

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.147/TT/2018

Coram:

Shri. P. K. Pujari, Chairperson

Dr. M. K. Iyer, Member

Date of Order: 5.2.2019

In the matter of:

Approval under Regulation: 86 of CERC (Conduct of Business) Regulations, 1999 and CERC (Terms and Conditions of Tariff) Regulations, 2014 for determination of Transmission Tariff from DOCO to 31.03.2019 for Aurangabad (POWERGRID) - Padghe (POWERGRID) 765kV D/C line & Padghe (POWERGRID) - Padghe/kudus (MSETCL) 400kV D/C (QUAD) line along with associated bays and Establishment of 765/400 kV 2x1500 MVA Padghe GIS SS under System Strengthening in North/West Part of Western Region for IPP Projects in Chhattisgarh (IPP-E).

And in the matter of:

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

.....Petitioner

Vs

1. Madhya Pradesh Power Management Company Ltd.
Shakti Bhawan, Rampur
Jabalpur - 482 008
2. Madhya Pradesh Power Transmission Company Ltd.
Shakti Bhawan, Rampur
Rabalpur - 482 008
3. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Ltd.
3/54, Press Complex, Agra-Bombay Road, Indore - 452 008
4. Maharashtra State Electricity Distribution Co. Ltd.



Hongkong Bank Building, 3rd floor
M.G. Road, Fort, Mumbai - 400 001.

5. Maharashtra State Electricity Transmission Co. Ltd.
Prakashganga, 6th Floor, Plot no. C-19, E-Block,
Bandra Kurla Complex, Bandra (East) Mumbai- 400 051.
6. Gujarat Urja Vikas Nigam Ltd.
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara - 390 007
7. Gujarat Energy Transmission Corporation Ltd.
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara - 390 007
8. Electricity Department
Govt. of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa - 403 001
9. Electricity Department
Administration of Daman & Diu
Daman - 396 210
10. Electricity Department
Administration of Dadra Nagar Haveli
U.T., Silvassa - 396 230
11. Chhattisgarh State Electricity Board
P.O.Sunder Nagar, Dangania, Raipur
Chhattisgarh - 492 013
12. Chhattisgarh State Power Transmission Co. Ltd.
Office of the Executive Director (C&P)
State Load Despacth Building,
Dangania, Raipur – 492 013
13. Chhattisgarh State Power Distribution Co. Ltd.
P.O.Sunder Nagar, Dangania, Raipur
Chhattisgarh - 492 013

.....Respondents

The following were present:



For Petitioner:

Shri S. K. Venkatesan, PGCIL
Shri S. S. Raju, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Zafrul Hasan, PGCIL
Shri Pankaj Sharma, PGCIL
Shri V P Rastogi, PGCIL

For Respondents:

Shri Mukesh Kori, Advocate, MPPMCL

ORDER

The present petition has been filed by the petitioner, Power Grid Corporation of India Ltd. (PGCIL) seeking approval of transmission tariff for Aurangabad (POWERGRID) - Padghe (POWERGRID) 765 kV D/C line & Padghe (POWERGRID) - Padghe/kudus (MSETCL) 400 kV D/C (QUAD) line along with associated bays and Establishment of 765/400 kV 2x1500 MVA Padghe GIS SS under System Strengthening in North/West Part of Western Region for IPP Projects in Chhattisgarh (IPP-E) (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 “the 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.
- ii) Admit the capital cost as claimed in the petition and approve the Additional Capitalisation incurred/ projected to be incurred.
- iii) Tariff may be allowed on the estimated completion cost, since few elements of the project are yet to be completed, the completion cost for the asset covered under instant Petition are within the overall



project cost.

- 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, expenditure on publishing of notices in newspapers in terms of Regulation: 52 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and other expenditure (if any) in relation to the filing of petition.
- vi) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation: 52 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.
- vii) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the respondents.
- viii) Allow the petitioner to bill and recover GST on Transmission charges separately from the respondents, if service tax on transmission is withdrawn from negative list at any time in future. Further, any taxes and duties including cess etc. imposed by any statutory/Government/ Municipal Authorities shall be allowed to be recovered from the beneficiaries.
- ix) Allow 90% of the Annual Fixed Charges as tariff in accordance with clause 7 (i) of Regulation 7 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for purpose of inclusion in the PoC charges.
- x) Allow the petitioner to bill Tariff from actual DOCO and also the petitioner may be allowed to submit revised Management Certificate and tariff Forms (as per the Relevant Regulation) based on actual 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 of the project was accorded by Board of Directors of POWERGRID vide the Memorandum No. C/CP/Chattisgarh IPP dated 27.12.2011 with an estimated cost of ₹1746.65 Crore including Interest During Construction of ₹111.43 Crore based on 2nd Qtr 2011 price level. The Revised Cost Estimate of the project was accorded by Board of Directors of POWERGRID vide the Memorandum No. C/CP/RCE/IPP dated March 9, 2015; with an estimated cost of ₹2228.71 Crore including Interest During Construction of ₹172.64 Crore based on August, 2014 price level. Further vide affidavit dated 14.12.2018, the petitioner has submitted the Revised Cost Estimate-2 (RCE-2) of the project accorded by Board of Directors of POWERGRID vide Memorandum No. C/CP/RCE/ SS North-West/IPP dated October 22, 2018; with an estimated cost of ₹2395.67 Crore including Interest during Construction of ₹321.49 Crore based on March, 2018 price level.
4. The scheme was approved in the 29th meeting of Standing Committee of Western Region held on 10th September, 2009. The Transmission System was later discussed and agreed for implementation in the 11th WRPC meeting held in Raipur on 25th September, 2009. Further, vide order dated 31.05.2010, Commission had accorded regulatory approval for execution of the Project.



5. The details of the transmission elements covered under the transmission system are broadly as follows:-

Transmission Line:

- (i) Aurangabad (POWERGRID) – Padghe (POWERGRID) 765 kV D/C Line
- (ii) Padghe (POWERGRID) - Padghe/Kudus (MSETCL) – 400 kV D/C (Quad) Line
- (iii) Vadodara - Asoj 400 kV D/C (Quad) Line.

Substation:

- (i) Establishment of 765/400 kV, 2*1500 MVA Padghe GIS substation.
- (ii) Bay Extensions at 765/400 kV Aurangabad (POWERGRID), Vadodara (POWERGRID) and Asoj (GETCO) substation.
- (iii) Bay extensions at 400 kV Padghe Substation.

