

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 239/TT/2018

Coram:

Shri P. K. Pujari, Chairperson

Dr. M. K. Iyer, Member

Shri I. S. Jha, Member

Date of Order: 4th of July, 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 31.3.2019 for **Asset I:** 01 Nos. of OPGW link under Central Sector (10.70 Km); **Asset II:** 05 Nos. of OPGW link under DVC Sector portion (52.527 Km); **Asset III :** 04 Nos.. of OPGW link under WBSETCL Sector (4.794 Km); **Asset IV:** 01 Nos. of OPGW link under BSPTCL Sector (6.00 km); **Asset V:** 02 Nos. of OPGW link under OPTCL Sector (5.50 Km) and **Asset VI:** 01 Nos. of OPGW link under DVC Sector (69.182 Km) under the project fibre optical communication system in lieu of existing Unified Load Dispatch and Communication (ULDC) Microwave links in 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. NTPC Limited,
NTPC Bhawan, Core-7, Scope Complex,
7, Institutional Area, Lodhi Road,
New Delhi-110 003



- a) National Hydro Power Corporation Limited,
NHPC Office Complex, Sector-33,
Faridabad-121003, Haryana
- b) Mejia Thermal Power Station
DVC, P.O. MTPS,
District Bankura-722 183
4. West Bengal State Electricity Distribution Company Limited
Bidyut Bhawan, Bidhan Nagar
Block Dj, Sector-li, Salt Lakecity
Calcutta – 700 091
5. Bihar State Power (Holding) Company Ltd
(Formerly Bihar State Electricity Board –BSEB)
Vidyut Bhavan, Bailey Road, Patna – 800 001
6. Grid Corporation of Orissa Ltd.
Shahid Nagar, Bhubaneswar – 751 007
7. Power Department
Govt. of Sikkim, Gangtok – 737 101
8. Jharkhand State Electricity Board
In Front of Main Secretariat
Doranda, Ranchi – 834002
9. Damodar Valley Corporation
DVC Tower, Maniktala
Civic Centre, VIP road, Calcutta – 700 054
10. Powerlinks Transmission Limited,
Vidyut Nagar, P.O. Satellite Township,
Siliguri-734 015

----- Respondent

Parties present:

For Petitioner: Shri S. K. Venkatesan, PGCIL
Shri S. K. Niranjana, PGCIL
Shri S. S. Raju, PGCIL
Shri B. Dash, PGCIL
Smt. Anshul Garg, PGCIL
Shri Zafrul Hasan, PGCIL
Shri Amit Yadav, PGCIL

For Respondent: Shri R. B. Sharma, Advocate, BSP(H)CL



ORDER

The present petition has been filed by Power Grid Corporation of India Ltd. (hereinafter referred to as “PGCIL”) for determination of tariff for **Asset I**: 01 Nos. of OPGW link under Central Sector (10.70 Km); **Asset II**: 05 Nos. of OPGW link under DVC Sector portion (52.527 Km); **Asset III**: 04 Nos. of OPGW link under WBSETCL Sector (4.794 Km); **Asset IV**: 01 Nos. of OPGW link under BSPTCL Sector (6.00 km); **Asset V**: 02 Nos. of OPGW link under OPTCL Sector (5.50 Km) and **Asset VI**: 01 Nos. of OPGW link under DVC Sector (69.182 Km) under the project fibre optical communication system in lieu of existing Unified Load Dispatch and Communication (ULDC) Microwave links in Eastern Region for 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “ The 2014 Tariff Regulations”).

2. The Petitioner has made the following prayers:-

(i) *Approve the Transmission Tariff for the tariff block 2014-19 for the 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) *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 assets covered under instant Petition are within the overall project cost.*

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



(v) 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.

(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 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.

(x) 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.

(xi) Allow the Petitioner to bill Tariff from actual DOCO and also the Petitioner may be allowed to submit revised Certificate and tariff Forms (as per the Relevant Regulation) based on actual DOCO and pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

Background

3. The Investment Approval (IA) for implementation of “Fibre Optic Communication System in lieu of existing ULDC microwave links in Eastern Region” was accorded by the Board of Directors of the Petitioner in 248th meeting held on 8.2.2011 for ₹5743 lakh including an IDC of ₹331 lakh based on 3rd quarter, 2010 price level communicated vide the Memorandum Ref: C/CP/Fibre Optic in ER dated 15.2.2011. The petitioner has submitted that the Digital Microwave System is being replaced by Optic Fibers as per direction of Department of Telecommunication. During the 10th ERPC meeting dated 11.4.2019 it was decided and approved that the Petitioner would implement the Fibre Optic network.

4. The scope of work covered under the project “Fibre Optic Communication System in lieu of existing ULDC microwave links in Eastern Region” are as follows:-

- (i) Installation of OPGW fibre optic cable on the existing EHV transmission line of POWERGRID and constituents, the estimated length of such cable is approx. 2325 kms.



