal Authorities shall be allowed to be recovered from the beneficiaries.
- x. Allow tariff as 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.
- xi. Allow the petitioner to bill Tariff from DOCO and also the petitioner may be allowed to submit revised Certificate and tariff Forms (as per the Relevant Regulation) based on DOCO.

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 Investment Approval for implementation of "Transmission System for Nabinagar-II TPS" was accorded by the Board of Directors of the petitioner in 327<sup>th</sup> meeting held on 2.4.2016 for ₹790.13 crore including an IDC of ₹50.00 crore based on October, 2015 price level.

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



## Transmission Line:

1. Nabinagar-II – Gaya 400kV D/C (Quad) line
2. Nabinagar-II – Patna 400kV D/C (Quad) line

## Substation:

### (a) Extension of 765/400 kV substation at Gaya

#### 765kV

- Transformer Bay :1
- 765/400 kV, 1500 MVA ICT :1

#### 400kV

- Transformer Bay :1
- Line bays :2

### (b) Extension of 765/400 kV substation at Gaya

#### 400kV

- Line Bays :2
- 420 kV, 80 MVAR Switchable line reactor :2
- Switchable line reactor bays :2

Note: Since there is no space available at Patna S/S for new line bays, one circuit of Nabinagar feeder is terminated in the existing Bus Reactor bay. The bus reactor shall be connected with Bus reactor -2 in parallel as shown in SLD.

5. The system strengthening scheme in ER was discussed and agreed in the Standing Committee Meetings of ER held on 20.9.2010 as a part of the Associated Transmission System for Nabinagar-II TPS (3x660MW). The scheme has also been discussed in the 15th Eastern Regional Power Committee (ERPC) meetings held on 28.9.2010 & ratified in the 16th meeting of ERPC held at Bhubaneswar on 18.12.2010. Further, in the 15th meeting of ERPC held at Pelling (Sikkim) on 28.9.2010, it was also decided that the commissioning of additional ICT (1x1500 MVA, 765/400 kV) at Gaya is to match with the commissioning of 3rd unit of the generation project.

6. Nabinagar Power Generating Co. Pvt. Ltd. (A Joint Venture of NTPC and Bihar Power Generation Co. Ltd.) has planned to establish a 1980 MW (3x660) MW



Nabinagar Super Thermal Power Project (STPP) at Nabinagar in Aurangabad district of Bihar. The major share of the generation project has been allocated for the state of Bihar and remaining power has been allocated to other constituents of Eastern Region & Northern Region. The power from Nabinagar-II project gets divided in the two corridors towards Patna and Gaya. Accordingly, the following transmission system has been finalized for evacuation of power from Nabinagar-II STPP.

- Nabinagar-II - Gaya 400kV D/C line with quad moose conductor
- 1 x1500MW 765/400kV transformer at Gaya
- Nabinagar-II - Patna 400kV D/C line with quad moose conductor

7. The petitioner submitted that Nabinagar Power Generating Company Private Limited (NPGCPL) has requested POWERGRID through implementation agreement dated 18.3.2016 to commission one transmission line matching with commissioning of its first unit by September, 2017. The petitioner agreed to make its best effort to expedite the completion of Nabinagar-Gaya 400kV D/C (Quad) line and the bay extension at Gaya Sub-station to match with the first Unit of NPGCPL.

8. The petitioner further submitted that subsequently, the date of commissioning of first unit of NPGCPL was deferred to December, 2017 as recorded in the 14th Joint Co-ordination Committee (JCC) meeting held on 20.9.2017 and further deferred to February, 2018 as per latest status submitted by NPGCPL in the 15th JCC meeting held on 20.12.2017.

9. The commissioning status of asset, submitted by the petitioner is mentioned as below:-

Asset	Anticipated COD	Actual COD	Remarks
<b>Asset:</b> 400kV D/C (Quad) Nabinagar-II – Gaya transmission line with 02 nos associated bays at Gaya Sub-station.	31.1.2018	12.5.2018	Covered under instant Petition
<b>Balance elements:</b> 400kV D/C (Quad) Nabinagar-II – Patna transmission line with 02 nos associated bays at Patna Sub-station alongwith 1500 MVA ICT at Patna sub-station	-	-	To be filed subsequently

10. Annual Fixed Cost was allowed for the instant transmission asset vide order dated 5.11.2018 and corrigendum dated 11.12.2018 under the proviso (i) to Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the PoC charges.