6. Details of asset being filed in the instant Petition:

Asset	Description of the Asset	Scheduled COD	COD (actual)	Delay
Asset-I	Aurangabad (POWERGRID) - Padghe (POWERGRID) 765 kV D/C line & Padghe (POWERGRID) - Padghe/kudus (MSETCL) 400kV D/C (QUAD) line along with associated bays and Establishment of 765/400 kV 2x1500 MVA Padghe GIS SS	27.08.14	31.12.17	40 months 4 days



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

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata)	2018-19
Depreciation	2648.37	10932.71
Interest on Loan	3016.94	11883.88
Return on Equity	3004.74	12422.62
Interest on Working Capital	204.58	831.89
O&M Expenses	297.93	1218.23
Total	9172.56	37289.33

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

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (annualized)	2018-19
Maintenance Spares	176.86	182.73
O&M expenses	98.25	101.52
Receivables	6049.99	6214.89
Total	6325.10	6499.14
Interest	809.61	831.89
Rate of Interest	12.80%	12.80%

9. Annual Fixed Charges under the first proviso to Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the PoC charges were granted vide order dated 13.09.2018 .
10. 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. MPPMCL, Respondent No. 1, has filed reply vide affidavit dtd. 17.05.2018. MPPTCL, Respondent No. 2, has raised issue of



implementation schedule, Completion cost, additional capitalization, wage revision and effective tax rate. The petitioner has filed rejoinder dated 31.08.2018 to the reply of MPPTCL. The objections raised by the respondents and the clarifications given by the petitioner are addressed in the relevant paragraphs of this order.

11. Commission had raised queries vide order dated 13.09.2018, which were replied to by the petitioner vide affidavit dated 28.09.2018. This order has been issued after considering the original petition and affidavits dated 06.09.2018, 28.09.2018 & 14.12.2018 and respondent's affidavit dated 17.05.2018.

Commercial Operation Date (COD)

12. The petitioner has claimed date of commercial operation of Asset-I as 31.12.2017. In support of COD, petitioner has submitted CEA certificate dated 28.9.2017, 30.9.2017, 3.11.2017 & 10.11.2017 under regulation 43 of CEA (Measures relating to safety and Electric Supply) Regulations, 2010, Trial operation certificate letter dated 2.1.2018, self-declaration of COD letter dated 12.1.2018, WRLDC certificate dated 19.1.2018 in accordance with Regulation 6.3.A(5) of CERC (Indian Electricity Grid Code), and CMD Certificate. Accordingly, taking into consideration the RLDC certificate, CEA certificate and CMD certificate for the instant asset, the COD of the asset under consideration is approved as 31.12.2017 and has been considered for the purpose of tariff computation from COD till 31.3.2019.



Capital Cost

13. Clause (1) and Clause (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; 39
- 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.

14. 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 during 2017-18 and 2018-19 along with estimated completion cost for the instant asset covered in the petition as



claimed by the petitioner and considered for the purpose of computation of tariff are as under:-

(₹ in lakh)

Name of the Element	Apportioned Approved Cost (FR)	Apportioned Approved Cost (RCE-1)	Apportioned Approved Cost (RCE-2)	Exp. Up to COD	Projected Exp. for FY 2017-18	Projected Exp. for FY 2018-19	Estimated Completion Cost as on 31.03.2019
Asset- I	161469.56	205535.94	222399.26	204041.83	2632.28	11698.76	218372.87

Cost Over-Run/Variation

15. The approved apportioned cost as per FR of the project is ₹1614.69 Crore and as per RCE-2 is ₹2223.99 Crore against which the estimated completion cost as on 31.03.2019 is ₹2183.73 Crore. The reasons of cost variation in RCE-2 vis-à-vis the investment approval as submitted by the petitioner are as below:

- a) Increase of line length of 765 kV D/C Aurangabad- Padghe line from 279 Km (FR) to 284.82 KM (actual) based on actual site conditions and ROW issues. It was stated that the line length, type of various towers and foundations in the DPR were estimated on the basis of walk-over/preliminary survey. However, on the basis of detailed survey during execution of project, the length of 765 kV D/C Aurangabad- Padghe line has increased from 279 km to 284.82 km. Further, numbers & types of towers and foundations have been considered as per actual requirement.



- b) The compensation cost has increased, based on the assessment done by government revenue authorities, which resulted increase in compensation cost of about ₹40 Crore.
- c) Increase in tower steel quantity from 43986 MT (FR) to 50355 MT (actual) on account of increase in line length and increase in angle towers to avoid the habitations and other site conditions. Also, increase in tower steel rate from ₹68000 per MT (FR) to ₹92000 per MT (Actual) resulted in increase of cost of tower material of about ₹165 Crore.
- d) There is a slight increase in conductor quantity, due to steep increase in conductor rate from ₹2660 lakhs per km (FR) to ₹3351 lakhs per km (actual), because of which the cost of conductor increased by about ₹74 Crore.
- e) Number of disc insulators increased from 698950 to 705940 (including increase in number of tension insulators) and insulator rate from ₹811 per disc (FR) to ₹1600 per disc (actual). Both the factors contributed in increasing the cost by about ₹ 56 Crore.
- f) Erection, stringing and civil works including foundation- Increase on this account is attributed due to actual soil strata encountered during execution which resulted in increase in foundation and erection quantities. In addition, actual awarded cost per metric tonnage is more than estimated cost (2nd qtr 2011 price level) which has resulted in increase in overall cost.



The above factors and also the details, explained in Form 5 (material cost), contributed in increase of about ₹445 Crore.

- g) Land- Based on the assessment done by government revenue authorities there has been an increase in land cost of about ₹ 5 Crore.
- h) The increase in rate from 2nd qtr 2011 price level (FR) to LOA price level of Civil works including control room & office building , township and colony, roads and drainage and structure for foundation etc. contributed an increase in cost of about ₹ 17 Crore.
- i) Switchgear (CT, PT, CB, Isolator etc.), compensating equipment (reactor, SVCs etc.) - Expenditures on these equipment are as per actual execution of works, which includes mandatory spares. Cost has increased as per actual awarded cost obtained in competitive bidding. Further, the increase in cost of controls, relays/protection panel, outdoor lightening, auxiliary system, structure for switchyard is on account of actual awarded cost in competitive bidding. However, there is a saving on the GIS equipment which has resulted in a net saving of about ₹45 Crores.
- j) There is a saving of about ₹72 Crore in IEDC cost but because of delay of approximately 40 months, there is an increase of about ₹200 Crore in IDC resulting in net increase of about ₹128 Crore in the cost of the asset.