- (ii) Installation of approx. 34 kms under-ground fibre optic to provide last mile connectivity to the control room where transmission line connectivity is not available. It is also envisaged that portion of the network which involves installation of the underground cable would be provided with radio based communication which operates in free band back to back up the underground cable link of the network. Three number of radio links are proposed. Further. In some portions of the proposed network around 14 kms of aerial cable is required.
- (iii) The terminal equipment for communication based upon Synchronous Digital Hierarchy (SDH) technology shall be installed in the substations of constituents and POWERGRID.
- (iv) The project would also involve installation of primary multiplexers at the new wide band nodes. To monitor the network, Network management System (NMS) would also be required.
- (v) The constituent wise breakup of the scope of the work is as follows :

Sl. No.	Item/ utility	OPGW cable (in Kms)	SDH (Nos.)	Underground FO cables (in kms)	Radio Link (Nos.)	DCPS (Nos.)
1	Central Sector	537	10	11	1	5
2	BSEB	439	11	0	0	3
3	OPTCL	379	12	8	1	0
4	DVC	459	19	15	2	9
5	WBSETCL	511	15	0	0	10

5. The status and scope of work of the subject project covered under various petitions, is as follows:-

S. N.	Name of Asset	COD	Remarks
1	17 OPGW links (approx. 759 km)	1.10.2012	Covered under truing up petition No. 248/TT/2017. <i>Earlier covered under</i>
2	09 OPGW links (approx. 490 km)	1.4.2013	
3	10 OPGW links (approx. 440 km)	1.11.2013	
4	01 no. OPGW WBSETCL Sector portion	1.3.2014	



S. N.	Name of Asset	COD	Remarks
	link (approx. 78 km)		57/TT/2014 for 2009-14 tariff block.
5	01 Nos. of OPGW link (21.003 km) under central sector	1.10.2014	Covered under 48/TT/2016 for 2014-19 Tariff block.
6	01 Nos. of OPGW link (17.03 km) under WBSETCL Sector		
7	07 Nos. of OPGW link under DVC sector (196.81 km)		
8	02 Nos. of OPGW link (278.641 km) under central sector	20.4.2015	
9	02 Nos. of OPGW link (35.044 km) under WBSETCL Sector		
10	01 Nos. of OPGW link (0.80 km) under DVC sector		
11	Asset I: 01 Nos. of OPGW links (10.70km) under Central Sector	1.7.2017	Covered under instant petition
12	Asset II: 05 Nos. OPGW links (52.527km) under DVC sector		
13	Asset III: 04 Nos. OPGW links (4.794km) under WBSETCL sector		
14	Asset IV: 01 Nos. of OPGW link (6.00 km) under BSPTCL sector		
15	Asset V: 02 Nos. OPGW links (5.50km) under OPTCL sector		
16	Asset VI: 01 No. OPGW link (69.182) under DVC sector	1.2.2019	

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

(₹ in lakh)

Particulars	Asset I		Asset II		Asset III	
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19
Depreciation	12.58	19.37	9.72	15.16	5.79	9.01
Interest on Loan	10.90	15.52	8.27	11.98	4.93	7.12
Return on Equity	11.69	18.01	9.03	14.09	5.38	8.38
Interest on Working Capital	1.71	2.13	0.59	0.90	0.35	0.53
O & M Expenses	27.29	28.29	-	-	-	-
Total	64.17	83.32	27.61	42.13	16.45	25.04

(₹ in lakh)

Particulars	Asset IV		Asset V		Asset VI
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2018-19 (pro-rata)
Depreciation	3.62	5.66	2.39	3.73	2.81
Interest on Loan	3.07	4.44	2.03	2.92	2.62



Particulars	Asset IV		Asset V		Asset VI
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2018-19 (pro-rata)
Return on Equity	3.37	5.26	2.23	3.46	2.61
Interest on Working Capital	0.22	0.33	0.14	0.22	0.17
O & M Expenses	-	-	-	-	-
Total	10.28	15.69	6.79	10.33	8.21

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

(₹ in lakh)

Particulars	Asset I		Asset II		Asset III	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
O & M expenses	2.00	1.55	-	-	-	-
Maintenance Spares	3.60	2.79	-	-	-	-
Receivables	12.20	12.27	6.13	7.02	3.66	4.17
Total working capital	17.80	16.61	6.13	7.02	3.66	4.17
Rate of Interest	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%
Interest on working capital	2.28	2.13	0.79	0.90	0.47	0.53
Pro-rata interest on working capital	1.71	2.13	0.59	0.90	0.35	0.53

Particulars	Asset IV		Asset V		Asset VI
	2017-18	2018-19	2017-18	2018-19	2018-19
O & M expenses	-	-	-	-	-
Maintenance Spares	-	-	-	-	-
Receivables	2.29	2.61	1.51	1.72	8.21
Total working capital	2.29	2.61	1.51	1.72	8.21
Rate of Interest	12.80%	12.80%	12.80%	12.80%	12.20%
Interest on working capital	0.29	0.33	0.19	0.22	1.00
Pro-rata interest on working capital	0.22	0.33	0.14	0.22	0.17

8. The Petitioner has served the copy of the petition upon the respondents and notice of this application has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (hereinafter referred to as the Act). 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. Reply to the petition has been filed by the Respondent



no. 5, Bihar State Power (Holding) Company Ltd [BSP(H)CL] vide affidavit dated 23.1.2019.

9. The Petition was last heard on 19.2.2019 and the Commission reserved the order in the Petition.

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

11. This order has been issued after considering the main petition dated 26.3.2018 and Petitioner's affidavits dated 7.8.2018, 14.11.2018, 25.1.2019, 7.2.2019, 18.2.2019, 5.3.2019, 16.4.2019, 3.5.2019, 7.2.2019 and reply dated 23.1.2019 of the respondent, BSP(H)CL.