11. The details of the Annual Fixed Cost claimed by the petitioner are as under:-

(₹in lakh)	
Particulars	2018-19 (pro-rata)
Depreciation	993.05
Interest on Loan	988.71
Return on Equity	1140.88
Interest on Working Capital	76.05
O&M Expenses	225.55
<b>Total</b>	<b>3424.24</b>

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

(₹in lakh)	
Particulars	2018-19 (pro-rata)
Maintenance Spares	38.14
O&M expenses	21.19
Receivables	643.34
<b>Total</b>	<b>702.67</b>
Interest	85.73
Rate of Interest	12.20%

13. The petitioner has served the petition to 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. No reply has been received from the respondent. Having heard the representatives of the petitioner present at the hearing and perused the material on record, we proceed to dispose of the petition.

14. This order has been issued after considering the petitioner's affidavit dated 24.1.2018, 20.2.2018, 9.8.2018, 9.10.2018, 17.10.2018, 13.11.2018 16.11.2018, 7.2.2019 and 22.2.2019.

#### **Date of commercial operation(COD)**

15. The petitioner has initially claimed the COD of the asset on anticipated basis as 31.1.2018. The petitioner vide affidavit dated 9.8.2018 has claimed the actual COD of the Asset as 12.5.2018. In support of COD of the assets, the petitioner has submitted CEA Energisation Certificate dated 3.1.2018 and 11.1.2018, RLDC charging certificate dated 22.5.2018 and CMD certificate as required under Grid Code. Taking into considering the CEA Energisation Certificate, RLDC charging Certificate and CMD Certificate, the COD of the Asset has been approved as 12.5.2018. The tariff is worked out from COD to 31.3.2019.

#### **Capital Cost**

16. 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.”

17. The petitioner, vide affidavit dated 9.8.2018 has submitted the Auditor Certificate dated 9.8.2018 along with revised tariff forms for the subject asset based on actual CODi.e.12.5.2018. The details of approved apportioned cost, capital cost as on the date of commercial operation and estimated additional capital expenditure incurred or projected to be incurred during2018-19, 2019-20 and 2020-21 are given under:-

(₹ in lakh)

Apportioned Approved Cost (FR)	Cost as on COD	Projected additional capital Expenditure			Estimated Completion Cost
		2018-19	2019-20	2020-21	
29614.84	18902.60	5083.07	2544.95	848.32	27378.94

### **Cost Variation**

18. The apportioned approved cost of the asset as per FR of the project is ₹29614.84 lakh. The petitioner filed the petition based on anticipated COD and claimed completion cost of ₹32031.22 lakh. The petitioner had submitted the details of cost variation in form 5. Subsequently, the petitioner vide affidavit dated 9.8.2018 has submitted the Auditor Certificate dated 9.8.2018 for the completion cost of ₹27378.94 lakh based on actual COD but the petitioner has not submitted Form 5 for the actual cost. As compared with apportioned approved cost (FR cost), the estimated completion cost based on actual COD is within apportioned approved cost. Hence there is no cost overrun in commissioning of the Asset covered in the instant petition.



The petitioner is directed to submit the Form 5 based on the actual Cost at the time of true up.

### **Time over-run**

19. As per the investment approval dated 2.4.2016, the assets under subject project were scheduled to be commissioned within 38 months from the date of investment approval. Accordingly, the scheduled date of commercial operation works out to 1.6.2019 against which, instant Asset was put under commercial operation on 12.5.2018. Accordingly, there is no delay in respect of commissioning of subject Asset.

20. Further, Commission vide order dated 5.11.2018, has directed the petitioner to explain the reasons for early commissioning of the asset. In response, the petitioner vide affidavit dated 16.11.2018 has submitted that the early commissioning has been done in line with the request of generator NPGCPL (JV of NTPC and BSPHCL {Bihar}) to provide start up power. Further, as per the request made by NPGCPL, the petitioner has extended the service by early commissioning of its instant asset on 12.5.2018 which is in line with the implementation Agreement (I.A.) signed between the petitioner and NPGCPL.