16. MPPMCL vide affidavit dated 17.5.2018 has submitted as below:



- (i) Change in number and type of tower in final survey as compared to preliminary survey has been explained as a reason for increased cost. The soil strata actually encountered is also said to have contributed to increased cost. It has submitted that both the preliminary and final survey has been done by the petitioner and in such a condition if there is a significant change in number and type of tower, it should be fully attributable to the petitioner and petitioner should be held responsible to bear the cost of increase due to poor quality survey. At how many locations the strata has differed from the original estimate has not been explained and how much difference it made at a single location has also not been mentioned.
- (ii) The compensation cost is said to be increased by ₹40 Crore but has not been supported by order of competent authority explaining the previous rates and the new rates. It is therefore liable to be rejected.
- (iii) Increased rate of tower material from ₹68000 per MT to ₹92000 per MT, of conductor from ₹2660 lakh per km to ₹3351 lakh per km and disc insulator from ₹811 per piece to ₹1600 per piece has also been mentioned as causes of increased cost. Commission may consider that if the cost of all major material have increased during the work period, it is a clear case of faulty planning of procurement cell of the petitioner. Had the material been procured well in time, the impact of increased cost would have reduced. Now the petitioner is trying to load the burden of its inefficiency to the end consumer of the beneficiaries. A sharp rise of more than 50% in IDC itself shows that planning of the petitioner was bad.



17. In response to the above, petitioner filed its rejoinder dated 31.8.2018 and submitted that the reasons of cost variation have already been mentioned in main petition. It has further submitted that item wise cost variation between approved FR cost and estimated completion cost are given in Form- 5. Further the main reasons are as follows:

- (i) Increase of line length of 765 kV D/C Aurangabad- Padghe line from 279 Km (FR) to 284.82 KM (actual) is based on actual site conditions and ROW issues. It has mentioned that the line length, type of various towers and foundations in the DPR were estimated on the basis of walk-over/preliminary survey. However, on the basis of detailed survey during execution of project, the length of 765 kV D/C Aurangabad - Padghe line has increased from 279 km to 284.82 km. Further, number and type of various towers and foundations has been considered as per actual requirement.
- (ii) The types of tower are decided during detailed survey based on optimized route alignment. Increase in tower steel quantity is on account of increase in line length and increase in angle towers in order to avoid the habitations and other site conditions. There is increase in tower steel rate also from ₹68000 per MT (FR) to ₹92000 per MT (Actual) which contributed increase of cost of tower material by about ₹165 Crore.
- (iii) The compensation cost on land acquisition has increased based on the assessment done by government revenue authorities, which resulted increase in compensation cost of about ₹40 Crores.



18. We have considered the submissions made by petitioner and respondents. Against the apportioned approved cost of FR ₹1614.69 Crore and RCE-2 cost of ₹2223.99 Crore, the estimated completion cost as on 31.03.2019 is ₹2183.73 Crore. So, there is no cost overrun. It is observed that cost variation and increase is mainly due to Increase of line length of 765 kV D/C Aurangabad- Padghe line from 279 Km (FR) to 284.82 KM (actual) based on actual site conditions, increase in land compensation, increase in steel quantity from 43986 MT (FR) to 50355 MT (actual) on account of increase in line length and increase in angle towers to avoid the habitations and other site conditions, steep increase in conductor rate from ₹2660 lakh per KM (FR) to ₹3351 lakh per KM (actual) and increase in Switchgear (CT, PT, CB, Isolator etc.), compensating equipment (reactor, SVCs etc.) which were beyond the control of the petitioner. Therefore, cost variation is allowed for tariff purpose.

Time over-run

19. As per the investment approval, the schedule completion is within 32 months from the date of investment approval. The date of Investment Approval is 27.12.2011. Hence, the commissioning schedule comes to 27.08.2014, against which the subject asset has been commissioned and declared under commercial operation w.e.f. 31.12.2017 with a delay of 40 months and 4 days.

Reasons of time over-run



20. The petitioner has submitted the following reasons for delay in commissioning of the asset:

a) **Details of delay due to ROW in Survey of 765kV D/C Aurangabad-Padghe TL:**

- (i) Investment approval of the subject project was accorded on 27.12.2011. However, considering the importance of the project, the detailed survey was awarded in advance in November 2011. Therefore, the survey work was started well in advance. During execution of the survey, it was known that the basic route alignment is passing through the restricted area of M/s National Centre for Radio Astrophysics, Pune (NCRA) having Giant Meterwave Radio Telescope (GMRT) antennas observatory. The Agency informed the Petitioner vide their letter dated 17.3.2012 that the petitioner should relocate the transmission line at least 10 km away from the Antenna area. Meanwhile, possibility of various alternative routes was looked into by the petitioner and three probable routes were identified, out of which the most optimal route was provisionally selected.
- (ii) Further, there were certain constraints in this route also as the line length had increased by about 6-7 kms leading to increase in the cost as well, but at the same time, the distance from the Antenna zone was coming to around 6.5 km only. There was a restriction due to wild life also. Further, M/s NCRA again wrote to the Petitioner vide their letter dated 14th August 2012 wherein they acknowledged the change of EHV line route.



(iii) In response to this, the petitioner vide its letter dated 17.8.2012 informed that efforts were made to divert the line but it was difficult to go beyond 6.5 km from the Antenna zone due to restriction of wild life area as per MOE&F guidelines. Again, M/s NCRA wrote to the petitioner vide letter dated 17th March, 2013 that as the requirement is minimum distance of 10 km from any of the GMRT Antenna, the rerouting by the petitioner was not meeting the requirement and they again requested to keep the distance of 10 km which would help them in continuing to maintain the current International leadership of the GMRT observatory.