Analysis and Decision

Date of Commercial Operation (COD)

12. The Petitioner has claimed the actual COD in respect of the assets covered under the instant petition as per the following details:

Asset Details	COD (Actual)
Asset I : 01 Nos. of OPGW link under Central Sector (10.70 Km)	1.7.2017
Asset II : 05 Nos. of OPGW link under DVC Sector portion (52.527 Km)	1.7.2017
Asset III : 04 Nos. of OPGW link under WBSETCL Sector (4.794 Km)	1.7.2017
Asset IV : 01 Nos. of OPGW link under BSPTCL Sector (6.00 km)	1.7.2017
Asset V : 02 Nos. of OPGW link under OPTCL Sector (5.50 Km)	1.7.2017
Asset VI : 01 Nos. of OPGW link under DVC Sector (69.182 Km)	1.2.2019

13. The Petitioner has submitted RLDC / SLDC Certificates dated 2.3.2017, 8.7.2017, 13.7.2017 and 1.4.2019 in respect of the instant assets. In addition, the Petitioner has submitted self-declaration COD Certificate for the instant assets.

14. The respondent, BSP(H)CL vide affidavit dated 23.1.2019 submitted that basic statutory documents for determination of tariff, Electrical Inspector



Certificate of CEA and CMD Certificate and the de-capitalization details of replacing earth wire with OPGW have not been furnished by the Petitioner.

15. During the hearing dated 19.2.2019, the Petitioner submitted that Certificate regarding completion of Asset-I belonging to BSP(H)CL shall be submitted shortly and CMD/CEO/MD Certificate is not required in case of the other assets as per the Commission's order in in Petition No.53/TT/2017. As regards CEA's Electrical Inspector Certificate, the same is required only in case of transmission assets above 650 Volts and the instant OPGW links are only 24/48 Volts and hence CEA certification is not required in case of instant assets.

16. The respondent, BSP(H)CL vide affidavit dated 23.1.2019 submitted that the Petitioner has not clarified the following issues in the petition:

- (i) As the Petitioner is claiming determination of tariff of the assets covered under petition implying that the assets belong to the Petitioner yet the support structure is belonging to the utilities. How the Petitioner expects to pay to these utilities for using their support structure.
- (ii) The replacement of Earth wire by the OPGW would call for de-capitalization of the Earth wire at its book value. This has not been done in this case.
- (iii) The Petitioner has also not mentioned whether all the fibres will be used for the utility's own data and voice communication or some dark fibres (spares) are also available which may be leased or sold to third parties to serve as high speed fibre interconnection between two points?
- (iv) How the provisions of Section 41 of the Electricity Act, 2003 are required to be complied under various contingencies?

17. In response, the Petitioner vide affidavit dated 7.2.2019 submitted the



rejoinder to the reply of BSPHCL and the same is as follows:-

- (i) The Petitioner is claiming the tariff based on cost it has incurred on OPGW and is not claiming O & M of these links as part of claimed tariff as these are maintained separately by the states/ constituents. The tariff claimed by the Petitioner is based on the expenditure incurred by it and does not involve the cost as incurred by the States or their support structures.
- (ii) The replacement of Earth Wire is purely technological up-gradation/ System requirement for data and communication of the power system. The newly installed OPGW performs both functions of EW as well as Optical Fiber. The installation of OPGW by replacing the existing earth wire, shall call for de-capitalization when the earth wire had been owned by the Petitioner. In the instant petition, the earth wires that have been replaced belonged to the respective States/ constituents and not the Petitioner. Hence, de-capitalization in the instant case is not applicable as the cost of replaced Earth wires had been captured in the books of accounts of the respective constituents.
- (iii) In case of the OPGW works on the transmission lines/system under the Central sector, the instant Asset-I, the OPGW works have been carried out are of underground nature i.e. 01 No. of OPGW link (10.70 km) from ERLDC – Kasba (UGFO) under Central Sector, is devoid of any existing earth wire as the installation is of underground nature. Hence, the de-capitalization of the same is also not applicable.
- (iv) The OPGW links installed by the Petitioner typically consists of 24 fibers in each link. Further, it is submitted out of these total 24 fibers in a OPGW link, 06 is are being used for ULDC requirement and remaining 18 fibers



are for future use (as provision of data expansion) or could be used by constituents/Telecom (i.e. can be leased to third parties). In such as case, the cost/charges will be shared as per guidelines as mentioned in the Hon'ble CERC's order 68/2010 dated 8.12.2011. However, it is relevant to submit that in the instant case, there is no utilization by third party for data/telecom purpose till date.

- (v) With regard the provision of section 41 of the Electricity Act, 2003, as applicable from time to time (for provisions relevant to instant case)/ shall be complied by the Petitioner under various contingencies.

18. The Commission vide ROP for the hearing dated 13.12.2018 directed the Petitioner to submit, whether communication signal has been established. In response, the Petitioner vide affidavit dated 25.1.2019 has submitted that the communication signal has been established.

19. Taking into consideration the RLDC / SLDC Certificates submitted by the Petitioner, the COD of the instant Assets are approved as mentioned below and the tariff has been worked out from COD to 31.3.2019:

Asset Details	COD (Actual)
Asset I : 01 Nos. of OPGW link under Central Sector (10.70 Km)	1.7.2017
Asset II : 05 Nos. of OPGW link under DVC Sector portion (52.527 Km)	1.7.2017
Asset III : 04 Nos. of OPGW link under WBSETCL Sector (4.794 Km)	1.7.2017
Asset IV : 01 Nos. of OPGW link under BSPTCL Sector (6.00 km)	1.7.2017
Asset V : 02 Nos. of OPGW link under OPTCL Sector (5.50 Km)	1.7.2017
Asset VI : 01 Nos. of OPGW link under DVC Sector (69.182 Km)	1.2.2019

Capital Cost

20. 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;

(d) 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.”