### **Interest during Construction (IDC)**

21. The petitioner has claimed Interest during Construction (IDC) of ₹904.55 lakh for the instant asset and has submitted the Auditor's certificate in support of the same.. The petitioner has submitted IDC computation statement which also shows the discharge details of IDC given below:-



(₹ in lakh)

Asset	IDC As per Auditor certificate	IDC Discharged upto COD	IDC Discharged in 2018-19	IDC Discharged in 2019-20
Asset	904.55	371.11	533.44	--

22. The statement showing IDC consist of the name of the loan, drawl date, loan amount, interest rate and Interest claimed. While going through these documents certain discrepancies have been observed such as the petitioner has not specified the interest rate for SBI loan instead mentioned as floating rate. The petitioner has not furnished the computation of floating interest rate and in this regard the documentary proof given are not reconcilable. In addition, the name of the SBI loan as mentioned in IDC statement and Form 9C are differing. Therefore for the purpose of determination of allowable IDC, the interest rate as mentioned in Form 9C against the SBI loan has been considered.

23. Further the loan portfolio as mentioned in IDC statement (₹13231.83 lakh) and as mentioned in Form 9C (₹12858.42 lakh) are not matching. Hence, for the purpose of determination of allowable IDC, the loan amount as mentioned in Form 9C has been considered.

24. The petitioner is directed to submit the detailed IDC statement by rectifying the above mentioned deviation, at the time of true up of 2014-19. Based on the available information, IDC is being worked out and allowed as shown below:-

(₹ in lakh)

IDC claimed as per Auditor certificate dated 9.8.2018	IDC Disallowed due to computational difference	IDC Allowed on accrual basis	IDC Allowed on cash basis as on COD	Un-discharged IDC liability as on COD	IDC liability allowable as Add. Cap. during 2018-19
1	2	3=(1-2)	4	5=(3-4)	6
904.55	4.29	900.26	370.62	529.64	529.64



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

25. The petitioner has claimed ₹782.69 lakh for the instant asset. The claimed IEDC as on COD is within the percentage on hard cost as indicated in the abstract cost estimate. In the instant petition, 5.00% of hard cost is indicated as IEDC in the abstract cost estimate. Therefore, IEDC of ₹782.69 lakh is being considered for determination of tariff in respect of instant asset.

### **Initial spares**

26. This has been dealt in line with Regulation 13 of the 2014 Tariff Regulations. The petitioner has claimed ₹34.25 lakh and ₹249.47 lakh as initial spares pertaining to substation and transmission lines respectively for the instant asset. Further, Petitioner vide affidavit dated 16.11.2018 has submitted the details of year-wise discharge of initial spare as shown below:-

<b>Particulars</b>	<b>(₹ in lakh)</b>	
	<b>Substation</b>	<b>Transmission line</b>
Expenditure up to 11.5.2018	23.97	-
Expenditure from 12.5.2018(COD) to 31.3.2019	10.28	149.68
Estimated expenditure from 1.4.2019 to 31.3.2020	-	99.79
<b>Total</b>	<b>34.25</b>	<b>249.47</b>

27. The spares claimed are within the ceiling limit of the 2017 Tariff Regulations. Thus, no initial spares have been reduced from the capital cost as on COD.

### **Capital cost as on COD**

28. Based on the above, 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 (A)	IDC Dis-Allowed due to computational difference (B)	Un-discharged IDC liability (C)	Capital Cost as on COD considered for tariff calculation (D)=A-B-C
18902.60	4.29	529.64	18368.67

### Additional Capital Expenditure (ACE)

29. The cut-off date for the instant assets is 31.3.2021 as per Clause (13) of Regulation 3 of the 217 Tariff Regulations. The claim of additional capital expenditure has been dealt in accordance with Regulation 14. The ACE claimed as per Auditor certificate during 2018-19 is ₹5083.07 lakh on projected basis. However, for the purpose of tariff the petitioner in Form 7 has claimed the ACE as ₹5616.52 lakh against balance and retention payment.

30. The entitled un-discharged IDC liability as on COD has been allowed as ACE during the year of its discharge. The allowed Additional Capital expenditure are summarized below which is subject to true up.