(iv) Subsequent to the above development, although in the past exhaustive efforts were made to reroute the line which was proving very difficult for the petitioner to go beyond 6.5 km, it was apprehended that the line would cross the buffer zone of Kalsubai Harshchander Wildlife Sanctuary, whereas as per the guidelines of MOE&F any construction activity in wildlife sanctuary is prohibited and under such situation getting permission from MOE&F / Supreme Court was extremely difficult. However, subsequent to the developments mentioned above, the petitioner made one more effort and succeeded in re-routing the line 10 km away from the GMRT Antenna. Confirmation to this effect was issued vide Petitioner letter dated June 2013 to M/s NCRA.

From the above, it is evident that the petitioner in all earnest approach undertook the activity of implementation of project well before the Investment Approval by way of detailed survey work in advance. In view of the condition of maintaining 10 km distance from Meterwave Radio



Telescope (GMRT) antennas observatory, the survey work had been hampered, due to which route of line could be finalized only in June, 2013. Hence the finalization of route had been delayed by about one and half year from the Investment Approval which is beyond the control of the petitioner. This has led to subsequent delay of all other construction activities of transmission line.

(v) The detailed chronology of event / correspondences is tabulated below:

Sr. No	Date	Description
1	03.11.2011	Letter of award to Geinfosys Technologies for route survey of Aurangabad-Padghe TL
2	17.03.2012	Letter from National Center for Radio Astrophysics to POWERGRID to explore the possibilities of re-alignment of Aurangabad-Padghe TL to avoid radio-frequency interference generated from power lines.
3	14.08.2012	Letter from National Center for Radio Astrophysics (Giant Meterwave Radio Telescope- GMRT) to POWERGRID for providing details of changed route of Aurangabad-Padghe TL
4	17.08.2012	Letter to GMRT for providing survey details stating that survey has been held up due to rains & expected completion by 15th Sep'12 and details will be forwarded only after finalization of route.
5	07.03.2013	Letter from National Center for Radio Astrophysics to POWERGRID for re-routed maps stating that the re-routed Aurangabad-Padghe line is located at 6.5 Km distance from nearest GMRT antennawhich should be minimum 10 Km to avoid radio frequency interference.



6	15.06.2013	Letter from POWERGRID to M/s National Center for Radio Astrophysics informing about the 10 kM distance between transmission line to GMRT antennas.
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b) **Details of delay due to ROW in construction of 765kV D/C Aurangabad-Padghe TL**

- (i) Severe ROW problems were encountered since February 2014 during construction of the transmission line and various cases under section 16(1) of Indian Telegraph Act were filed for resolution of the same. Several correspondences were made with local administration and police for resolution of ROW problems. Many meetings were also held at Mantralaya, Mumbai for monitoring of the progress. The progress was also being monitored in PMO-Pragati Portal. The erection work was held up since October, 2017 at 01 tower at location number 346/0. Further, 3 km stringing work was held up in Shere and Sane villages of Bhivandi Taluka, Kosla and Kakadpara village of Kalyan Taluka of Thane District. Further the work was stopped in Kosla village till November, 2017 due to interference of MLA Ambernath. Even after issuance of orders, under Section 16 of Indian Telegraph Act, the work was hampered due to intermittent ROW issues of local farmers/villagers in Shere and Sane villages of Bhivandi Taluka, Kosla and Kakadpara village of Kalyan Taluka of Thane District.
- (ii) The detailed chronology of events for ROW problems in Aurangabad-Padghe line is given below:



Sr. No	Date	Description
1	18.02.2014	Notice from Advocate, Newasa (on behalf of Shri Ramesh Nivrutti Shinde, Newasa, Ahmednagar) to Dy. Manager, POWERGRID, Aurangabad for objection in construction of 765kV D/C Aurangabad-Padghe line.
2	27.03.2014	Letter to District Collector, Ahmednagar for objection raised by Shri Ramesh Shinde
3	05.05.2014	Letter to District Collector, Ahmednagar for objection raised by Shri Ramesh Shinde
4	09.06.2014	letter to Chief Administrator, New Delhi for objection of 765kV D/C Aurangabad-Padghe TL
5	10.06.2014	Letter to SP, Thane for police protection.
6	01.08.2014	Letter to Chief Engineer (MSETCL), Mumbai for termination of 400kV D/C Padghe-Kudus line
7	26.08.2014	Meeting between MSETCL & POWERGRID at Prakashganga, Mumbai office for construction of 2 bays for 400kV D/C Padghe-Kudus line
8	16.09.2014	Letter from Maharashtra Rajya Sheti Mahamandal, Pune for permission towards construction of 765kV Aurangabad-Padghe line.
9(i)	27.11.2014	Letter to SP, Thane for police protection.
9(ii)	29.12.2014	Letter to Dist. Magistrate Ahmednagar for ROW problems
10	07.01.2015	Letter to Hon'ble District Magistrate for submission of application under Section-16.
11	02.05.2015	Submission of application under sec-10 of Indian Telegraph Act for stringing work bet loc 17/0-18/0 at village Eksal, Tah- Bhivandi
12	11.05.2015	Secion-16 case filed against Smt Rakhmabai Hari Dongre & others (Loc 320/0), Shri Vamanrao Pandurang Valimbe & others (Loc 330A/0) & Sri Dundaram Govind Desale & others (Loc 340/2).



13	14.07.2015	Letter from Collector, Thane to SDM- Kalyan, Shahpur & Bhivandi for submission of application under section 16.
14	23.07.2015	Secion-16 case filed against Smt Bhimabai Kisan Rongate & others (Loc 305/1), Smt Shalini Bhaskar Khapare (Loc 328/1), Shri Yeshawant Nama Valimbe & others (Loc 333C/0) & Sri Vasant Mahadeo Tarmale (Loc 339/2).
15	19.08.2015	Letter from Collector, Thane to SDM- Kalyan, Shahpur & Bhivandi for submission of application under section 16.
16	24.10.2015	Letter to Hon'ble Collector Thane for resolving section-16 cases.
17 (i)	09.12.2015	Letter from Wing Commander, Joint Director Ops (ATS).
17(ii)	28.01.2016	Letter to Collector Thane for ROW problems
18	26.03.2016	Submission of application under sec 16 against Sh Bhaskar Patil, Smt Dhanashri Patil, Sh Bhagwan Jadhav.
19	30.03.2016	Submission of application under sec 16 against Sh Gopal Patil, Sh Ravindra Thakre, Sh Pandharinath Gorale.
20	12.04.2016	Request letter to Chief Secretary, Mumbai for resolution of RoW problems.
21	15.06.2016	Letter to Collector Thane for ROW problems
22	26.07.2016	MOM of Monitoring meeting at Mantralaya, Mumbai of dated 26.07.2016
23	19.08.2016	Collector Aurangabad order under Sec 16 against i) Leelavati Save, ii) Moreswar Save & iii) Anil Save for locations 17A by 0 and 17A by 1 of Aurangabad -Padghe Line
24	16.09.2016	Review Meeting to discuss various issues of critical transmission lines/ substations under the chairmanship of Principal Secretary (Energy), Director (Project) MSETCL and POWERGRID.
25	01.10.2016	Letter to Collector Thane by Secretary (Energy) for