21. The Petitioner has submitted the apportioned approved cost as per Investment Approval. The Petitioner has submitted Auditor's Certificates dated 7.9.2017 and 30.4.2019 claiming capital cost incurred as on COD as well as additional capitalization projected to be incurred during 2017-18 & 2018-19 in respect of the instant assets which is summarized below:



(₹ in lakh)

Sector/ Asset	Apportioned Approved Cost (FR)	Cost up to COD	Projected Expenditure			Estimated Completion Cost
			2017-18	2018-19	2019-20	
Central Sector						
Asset I	190.93	245.91	44.18	32.00	-	322.09
State Sector						
Asset II	149.37	192.37	34.60	25.00	-	251.97
Asset III	87.38	112.55	24.86	10.00	-	147.41
Asset IV	55.94	72.05	12.32	10.00	-	94.37
Asset V	36.37	46.46	10.39	4.00	-	60.85
Asset VI	126.91	272.85	-	1.13	4.00	277.98

Cost Over-run:

22. The Petitioner has submitted that there is cost overrun in the subject assets vis-à-vis the FR apportioned cost due to awarded rate being on higher side and also due to swelling up of IDC/IEDC owing to delayed commissioning due to various unforeseen reasons.

23. The Petitioner also submitted that through open competitive bidding process, lowest possible market prices for required product/services/as per detailed designing is obtained and contracts are awarded on the basis of lowest evaluated eligible bidder. The best competitive bid prices against tenders may vary as compared to the cost estimate depending upon prevailing market conditions, design and site requirements. Whereas, the estimates are prepared by the Petitioner as per well-defined procedures for cost estimate. The FR cost estimate is broad indicative cost worked out generally on the basis of average unit rates of recently awarded contracts/ general practice. It is submitted that the cost estimate of the project is on the basis of 4th quarter of 2011 price level.

24. The respondent, BSP(H)CL has submitted that there is cost overrun of 100% in all assets which is very high and may not be allowed.



25. We have considered the submissions of the Petitioner and respondent. The estimated completion cost of the assets covered in the instant Petition exceeds the apportioned approved cost (FR) as well as the actual expenditure upto COD has also exceeded apportioned approved cost. Thus, there is cost over-run in respect of the all the instant assets. The estimated completion cost as on 31.03.2019 in respect of the Asset-I, Asset-II, Asset-III, Asset-IV, Asset-V and Asset-VI has varied about ₹131.16 lakh, ₹102.6 lakh, ₹60.03 lakh, ₹38.43 lakh, ₹24.48 lakh and ₹147.07 lakh respectively. The petitioner has submitted that Revised Cost Estimate (RCE) for the subject project is under management approval and shall be submitted on approval. Therefore, the capital cost claimed by the Petitioner is restricted to apportioned approved cost (FR). However, the Petitioner is granted liberty to submit the RCE and apportioned approved cost for these assets based on the RCE at the time of true-up. The details of capital cost allowed are as under:

(₹ in lakh)

Asset Name	Apportioned Approved Cost(FR)	Capital cost claimed by the Petitioner as on COD	Capital cost allowed as on COD
Asset I	190.93	245.91	190.93
Asset II	149.37	192.37	149.37
Asset III	87.38	112.55	87.38
Asset IV	55.94	72.05	55.94
Asset V	36.37	46.46	36.37
Asset VI	126.91	277.98	126.91

Time over-run

26. As per the Investment approval (IA), the transmission scheme was scheduled to be commissioned within 30 months from the date of investment approval. The date of IA is 15.2.2011, accordingly, the SCOD comes to 14.8.2013 against which Asset-I to Asset-V and Asset-VI have been

commissioned on 1.7.2017 and 1.2.2019 respectively. Thus, there is a time over-run of 1417 days and 1997 days in commissioning of Asset-I to Asset-V and Asset-VI respectively.

27. The Petitioner has submitted that Asset-I i.e. 1 no. OPGW link, namely ERLDC – Kasba (UGFO), running 10.70 km in length under Central Sector has been hampered due to inordinate amount of time consumed in overcoming various Right Of Way (ROW) issues for obtaining multiple clearances required by PGCIL (and its executing agency-KEC) from District administration and State Government Authorities. The sluggish speed at which these pre-requisite clearances and approvals accorded severely affected the timeline of the project and derailed the desired pace of project leading to above mentioned time delay.

28. The Petitioner has submitted that Asset-IV i.e. one no of OPGW link namely Jakkanpur- SLDC Patna (UGFO), running 6.00 km in length under State (Bihar) Sector has been hampered due to inordinate amount of time consumed in obtaining multiple clearances required by POWERGRID (and its executing agency-KEC) from District administration, State Govt. and BSPTCL departments. The sluggish speed at which these pre-requisite clearances and approvals accorded severely affected the timeline of the project and derailed the desired pace of project leading to above mentioned time delay.

29. The Petitioner has submitted that Asset-VI i.e. 1 no OPGW link, namely DSTPS – RTPS running 69.182 km in length under State (DVC) Sector has been persistently hampered due to inordinate amount of time consumed in solving the reoccurring ROW problem created by the locals claiming higher compensation. In this regard, various attempts were made by Petitioner to resolve the ROW issue amicably and peacefully. However, when no breakthrough could be achieved, the Petitioner had to repeatedly approach District Authorities for their



support in mitigation of these issues through DVC as the OPGW laying work is being executed over DVC's DSTPS-RPS line. Despite the support from the administration and district authorities, the ROW issue continued for the whole of 2016, thereby bringing the OPGW works to complete halt and eventually caused the above mentioned delay. Further, these ROW issue created the problem of mobilization and re-mobilization of the labor gangs and has degenerating effect on the pace of works and moral of the labors. The matter has also been taken up in the regional RPC/OCC/SCADA-O&M meetings.

30. The Petitioner has submitted that the Assets-II, Asset-III and Asset-V got delayed due to slow pace at which the mobilization (by contractor) of resources took place. This led to eventual delay of 46.5 months.