(₹ in lakh)

Allowed Add-cap	Regulation	2018-19
Discharge of Liability on Hard Cost	14(1)(i)	5083.07
Add cap to the extent of unexecuted work	14(1)(ii)	0.00
Discharge of un discharge liabilities-IDC.	14(1)(i)	529.64
<b>Total allowed add-cap</b>		<b>5612.71</b>

### Capital cost as on 31.3.2019

31. The capital cost considered for the purpose of computation of tariff is as follows:-

(₹ in lakh)

Asset	Capital Cost Allowed as on COD	ACE allowed for 2018-19	Total Estimate Completion Cost as on 31.3.2019
Asset	18368.67	5612.71	23981.38

### Debt-Equity Ratio

32. Debt: Equity Ratio is considered as per Regulation 19 of the 2014 tariff



Regulations. The financial package up to COD as submitted in form 6 has been considered to determine the debt equity Ratio. The capital cost allowed as on the date of commercial operation arrived at as above and additional capitalization allowed have been considered in the debt-equity ratio of 70:30. The debt-equity as on dates of commercial operation and 31.3.2019 considered on normative basis are as under:

(₹ in lakh)

Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	12858.09	70.00%	16786.98	70.00%
Equity	5510.59	30.00%	7194.39	30.00%
Total	18368.67	100.00%	23981.38	100.00%

### **Return on Equity**

33. The petitioner has submitted that RoE has been calculated at the rate of 19.610% 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.

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

35. The petitioner has submitted that the asset covered in the instant petition was put into commercial operation within the timeline specified in the 2014 and hence additional RoE may be allowed in terms of the Regulation 24 (i) of the 2014 Tariff Regulations.

36. The timeline specified in Appendix-I of the 2014 Tariff Regulations for grant of additional RoE of 0.5% in case of the instant asset is 38 months. The instant asset was put under commercial operation within the timeline. The approval for investment was accorded by Board of director of the petitioner on 2.4.2016, with commissioning schedule of 38 months. The petitioner has further submitted that the SCOD of the instant project is 1.6.2019 and the instant asset under the project has been commissioned on 12.5.2018 i.e. ahead of the scheduled.

37. The Commission vide RoP dated 22.1.2019 has directed the petitioner to submit legible copy of all the supporting documents and the statutory certificates as required under the 2014 Tariff Regulations. The petitioner in response, vide their affidavit dated 7.2.2019 has submitted that the ERPC certification in the instant matter has been sought by their letter dated 5.2.2019 and the same shall be provided upon its issuance.

38. We have considered the submissions of the petitioner. It is noticed that the petitioner has not completed the entire scope of the project, therefore petitioner needs to submit RPC/NPC certificate for additional RoE. The petitioner has not submitted RPC/NPC certificate as required under regulation 24(2) (iii) of the 2014 Tariff Regulations. Therefore, Additional RoE @0.5% is not being considered now. However, the petitioner is given liberty to approach the commission at the time of truing up along with RPC/NPC certificate and the same shall be reviewed accordingly.



39. Accordingly, the RoE allowed is as follows:-

(₹ in lakh)	
<b>Particulars</b>	<b>2018-19</b>
Opening Equity	5510.59
Addition due to Additional Capitalisation	1683.81
Closing Equity	7194.39
Average Equity	6352.49
Return on Equity (Base Rate )	15.50%
Tax rate for the year 2013-14 (MAT)	20.961%
Rate of Return on Equity (Pre Tax )	19.610%
Return on Equity (Pre Tax)	<b>1105.79</b>

### **Interest on loan (IOL)**

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

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

41. 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.

42. Based on above, details of IOL calculated are as follows:-

**(₹ in lakh)**

<b>Particulars</b>	<b>2018-19 (pro-rata)</b>
Gross Normative Loan	12858.09
Cumulative Repayment upto previous Year	0.00
Net Loan-Opening	12858.09
Addition due to Additional Capitalization	3928.90
Repayment during the year	993.58
Net Loan-Closing	15793.41
Average Loan	14325.75
Weighted Average Rate of Interest on Loan	7.7790%
<b>Interest on Loan</b>	<b>989.22</b>

### **Depreciation**

43. Depreciation has been dealt with in line of Regulation 27 of 2014 Tariff Regulations. The instant transmission Asset was put under commercial operation during 2018-19. Accordingly, it will complete 12 years after 2018-19. As such, depreciation has been calculated annually based on Straight Line Method at the rates specified in Appendix-II to the 2014 Tariff Regulations. Details of the depreciation allowed are as under:-

**(₹ in lakh)**

<b>Particular</b>	<b>2018-19 (pro-rata)</b>
Opening Gross Block	18368.67
Additional Capital Expenditure	5612.71
Closing Gross Block	23981.38
Average Gross Block	21175.03
Rate of Depreciation	5.2860%
Depreciable Value	19057.52
Remaining Depreciable Value	19057.52
Depreciation	<b>993.58</b>