		resolution of RoW problems
26	15.10.2016	Demand letter from SP, Aurangabad for Police protection.
27	19.10.2016	Request letter to Chief Secretary, Mumbai for resolution of RoW problems.
28	20.10.2016	Letter to Police Inspector, Police Station- Kalyan/ Murbad from SDO-Kalyan
29	03.11.2016	Letter to Police Inspector, Police Station- Padghe/Vasind / Shahpur/ Kinhavali / Kasara from SDO-Bhivandi
30	28.11.2016	Letter to Taluka Krishi Adhikari-Murbad, Shahpur, Kalyan, Bhivandi from District Superintendent Agriculture Officer for evaluation of damages to fruit bearing trees
31	30.11.2016	Letter from Police Inspector, Padghe for police protection.
32	05.12.2016	Letter from Addl. SP, Vasind reagrding police protection
33	08.12.2016	Letter from Addl.. SP (Rural) Thane for police protection
34	24.12.2016	Letter to RFO, Tokawade (North) for tree cutting & evaluation of damages to non-fruit bearing trees
37	07.01.2017	Letter to sub-divisional officer, Bhivandi & Kalyan
38	25.01.2017	Letter to RFO, Shahpur for evaluation of damages to fruit bearing trees
39	16.02.2017	Letter to DCF, Thane for submission of present status of private forest in Maharashtra
40	17.02.2017	Letter to RFO, Kalyan for evaluation of damages to non-fruit bearing trees
41	17.02.2017	Letter to Sub-divisional officer, Kalyan for evaluation of land compensation
42	17.02.2017	Letter to Sub-divisional officer, Bhivandi for demrcation of damaged area.
43	18.02.2017	Letter to DCF, Shahpur for tree cutting & evaluation of damages to non-fruit bearing trees
44	18.02.2017	Letter to DCF, Thane for tree cutting & evaluation of damages to non-fruit bearing trees
45	18.02.2017	Letter to Sub-divisional officer, Bhivandi for permission of



		cutting of non-schedule trees
46	20.02.2017	Letter to Dy. Supritendent, Land Records-Bhivandi /Shahpur for demrcation of damaged area.
47	27.02.2017	Letter to Taluka Krishi Adhikari, Kalyan for evaluation of damages to fruit bearing trees
48	27.02.2017	Letter from CMD-Mahatransco to CMD, POWERGRID regarding policy formulation in respect of compensation
49	27.02.2017	Letter to District Superintendent Agricuture Officer for evaluation of damages to fruit bearing trees
50	28.02.2017	Letter to Police Inspector, Vasind for police protection
51	28.02.2017	Letter to Police Inspector, Kinhavali for police protection
52	11.03.2017	Letter to RFO, Tokawade (South) for tree cutting & evaluation of damages to non-fruit bearing trees
53	14.03.2017	Letter to RFO, Padghe for tree cutting & evaluation of damages to non-fruit bearing trees
54	24.03.2017	Letter to DCF, Shahpur for permission of cutting of non-schedule trees
55	03.04.2017	Letter to RFO, Tokawade (North) for tree cutting & evaluation of damages to non-fruit bearing trees
56	12.04.2017	Request letter for Railway traffic block
57	21.04.2017	Letter to Taluka Krishi Adhikari Shahpur for evaluation of damages to fruit bearing trees
59	24.04.2017	Letter to DCF, Shahpur for evaluation of damages to non-fruit bearing trees
61	02.05.2017	Letter to Taluka Krishi Adhikari Shahpur for evaluation of damages to fruit bearing trees
62	02.05.2017	Letter to DCF, Shahpur for evaluation of damages to fruit bearing trees
64	08.05.2017	Letter to Collector-Thane for police protection & administrative support.
66	23.05.2017	Letter to RFO, Kalyan for evaluation of damages to non-fruit bearing trees



67	23.05.2017	Letter from Collector Thane to SP, Thane (Rural), SDO-Bhivandi for Pragati Review Meeting on 25.05.2017 over Video Conferencing at Collector Office -Thane.
68	29.05.2017	Letter to Sr. Div. Elect. Engr, Kalyan for carrying out railway crossing work.
69	24.06.2017	Letter to HOD, COEP, Pune for deposit of charges of proof checking of drawing of temporary scaffolding structure for stringing work.
70	05.07.2017	High Court order for writ petition no 5701 of 2017 against Shri Ramchandra Kachru Tarmale (Loc 339/3)
71	05.07.2017	Letter from Chief Secretary to Collector, Thane
72	24.08.2017	MSETCL letter for shutdown of 220kV & 110kV lines for power line crossing
73	28.08.2017	Letter to Sr. Div. Elect. Engr, Kalyan for carrying out railway crossing work.
74	30.08.2017	Newspaper cutting (Loksatta) for Heavy rains in Mumbai
75	31.08.2017	Newspaper cutting (Maharashtra Times) for Heavy rains in Mumbai
77	06.09.2017	Request Letter to Sr. Div. Elect. Engr, Central Railway, Kalyan for Railway Block between 17.09.17 to 28.09.17
78	12.09.2017	Letter to Dy. Superintendent, Bhivandi (Land Records), Bhivandi for land survey report.
79	20.09.2017	Letter from Sr. Div. Elect. Engr, Kalyan for shutdown of 110kV Thakurli- Igatpuri (NE-I & NE-II)
80	20.09.2017	Letter to Sr. Div. Elect. Engr, Kalyan for carrying out railway crossing using hotline technique.
	22.09.2017	Letter from DOM (COG) Central Railway
81	25.09.2017	Letter from Sr. Div. Elect. Engr, Kalyan for Power Block while crossing 765kV D/C Aurangabad-Padghe TL
82	05.10.2017	Letter to SDO, Kalyan for ROW issues.
83	05.10.2017	Letter to SDO, Bhivandi for ROW issues.
84	05.10.2017	Letter to Dy. Superintendent, Bhivandi (Land Records),