31. The Commission vide RoP for hearing dated 13.12.2018 directed the Petitioner to submit the time details of time over-run and chronology of activities along with documentary evidence as per prescribed format. However, the Petitioner has not submitted chronology of the activities but has submitted CPM/PERT chart and the same is as follows:

Sl. No	Task Name	Start Date	Finish Date
1	Supply (Including Engineering, data base, display work and FAT)	26.9.2011	20.11.2012
2	Installation	12.4.2012	18.2.2013
3	Commissioning/ Integration (Including RTU)	7.8.2012	12.6.2013
4	SAT and Handing Over	11.7.2013	7.8.2013
5	Project Complete	7.8.2013	7.8.2013

32. The respondent, BSP(H)CL has submitted that there is time over-run of around 4 years and the purpose of installing the OPGW links is defeated by this time over-run. The time over-run may not be condoned as the reasons for time over-run clearly falls within the controllable factors as provided under Regulation 12 of the 2014 Tariff Regulations, 2014. As such, the IDC and IEDC claimed for

the period of time over-run may be rejected.

33. We have considered the submissions of the Petitioner and respondent. There is a time over-run of about 1417 days for Asset-I to Asset-V and 1997 days for Asset-VI. The Petitioner has submitted that Asset-I is delayed due to RoW problems on one OPGW link i.e. ERLDC-Kasba (UGFO) and delayed due to getting clearances from Administration Authorities and State Governments. The Petitioner has approached Kolkata Municipal development Authority and Kolkata Municipal Corporation on 22.4.2014 and 2.6.2014 i.e. much later than the Schedule commissioning date of 14.8.2013. The Petitioner was also directed to submit the details of time over-run and chronology of activities along with documentary evidence and the same was not submitted by the Petitioner.

34. Regulation 12 (1) (c) of the Tariff Regulations, 2014 provides the following:

“12. Controllable factors and uncontrollable factors

(a) -----

c) IDelay in execution of the project on account of contractor, supplier or agency of the generating company or transmission licensee.

35. In terms of the above of the Regulation, we are of the view that the Petitioner has not approached Administrative authorities immediately after Investment Approval. Hence, the total time delay of 1417 in respect of Asset-I was not beyond the control of the Petitioner and therefore not condoned.

36. With regard to Asset-II, Asset-III and Asset-V which have been commissioned on 1.7.2017 with delay of 1417 days, the Petitioner has submitted that the delay is due to mobilization (by contractor) of resources. In terms of the Regulation 12(1)(c) of the Tariff Regulations, 2014, the delay on account of contractor falls under “controllable factor”. Accordingly, the time delay of 1417 in respect of Asset-II, Asset-III and Asset-V is not condoned.



37. The COD of the Asset-IV has been considered as 1.7.2017 which has been commissioned after delay of 1417 days. The Petitioner has submitted that the Asset-IV is delayed due to delay in obtaining multiple clearances required by the Petitioner and its executing agency KEC from District Administration, State Government and BSPTCL departments. We have gone through the submissions made by the Petitioner. The Petitioner approached the concerned authorities much later than the schedule commissioning date of 14.8.2013. The Petitioner was also directed to submit the details of time over-run and chronology of activities along with documentary evidence and the same was not submitted by the Petitioner. In terms of the Regulation 12(1)(c) of the Tariff Regulations, 2014, the delay on part of transmission licensee falls under “controllable factor”. Accordingly, the time delay of 1417 in respect of Asset-IV is not condoned.

38. Asset-VI has been commissioned on 1.2.2019 with a time delay of about 1997 days. The Petitioner has submitted that Asset VI is delayed due to delay of associated transmission line DSPTS-RTPS due to RoW problems and higher compensation claimed by the locals. We have gone through the submissions of the Petitioner. The Petitioner has submitted various letters dated 4.8.2013, 20.10.2013, 7.5.2014, 4.12.2014, 21.7.2015, 11.12.2016, 28.12.2016, 31.1.2017, 19.2.2017, 13.9.2017, 15.12.2017, 23.2.2018 and 16.3.2018 pertaining to issues of RoW problems. Therefore, the time delay from 4.8.2013 to 16.3.2018 (1685 Days) is beyond the control of the Petitioner. Out of the total time delay of about 1997 days in respect of Asset-VI, 1685 days is condoned.

Interest During Construction (IDC) and Incidental Expenditure During Construction (IEDC) and Initial Spares



39. The Petitioner vide Auditor's certificates has claimed Interest during Construction (IDC) as per the details mentioned below:

(₹ in lakh)

Asset	IDC as per Auditor Certificate	IDC Discharged up to COD	IDC Discharged in 2017-18	IDC Discharged in 2018-19
Asset I	12.80	6.89	5.91	0.00
Asset II	10.01	0.00	10.01	0.00
Asset III	5.86	0.00	5.86	0.00
Asset IV	3.75	0.00	3.75	0.00
Asset V	2.42	0.00	2.42	0.00
Asset VI	69.99	55.37	-	14.62

40. The Petitioner vide Auditor's certificates has claimed Incidental Expenditure During Construction (IEDC) as per the details mentioned below:

(₹ in lakh)

Asset	IEDC claimed as per auditor certificate
I	4.57
II	3.58
III	20.09
IV	1.34
V	0.65
VI	19.51

41. The initial spares claimed by the Petitioner are as under:

(₹ in lakh)

Asset	Plant & Machinery Cost excluding IDC/IEDC, Land cost & Cost of Civil Works) for the purpose of Initial Spares	Initial Spares Claimed
I	304.72	9.00
II	238.38	8.00
III	139.46	4.50
IV	89.28	2.50
V	57.57	0.00
VI	188.48	0.00

42. In the instant petition, the claimed actual capital expenditure as on COD in respect of all the assets covered in the instant petition is more than the approved capital cost (FR) and RCE is also not submitted by the Petitioner. Thus, the capital cost of these assets has been restricted to apportioned approved cost (FR). Accordingly, no adjustment has been done regarding IDC, IEDC and Initial Spares in respect of the instant assets. The same would be reviewed at the time of true-up after submission of approved revised capital cost, if any.