### **Operation and Maintenance Expenses (O&M Expenses):-**

44. The petitioner has claimed O&M expense for the instant asset amounting ₹225.55 lakh for the year 2018-19. The petitioner has submitted that norms for O&M Expenses for the tariff period 2014-19 have been arrived on the basis of normalized



actual O&M Expenses during the period 2008-13. The petitioner has further submitted that the wage revision of the employees of the petitioner is due during the 2014-19 tariff period and actual impact of wage hike, which will be effective at a future date, has not been factored in fixation of the normative O&M rate specified for the tariff period 2014-19. The petitioner has submitted that it would approach the Commission for suitable revision in norms for O&M Expenses for claiming the impact of wage hike during 2014-19, if any.

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

(₹ in lakh)	
Element	2018-19
D/C ( Bundled conductor with four or more sub-conductors)	1.210
Multi Circuit ( Bundled conductor with four or more sub-conductors)	2.123
400 kV Bay	68.71

46. 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)	
Details	2018-19
<b>Asset-I ( COD 12.5.2018)</b>	
400 kV Nabinagar-Gaya D/C line ( Length: 92 KM)	98.51
400 kV Nabinagar-Gaya M/C line ( Length: 2.60 KM)	3.51
2 Nos 400 kV bays	121.6
<b>Total</b>	<b>223.62</b>

### **Interest on Working Capital (IWC)**

47. 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 % of Operation and Maintenance expenses specified in Regulation 28.

**b) O & M expenses:**

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

**c) Receivables:**

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

**d) Rate of interest on working capital:**

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

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

(₹ in lakh)	
Particular	2018-19 (pro-rata)
Maintenance Spares	37.79
O & M expenses	20.99
Receivables	636.02
Total	694.80
Rate of Interest	12.20%
Interest	75.24

**Annual Fixed Cost**

49. In view of the above, the annual transmission charges being allowed for the instant asset is summarized hereunder:-

(₹ in lakh)	
Particulars	2018-19 (pro-rata)
Depreciation	993.58
Interest on Loan	989.22
Return on Equity	1105.79
Interest on Working Capital	75.24
O&M Expenses	223.62
<b>Total</b>	<b>3387.46</b>

### **Filing Fee and Publication Expenses**

50. 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 is 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**

51. The petitioner has requested to allow the petitioner to bill and recover License fee and RLDC fees and charges, separately from the respondents. The petitioner shall be entitled for reimbursement of license 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**

52. The petitioner has prayed for reimbursement of tax, if any, on account of proposed 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**

53. The Commission in order dated 5.11.2018, while allowing AFC for the instant assets for the inclusion in the PoC calculations, held that the transmission charges allowed in the said order shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (hereinafter referred to as "2010 Sharing Regulations"). Later, vide corrigendum dated 11.12.2018, amended the order dated 5.11.2018, stating that the tariff allowed will be borne by Nabinagar Power Generating Company Private Limited



(NPGCPL) from the COD of the instant assets till the date of operationalisation of the LTA for NPGCPL as provided under Regulation 8(8) of the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) and Regulation 8(5) of the 2010 Sharing Regulations and thereafter will be included in the computation of the PoC as provided under the 2010 Tariff Regulations.

54. However, it is observed that as per the Implementation Agreement dated 18.3.2016 between the petitioner and NPGCPL, the petitioner was scheduled to put into commercial operation one transmission line matching with the commissioning of first unit of NPGCPL by September, 2017. The Petitioner has submitted that the Nabinagar STPP-Gaya 400 kV D/C was put into commercial operation on 12.5.2018 to enable NTPC to draw start up power for NPGCPL, as per the request made by the NPGCPL.

55. We have considered the submissions of the petitioner. Since the transmission asset has already come on 12.5.2018, the transmission charges(YTC) allowed for the instant asset will be borne by NPGCPL from 12.5.2018 to COD of the first unit of NPGCPL. Thereafter, billing, collection and disbursement of the transmission charges shall be governed by the provisions of regulations 43 of the 2014 tariff regulations and recovered as provided in the 2010 Sharing Regulations.

56. This order disposes of Petition No. 106/TT/2018.

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

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

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