		Bhivandi for land survey report.
85	07.10.2017	Letter to Collector, Thane for ROW issues.
86	08.10.2017	Newspaper cutting (Times of India) for Heavy rains in Mumbai
87	09.10.2017	Newspaper cutting (Lokmat) for Heavy rains in Mumbai
88	11.10.2017	Newspaper cutting (Times of India) for Heavy rains in Mumbai
89	13.10.2017	Request Letter to Sr. Div. Elect. Engr, Central Railway, Kalyan for Railway Block on 24.10.2017
90	14.10.2017	Letter to Sr. Div. Elect. Engr, Kalyan for railway block on 24.10.2017.
91	26.10.2017	Letter to SDO-Kalyan & Bhivandi from Collector, Thane for ROW issues.
92	17.11.2017	Letter to District Collector, Thane for ROW issues.
93	21.11.2017	Letter to Police Station In-charge for police protection.
94	21.11.2017	Letter to SDO, Kalyan for ROW issues.
95	05.12.2017	Construction work hampered due to continuous rain on account of Ockhi cyclone in Mumbai.
96	13.12.2017	Work affected due to ZP elections on 13th Dec'2017 in Thane district.

21. Petitioner has submitted that the delay was mainly due to ROW issues at the time of survey and afterwards during execution stage which was beyond the control of petitioner. Petitioner has requested that the unintentional / uncontrollable delay in commissioning of the assets may be condoned by the Commission.
22. Respondent no.1, MPPMCL vide affidavit dated 17.05.2018, has submitted as below:



- (a) Delay due to RoW in survey –During execution it has been found that basic route alignment is passing through restricted area of M/s.National Center for Radio Astrophysics (NCRA), Pune having Giant Microwave Radio Telescope (GMRT) antennas observatory. The agency informed PGCIL to shift the route of the line atleast 10 KM away, being mandatory requirement. There was also a restriction due to wild life. It has been mentioned that re-routing of line at a distance 10 KM away (safe distance) was done in June 2013. This means that the time of nearly 18 months has elapsed due to faulty preliminary survey by the petitioner and the beneficiaries are not responsible for that. It is also submitted that the petitioner is leading transmission utility of the Country and it is expected to have adequate professionalism while making preliminary survey and preparing estimate. The issue of line to be at least 10 KM away from GMRT is not an afterthought and is clearly a serious lapse on part of the petitioner and, therefore, the same is fully attributable to the petitioner.
- (b) Delay due to RoW in construction – The first problem started in Feb. 2014. The petitioner has not mentioned that how much work of the balance portion (undisputed portion of assets) was completed by then and if not why the petitioner shall not be held liable for the delay. The location-wise status of the work as also CPM-PERT chart was not submitted in support of the petitioner's claim. If such a small portion of the work was withheld which actually has resulted in delay, how the effect of cost escalation of material can be justified for the material used in complete line. In short, the reasons given by the petitioner in support of cost escalation are devoid of



any merit, have not been supported by relevant documents and are not acceptable at all.

23. In response, petitioner filed its rejoinder 31.8.2018 and has submitted reasons that have been stated in paragraph 20(a) and 20(b) of this order.

Analysis/Decision

24. We have considered the submissions submitted by petitioner and respondents. As per the investment approval, the schedule completion is within 32 months from the date of investment approval. The date of Investment Approval is 27.12.2011. Hence, the commissioning schedule comes to 27.8.2014, against which the subject asset has been declared under commercial operation w.e.f. 31.12.2017 with a delay of 40 months 4 days. The delay in instant asset is mainly on account of delay due to ROW in Survey of 765 kV D/C Aurangabad-Padghe TL and delay due to ROW in construction of 765 kV D/C Aurangabad-Padghe TL. From the submissions place by petitioner, it is observed that detailed survey was awarded in advance in November 2011. However, during the survey, it was observed that basic route alignment was passing through the restricted area of M/s National Centre for Radio Astrophysics, Pune (NCRA) having Giant Meterwave Radio Telescope (GMRT) antennas observatory and it was felt to relocate the transmission line at least 10kms away from the antenna area and then petitioner was informed vide letter dated 17.3.2012 for the same from the agency. In response, petitioner vide letter dated 17.8.2012 wrote letter to GMRT that as per MOEF guidelines on wildlife area it is not



possible to go beyond 6.5 km from the antenna zone as against requirement of 10km. Thus, the issue of delay due to maintaining the 10 km distance from GMRT was concluded in June, 2013. Therefore, the delay period from 17.3.2012 to 14.6.2013 (14 months 29 days) due to ROW in Survey of 765kV D/C Aurangabad- Padghe TL was hampered and was beyond the control of the petitioner. Further, with regard to delay due to ROW in construction of 765kV D/C Aurangabad- Padghe TL, it is observed that, various letters were exchanged between the petitioner and local authority for settlement of ROW issues which hampered the work progress from 18.2.2014 to 13.12.2017 (45 months 26 days) were beyond the control of the petitioner. Thus, based on above discussion, the delay is summarized as below:

S.no	Delay Reason	Time period	Delay
1	ROW in Survey of 765kV D/C Aurangabad-Padghe TL	17.3.2012 to 14.6.2013	14 months 29 days
2	ROW in construction of 765kV D/C Aurangabad-Padghe TL	18.2.2014 to 13.12.2017	45 months 26 days
Total delay incurred (S.no 1+2)		59 months 55 days	
Delay in instant petition		40 months 4 days	

25. Therefore, based on above, it is clear that, the delay of 40 months 4 days in the instant petition occurred on account of delay due to ROW in Survey of 765 kV D/C Aurangabad- Padghe TL and ROW in construction of 765 kV D/C Aurangabad- Padghe TL is within the overall delay of 59 months 55 days occurred on account of delay due to ROW in Survey of 765kV D/C



Aurangabad- Padghe TL and ROW in construction of 765kV D/C Aurangabad- Padghe TL and are beyond the control of the petitioner and accordingly, the delay of 40 months 4 days in instant petition is condoned.