Capital Cost as on COD

43. Accordingly, the capital cost allowed as on COD under Regulation 9(2) of the 2014 Tariff Regulations is summarized as under:

(₹ in lakh)

Assets	Capital Cost considered
Asset I	190.43
Asset II	149.37
Asset III	87.38
Asset IV	55.94
Asset V	36.37
Asset VI	126.91

Additional Capital Expenditure (ACE)

44. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cut-off date for Asset I to V is 31.3.2020 and 31.3.2022 for Asset VI. The Petitioner has claimed the following ACE on estimation basis in respect of the instant assets and submitted the Auditor's Certificates in support of the same:

(₹ in lakh)

Asset	Estimated Expenditure in the FY		Total Additional capital expenditure claimed by Petitioner as on 31.3.2019
	2017-18	2018-19	
I	44.18	32.00	76.18
II	34.60	25.00	59.60
III	24.86	10.00	34.86

Asset	Estimated Expenditure in the FY		Total Additional capital expenditure claimed by Petitioner as on 31.3.2019
	2017-18	2018-19	
IV	12.32	10.00	22.32
V	10.39	4.00	14.39
VI	-	1.13	1.13

45. We have considered the submissions of the Petitioner. The Petitioner has claimed additional capital expenditure towards balance and retention payments and the same may be allowed as per Regulation 14(1) of the Tariff Regulations, 2014 for FY 2017-18 and 2018-19 for instant assets. As the claimed actual capital expenditure as on COD in respect of the all assets covered in the instant petition is more than the FR cost, no additional capital expenditure has been considered for these assets. Thus, capital cost as on COD has been restricted to approved capital cost and no additional capital expenditure has been considered for the instant assets.

Capital cost as on 31.3.2019

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

(₹ in lakh)			
Asset	Capital Cost Allowed as on COD	Additional capital expenditure	Total Estimate Completion Cost as on 31.3.2019
I	190.43	0.00	190.43
II	149.37	0.00	149.37
III	87.38	0.00	87.38
IV	55.94	0.00	55.94
V	36.37	0.00	36.37
VI	126.91	0.00	126.91

Debt-Equity Ratio

47. 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)

Asset I				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	133.30	70.00	133.30	70.00
Equity	57.13	30.00	57.13	30.00
Total	190.43		190.43	

Asset II				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	104.56	70.00	104.56	70.00
Equity	44.81	30.00	44.81	30.00
Total	149.37		149.37	

Asset III				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	61.17	70.00	61.17	70.00
Equity	26.21	30.00	26.21	30.00
Total	87.38		87.38	

Asset IV				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	39.16	70.00	39.16	70.00
Equity	16.78	30.00	16.78	30.00
Total	55.94		55.94	

Asset V				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	25.46	70.00	25.46	70.00
Equity	10.91	30.00	10.91	30.00
Total	36.37		36.37	

Asset VI				
Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	88.84	70.00	88.84	70.00
Equity	38.07	30.00	38.07	30.00
Total	126.91		126.91	

Return on Equity (RoE)

48. The Petitioner has submitted that RoE has been calculated at the rate of 19.61% 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.

49. 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.

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

(₹ in lakh)

Particulars	Asset I		Asset II		Asset III	
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19
Opening Equity	57.13	57.13	44.81	44.81	26.21	26.21
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00	0.00
Closing Equity	57.13	57.13	44.81	44.81	26.21	26.21
Average Equity	57.13	57.13	44.81	44.81	26.21	26.21
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for the Financial year 2013-14	20.961%	20.961%	20.961%	20.961%	20.961%	20.961%
Rate of Return on Equity (Pre-tax)	19.610%	19.610%	19.610%	19.610%	19.610%	19.610%
Return on Equity (Pre-tax)	8.41	11.20	6.59	8.79	3.86	5.14

Particulars	Asset IV		Asset V		Asset VI
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2018-19 (pro-rata)
Opening Equity	16.78	16.78	10.91	10.91	38.07
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Closing Equity	16.78	16.78	10.91	10.91	38.07
Average Equity	16.78	16.78	10.91	10.91	38.07
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for the Financial year 2013-14	20.961%	20.961%	20.961%	20.961%	20.961%
Rate of Return on Equity (Pre-tax)	19.610%	19.610%	19.610%	19.610%	19.610%
Return on Equity (Pre-tax)	2.47	3.29	1.61	2.14	1.21

Interest on loan (IOL)

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

- 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.
- The depreciation of every year has been considered as Normative repayment of loan of concerned year;
- 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.



52. The Petitioner has submitted that the IoL has been claimed on the basis of rate prevailing as on COD and the change in interest due to floating rate of interest applicable, if any, needs to be claimed/ adjusted over the tariff block 2014-19. We have calculated IoL on the basis of rate prevailing as on the date of commercial operation. Any change in rate of interest subsequent to the date of commercial operation will be considered at the time of truing-up. The Petitioner is directed to reconcile the total Gross Loan for the calculation of weighted average Rate of Interest and for the calculation of IDC, which would be reviewed at the time of truing-up.