Incidental Expenditure During Construction (IEDC) & Interest During Construction (IDC)

26. The petitioner has claimed IEDC of ₹3471.81 lakh for the Asset. The petitioner has claimed IEDC as on COD, which is within the percentage on hard cost as indicated in the abstract cost estimate. In the instant petition, less than 5% of hard cost is indicated as IEDC in the abstract cost estimate. Hence, the entire IEDC claimed by the petitioner is allowed.
27. The petitioner has claimed IDC of ₹31407.44 lakh for the Asset. The petitioner has submitted the statement showing discharge of IDC liability as on COD. However, in IDC calculation, the petitioner has not submitted the floating rate of interest of SBI loans and HDFC loans deployed. The IDC on cash basis up to the COD has been worked out on the basis of the loan details given in the statement showing discharge of IDC and Form-9C for the Asset. The petitioner is directed to submit information of the loan details at the time of truing-up. Further, the petitioner has submitted that there is no default in the payment of interest.
28. Following assumptions have been made to work out the IDC on cash basis as on COD in the instant case:
- A. Rate of Interest for all the SBI loans having floating rate of interests has



been considered as 7.90% i.e. for loans of SBI (Oct 13 - Dec 13) and 8.90% for SBI 10000 , SBI (2016-17) (Q4) and SBI (2017-2018) Q1.

- B. Rate of interest of all HDFC loans having floating rate of interest has been considered as 7.95% i.e. for loans of HDFC (2017-18) Q1.
- C. Dates of drawl of all the SBI loans and HDFC loans have been considered as mid of the respective quarters to simplify the IDC working.

29. The IDC claimed and considered as on COD and summary of discharge of IDC liability up to COD and thereafter for the purpose of tariff determination subject to revision at the time of truing up is as below:

(₹ in lakhs)

IDC claimed as per certificate	IDC considered as on COD	IDC Discharged upto COD	IDC Discharged in 2017-18	IDC Discharged in 2018-19
31407.41	30759.84	27668.40	1014.50	2076.96

30. The balance portion of IDC discharged after COD has been considered in additional capital expenditure. The allowed/capitalized IDC shall be reviewed at the time of truing up, on submission of details regarding floating Interest rates of SBI loans HDFC loan.

Initial spares

31. Regulation 13(d) of the 2014 Tariff Regulations provides that initial spares shall be capitalized as a percentage of plant and machinery cost upto cut-off date, subject to following ceiling norms:-

“(d) Transmission System Transmission line: 1.00%
Transmission sub-station (Green Field): 4.00%
Transmission sub-station (Brown Field): 6.00%”



32. The petitioner has claimed ₹1300.01 lakh, ₹337.23 lakh and ₹692.10 lakh as initial spares for the Asset corresponding to transmission line, sub-station GIS and sub-station under brown-field category respectively. Initial spare claimed by the petitioner is within the permissible limits and the same is allowed.

33. The petitioner has submitted that the liability of initial spare discharged up to COD and thereafter, as below:

(₹ in lakh)

Particulars	Initial Spare claimed and considered	Discharged upto COD	Discharged during 2017-18	Discharged during 2018-19	Total Discharged
Transmission Line	1,300.01	94.87	0.00	1205.14	1300.01
Sub-station GIS	337.23	332.06	5.17	0.00	337.23
Sub-station (Brown field)	692.10	681.49	10.60	0.00	692.09
Total	2329.34	1108.42	15.77	1205.14	2329.33

The initial spare discharged after COD has been considered in additional capital expenditure of the respective year of discharge.

34. The following capital cost as on COD, after taking into account the allowable IEDC, IDC and initial spares, is considered for the computation of tariff for the Asset :-

(₹ in lakh)

Capital Cost Claimed as	Less: IDC disallowed (Excess	Less: IDC disallowed (Un-	Less: Initial spare (Un-discharged)	Capital Cost considered



on COD	claim)	discharged)		as on COD
204041.83	647.60	3091.46	1220.91	199081.86

Additional Capital Expenditure (ACE)

35. Clause (1) of Regulation 14 of the 2014 Tariff Regulations provides as under:-

“(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

(i) Un-discharged liabilities recognized to be payable at a future date;

(ii) Works deferred for execution;

(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;

(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and

(v) Change in Law or compliance of any existing law:

Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.”

36. Clause (13) of Regulation 3 of the 2014 Tariff Regulations defines “cut-off” date as under:-

“cut-off date” means 31st March of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of the year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation”.



37. The cut-off date for the instant assets is 31.3.2020.

The petitioner has claimed ACE as per Auditor certificate dated 02.02.2018 ₹2632.28 lakhs for year 2017-18 and ₹11698.76 lakhs for year 2018-19.

Further the petitioner has claimed the entire ACE under Regulation 14(1).

In addition, the petitioner has also claimed the discharge of IDC and initial spare liability during 2017-18 & 2018-19 in respect of the Asset.

Accordingly, the ACE claimed by the petitioner and allowed up to 31.03.2019 is summarized in the table below:-

(₹ in lakh)		
	2017-18	2018-19
Claimed	2632.28	11698.76
Allowed**	3662.55	14980.86

**Discharged IDC and initial spare added in the respective year add cap.

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

(₹ in lakh)			
Expenditure up to COD	2017-18	2018-19	Total Estimated Completion Cost up to 31.3.2019
199081.86	3662.55	14980.86	217725.27

Debt-Equity Ratio

39. This has been dealt with in line with Clause 1 and 5 of Regulation 19 of the 2014 Tariff Regulations.

40. The petitioner has claimed debt: equity ratio of 70:30 as on the date of commercial operation. Debt: equity ratio of 70:30 is considered as provided



in Regulation 19 of the 2014 Tariff Regulations. The details of debt : equity ratio in respect of the instant Asset as on the date of commercial operation and as on 31.3.2019 are as under:-

(₹ in lakh)

Asset				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	1,39,357.30	70.00	152407.69	70.00
Equity	59,724.56	30.00	65317.58	30.00
Total	199081.86	100.00	217725.27	100.00

Return on Equity

41. This has been dealt with in line with Clause (1) and (2) of Regulation 24 and Clause (2) of Regulation 25 of the 2014 Tariff Regulations.
42. The petitioner has submitted that it is liable to pay income tax at MAT rate, the RoE has been calculated @ 19.610% 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.
43. 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:-

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata)	2018-19
Opening Equity	59724.56	60823.32
Addition due to Additional Capitalization	1098.77	4494.26
Closing Equity	60823.32	65317.58
Average Equity	60273.94	63070.45
Return on Equity (Base Rate)	15.50%	15.50%
MAT rate for the Financial year 2013-14	20.961%	20.961%
Rate of Return on Equity (Pre-tax)	19.610%	19.610%
Return on Equity (Pre-tax)	2946.83	12368.12

Interest on loan (IOL)

44. This has been dealt with in line with Regulation 26 of 2014 Tariff Regulations.

45. IOL has been worked out as under:-

(i) Gross amount of loan, repayment of instalments and rate of interest on actual average loan have been considered as per the petition;



(ii) The yearly repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that year; and

(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.