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

(₹ in lakh)

Particulars	Asset I		Asset II		Asset III	
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19
Gross Normative Loan	133.30	133.30	104.56	104.56	61.17	61.17
Cumulative Repayment up to previous Year	0.00	9.04	0.00	7.09	0.00	4.15
Net Loan-Opening	133.30	124.26	104.56	97.46	61.17	57.01
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00	0.00
Repayment during the year	9.05	12.05	7.09	9.46	4.15	5.53
Net Loan-Closing	124.25	112.20	97.47	88.01	57.01	51.48
Average Loan	128.78	118.22	101.01	92.74	59.09	54.25
Weighted Average Rate of Interest on Loan	8.1071%	8.0864%	7.9682%	7.9664%	7.9682%	7.9665%
Interest on Loan	7.84	9.56	6.04	7.39	3.53	4.32

Particulars	Asset IV		Asset V		Asset VI
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2018-19 (pro-rata)
Gross Normative Loan	39.16	39.16	25.46	25.46	88.84
Cumulative Repayment up to previous Year	0.00	2.66	0.00	1.73	0.00
Net Loan-Opening	39.16	36.50	25.46	23.73	88.84
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Repayment during the year	2.66	3.54	1.73	2.30	1.30
Net Loan-Closing	36.50	32.96	23.73	21.43	87.54
Average Loan	37.83	34.73	24.60	22.58	88.19
Weighted Average Rate of Interest on Loan	7.9287%	7.9139%	7.9281%	7.9134%	8.5089%
Interest on Loan	2.25	2.75	1.46	1.79	1.21



Depreciation

54. Depreciation has been dealt with in line of Regulation 27 of 2014 Tariff Regulations. The instant transmission Assets was put under commercial operation during 2017-18. 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)

Particulars	Asset I		Asset II		Asset III	
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2017-18	2018-19 (pro-rata)
Opening Gross Block	190.43	190.43	149.37	149.37	87.38	87.38
Additional Capital expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	190.43	190.43	149.37	149.37	87.38	87.38
Average Gross Block	190.43	190.43	149.37	149.37	87.38	87.38
Rate of Depreciation	6.3300%	6.3300%	6.3300%	6.3300%	6.3300%	6.3300%
Depreciable Value	171.39	171.39	134.43	134.43	78.64	78.64
Remaining Depreciable Value	171.39	162.34	134.43	127.34	78.64	74.49
Depreciation	9.05	12.05	7.09	9.46	4.15	5.53

Particulars	Asset IV		Asset V		Asset VI
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2018-19 (pro-rata)
Opening Gross Block	55.94	55.94	36.37	36.37	126.91
Additional Capital expenditure	-	-	-	-	-
Closing Gross Block	55.94	55.94	36.37	36.37	126.91
Average Gross Block	55.94	55.94	36.37	36.37	126.91
Rate of Depreciation	6.3300%	6.3300%	6.3300%	6.3300%	6.3300%
Depreciable Value	50.35	50.35	32.73	32.73	114.22
Remaining Depreciable Value	50.35	47.69	32.73	31.00	114.22
Depreciation	2.66	3.54	1.73	2.30	1.30

Operation and Maintenance Expenses (O & M Expenses)

55. The Petitioner has claimed the O & M expenses for only Asset-I in the instant petition as per following details:-

(₹ in lakh)

Asset	O & M expenses claimed by the Petitioner	
	2017-18	2018-19
I	18.00	18.60



56. The Petitioner has submitted that the O & M charges for the Central Portion have been considered as 7.5% of the Capital Cost which will be subject to actual expenditure every year at the time of truing up. The Petitioner also submitted that the wage revision of the employees of the Petitioner Company is due 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 being binding on the Petitioner, the Petitioner reserves the right to approach the Hon'ble Commission for suitable revision in the norms for O & M expenditure for claiming the impact of wage hike, if any, during 2014-19.

57. The Commission vide RoP for the hearing dated 13.12.2018 directed the Petitioner to submit the Actual O & M Expenses for 2017-18 for the instant assets. In response, vide affidavit dated 25.01.2019, Petitioner has claimed actual expenses for Assets-I as ₹ 27.29 Lakhs.

58. The respondent, BSP(H)CL 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.

59. In response, the Petitioner vide affidavit dated 7.2.2019 has submitted that the wage revision of the employees of the Petitioner company w.e.f. 1.1.2017 has not been factored in fixation of the normative O & M rates prescribed for the tariff block 2014-19. Due to the scheme of wage revision applicable to CPSUs, the Petitioner reserves the right for suitable revision in the norms for O & M expenditure.



60. We have considered the submissions of the Petitioner and respondent. The Petitioner has claimed actual O&M expenses for FY 2017-18. The O & M Expenses have been worked out as per the norms 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. Accordingly, O & M Expenses of ₹ 27.29 Lakhs for Assets-I for the year 2017-18, on actual basis, are allowed and for FY 2018-19 the same shall be allowed at the escalation rate of 3.32% as per Regulation 29(4)(c) of 2014 Tariff Regulations. The details of O & M Expenses allowed for the instant assets for the 2014-19 tariff period are as follows:-

(₹ in lakh)

Element	2017-18	2018-19
Asset-I (COD-1.7.2017)	27.29	28.19

Interest on Working Capital (IWC)

61. As per the 2014 Tariff Regulations the components of the working capital and the interest thereon are discussed hereinafter:-

d) 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.

e) Receivables:

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

f) Rate of interest on working capital:

As per Clause 28 (3) of the 2014 Tariff Regulations, SBI Base Rate (9.10%) as on 01.04.2017 Plus 350 Bps i.e. 12.60% have been



considered as the rate of interest on working capital in respect of Assets-I to Asset-V. In respect of Asset-VI, 12.20% (SBI Base Rate 8.70% as on 1.4.2018 Plus 350 Bps) have been considered as the rate of interest on working capital.

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

(₹ in lakh)

Particulars	Asset I		Asset II		Asset III	
	2017-18 Pro-rata	2018-19	2017-18 Pro-rata	2018-19	2017-18 Pro-rata	2018-19
O & M expenses	3.03	2.35	-	-	-	-
Maintenance Spares	5.45	4.23	-	-	-	-
Receivables	12.11	10.53	4.48	4.36	2.62	2.55
Total working capital	20.59	17.10	4.48	4.36	2.62	2.55
Rate of Interest	12.60%	12.60%	12.60%	12.60%	12.60%	12.60%
Interest on working capital	1.95	2.16	0.42	0.55	0.25	0.32

Particulars	Asset IV		Asset V		Asset VI
	2017-18	2018-19	2017-18	2018-19	2018-19
O & M expenses	-	-	-	-	0.00
Maintenance Spares	-	-	-	-	0.00
Receivables	1.67	1.63	1.09	1.06	3.91
Total working capital	1.67	1.63	1.09	1.06	3.91
Rate of Interest	12.60%	12.60%	12.60%	12.60%	12.20%
Interest on working capital	0.16	0.21	0.10	0.13	0.08

Annual Transmission Charges

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

(₹ in lakh)

Particulars	Asset I		Asset II		Asset III	
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19
Depreciation	9.05	12.05	7.09	9.46	4.15	5.53
Interest on Loan	7.84	9.56	6.04	7.39	3.53	4.32
Return on Equity	8.41	11.20	6.59	8.79	3.86	5.14
Interest on Working Capital	1.95	2.16	0.42	0.55	0.25	0.32
O & M Expenses	27.29	28.19	0.00	0.00	0.00	0.00
Total	54.53	63.16	20.14	26.18	11.79	15.31



Particulars	Asset IV		Asset V		Asset VI
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19	2018-19 (pro-rata)
Depreciation	2.66	3.54	1.73	2.30	1.30
Interest on Loan	2.25	2.75	1.46	1.79	1.21
Return on Equity	2.47	3.29	1.61	2.14	1.21
Interest on Working Capital	0.16	0.21	0.10	0.13	0.08
O & M Expenses	0.00	0.00	0.00	0.00	0.00
Total	7.54	9.79	4.90	6.36	3.80

Filing Fee and Publication Expenses

64. 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

65. 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

66. 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

67. The Commission vide RoP for the hearing dated 13.12.2018 directed the Petitioner to submit whether the provisions of Central Electricity Regulatory Commission (Sharing of Revenue derived from utilization of transmission assets for other business) Regulations, 2007 were considered to arrive at the tariff claimed for the instant assets especially on the manner of sharing of revenue, reduction in transmission charges and maintenance of accounts.

68. In response, the Petitioner vide affidavit dated 25.1.2019 has submitted that the provisions of Central Electricity Regulatory Commission (Sharing of Revenue derived from utilization of transmission assets for other business) Regulations, 2007 have been considered to arrive at the tariff claimed for the instant assets especially on the manner of sharing of revenue, reduction in transmission charges and maintenance of accounts.

Whenever fibers shall be shared with the third parties, supply cost of fibers shall be adjusted in the auditor Certificate as per the prescribed norms. Also, sharing of ₹3000 per year per km of right of way utilized is governed by notification dated 27.12.2007 issued by the Commission.

69. The respondent, BSP(H)CL has submitted that as per Section 41 of the Electricity Act, 2003 empowers the transmission licensees to engage in any business for optimum utilization of its assets with the prior intimation to the Appropriate Commission. The Commission has already laid down the necessary regulations titled as “Central Electricity Regulatory Commission (sharing of revenue derived from utilization of transmission assets for other business) Regulations, 2007” detailing out sharing of the revenue by the transmission



owner in accordance with the regulations and utilize the same towards reduction of transmission charges payable by the beneficiaries of the assets.

70. In response, the Petitioner vide affidavit dated 7.2.2019 has submitted that the provision of section 41 of the Electricity Act, 2003 states the following:

“41. Other business of transmission licensee.- A transmission licensee may, with prior intimation to the Appropriate Commission, engage in any business for optimum utilization of its assets:

PROVIDED that a proportion of the revenues derived from such business shall, as may be specified by the Appropriate Commission, be utilized for reducing its charges for transmission and wheeling:

PROVIDED FURTHER that the transmission licensee shall maintain separate accounts for each such business undertaking to ensure that transmission business neither subsidises in any way such business undertaking nor encumbers its transmission assets in any way to support such business:

PROVIDED also that no transmission licensee shall enter into any contract or otherwise engage in the business of trading in electricity.”

The Petitioner submitted that the above mentioned provisions, as applicable from time to time have been *(for provisions relevant to instant case) / shall be (as the case may be)* complied by the Petitioner under various contingencies.

71. We have considered the submissions of the Petitioner and respondent. The fees and charges for the Unified Scheme under the Central Sector shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations shall be shared by the beneficiaries and long term transmission customers in Central Electricity Regulatory Commission (Sharing of Inter-State

Transmission Charges & Losses) Regulations, 2010 as amended time to time. The fees and charges for the Unified Scheme under the State Sector shall also be shall be shared by the respective State as provided under Regulation 43 of the 2014 Tariff Regulations.

72. This order disposes of Petition No. 239/TT/2018.

Sd/-
(I. S. Jha)
Member

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

Sd/-
(P. K. Pujari)
Chairperson