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

Particulars	Asset-I	
	2017-18 (pro-rata)	2018-19
Gross Normative Loan	139357.30	141921.09
Cumulative Repayment upto previous Year	0.00	2597.05
Net Loan-Opening	139357.30	139324.04
Addition due to Additional Capitalization	2563.79	10486.60
Repayment during the year	2597.05	10883.95
Net Loan-Closing	139324.04	138926.69
Average Loan	139340.67	139125.36
Weighted Average Rate of Interest on Loan	8.5181%	8.5068%
Interest on Loan	2959.15	11835.15

Depreciation

47. This has been dealt with in line with Regulation 27 of 2014 Tariff Regulations.

48. Depreciation has been calculated annually based on Straight Line Method at the rates specified in Appendix-II to the 2014 Tariff Regulations.

49. Details of the depreciation allowed are as under:-



(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata)	2018-19
Opening Gross Block	199081.86	202744.41
Additional Capital expenditure	3662.55	14980.86
Closing Gross Block	202744.41	217725.27
Average Gross Block	200913.14	210234.84
Rate of Depreciation	5.1847%	5.1770%
Depreciable Value	179272.78	187662.31
Remaining Depreciable Value	179272.78	185065.26
Depreciation	2597.05	10883.95

Operation and Maintenance Expenses (O&M Expenses)

50. This has been dealt with in line with Clause 29(4)(a) of 2014 Tariff Regulations.

51. The O&M Expenses claimed by the petitioner are as under:-

(₹ in lakh)

2017-18	2018-19
297.93	1218.23

52. The petitioner has submitted that O&M Expenses for the tariff period 2014-19 had been arrived at on the basis of normalized actual O&M Expenses during the period 2008-09 to 2012-13. The petitioner has further submitted that the wage revision of the employees is due during 2014-19 and actual impact of wage hike effective from a future date has not been factored in fixation of the normative O&M rates specified for the tariff block 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.

53. MPPMCL vide affidavit dated 17.5.2018 has submitted that the increase in the employee cost, if any, due to wage revision must be taken care by improvement in their productivity levels by the petitioner company so that the beneficiaries are not unduly burdened over and above the provisions made in the 2014 Tariff Regulations. In response, the petitioner filed its rejoinder dated 31.8.2018 and submitted that the wage revision of the employees of the petitioner is due w.e.f. 1.1.2017 and actual impact of wage hike which will be effective from a future date has also not been factored in fixation of the normative O&M rates prescribed for the tariff block 2014-19. The scheme of wage revision applicable to CPSUs is binding on the petitioner and hence it would approach the Commission for suitable revision in the norms for O&M Expenses for claiming the impact of wage hike from 1.1.2017 onwards.

Analysis/Decision

54. We have considered the submissions of petitioner and MPPMCL. The O&M Expenses have been worked out as per the norms specified in the 2014 Tariff Regulations. Accordingly, the O&M Expenses allowed is given as under:

Element	(₹ in lakh)	
	2017-18 (pro-rata)*	2018-19
284.816 Km of 765kV D/C Aurangabad-Padghe	$91/365 \times 1.171 \times 284.816$ =83.15	1.210×284.816 =344.62



(Bundled conductor with four or more sub-conductors) transmission line		
16.742 Km of 400kV D/C Padghe - Padghe (Bundled conductor with four or more sub-conductors) transmission line	91/365x1.171x16.742 =4.88	1.210x16.742 =20.25
5 nos. of 765kV bays	91/365x93.11x5 =116.06	96.20x5 =481.00
4 nos. of 400 kV bays (GIS)	91/365x56.84x4 =56.68	58.73x4 =234.92
2 nos. 400 kV bays (Conventional)	91/365x66.51x2 =33.16	68.71x2 =137.42
Total O&M Expenses Allowed	293.93	1218.21

*pro-rata has been considered from 31.12.2017 to 31.3.2018=91 days

Interest on Working Capital (IWC)

Rate of interest on working capital

55. As per proviso 3 of Regulation 28 of the 2014 Tariff Regulation, SBI Base Rate Plus 350 bps as on 1.04.2017 (i.e.12.60%) has been considered for the instant asset, as the rate of interest on working capital.

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

Particulars	(₹ in lakh)	
	Asset-I	
	2017-18 (Pro-rata)	2018-19
Maintenance Spares	176.84	182.73
O&M expenses	98.25	101.52
Receivables	6012.80	6186.80
Total	6,287.89	6,471.05
Interest	197.53	815.35

Annual Transmission charges



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

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata)	2018-19
Depreciation	2597.05	10883.95
Interest on Loan	2959.15	11835.15
Return on Equity	2946.83	12368.12
Interest on Working Capital	197.53	815.35
O&M Expenses	293.93	1218.21
Total	8994.49	37120.78

Filing fee and the publication expenses

58. 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

59. 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.



Service Tax

60. The petitioner has sought to recover Service Tax on transmission charges separately from the respondents, if at any time service tax on transmission is withdrawn from negative list in future. We have considered the submission of the petitioner. Service tax is not levied on transmission. Further, service tax is subsumed by GST and hence petitioner's prayer is infructuous.

Goods and Services Tax

61. The petitioner has prayed for reimbursement of tax, if any, on account of implementation of GST. GST is not levied on transmission service at present and we are of the view that petitioner's prayer is premature

Sharing of Transmission Charges

62. The transmission charges shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations and shall be shared by the beneficiaries and long term transmission customers in Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.

63. This order disposes of Petition No. 147/TT/2018.

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

Sd/
(P. K. Pujari)
Chairperson



