

**CENTRAL ELECTRICITY REGULATORY COMMISSION**

**NEW DELHI**

**Petition No.267/TT/2018**

**Coram :**

**Shri P.K. Pujari, Chairperson**

**Dr. M. K. Iyer, Member**

**Shri I.S. Jha, Member**

**Date of Order: 22 January, 2020**

**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 anticipated COD to 31.03.2019 for **Asset-1**: Central sector portion (1646.039 km) & **Asset-2**: BBMB (2.35 km) for Establishment of Fibre Optic communication system in Northern Region.

**And in the matter of:**

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

**.....Petitioner**

**Versus**

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.  
Vidyut Bhawan, Vidyut Marg,  
Jaipur-302005
2. Ajmer Vidyut Vitran Nigam Ltd.  
132 kV, GSS RVPNL Sub- Station Building,  
Caligiri Road, Malviya Nagar, Jaipur-302017



3. Jaipur Vidyut Vitran Nigam Ltd.  
132 kV, GSS RVPNL Sub- Station Building,  
Caligiri Road, Malviya Nagar, Jaipur-302017
4. Jodhpur Vidyut Vitran Nigam Ltd.  
132 kV, GSS RVPNL Sub- Station Building,  
Caligiri Road, Malviya Nagar, Jaipur-302017
5. Himachal Pradesh State Electricity Board  
Vidyut Bhawan, Kumar House Complex Building II  
Shimla-171 004
6. Punjab State Power Corporation Ltd.  
Thermal Shed TIA, Near 22 Phatak,  
Patiala - 147 001
7. Haryana Power Purchase Centre  
2<sup>nd</sup> Floor, Shakti Bhawan, Sector-6  
Panchkula-134 109
8. Power Development Deptt., J&K  
Janipura Grid Station,  
Jammu (Tawi)-180 007
9. Uttar Pradesh Power Corporation Ltd.  
10th Floor, Shakti Bhawan Extn,  
14, Ashok Marg, Lucknow - 226 001
10. Delhi Transco Ltd.  
Shakti Sadan, Kotla Road (Near ITO),  
New Delhi-110 002
11. BSES Yamuna Power Ltd. (BYPL),  
Shakti Kiran Building, Karkardooma,  
Delhi-110 092.
12. BSES Rajdhani Power Ltd. (BRPL) ,  
BSES Bhawan, Nehru Place,  
New Delhi



13. Tata Power Delhi Distribution Limited (TPDDL),  
33 kV Substation Bldg., Hudson Lane, Kingsway Camp  
Delhi – 110009
14. Chandigarh Administration  
Sector-9, Chandigarh.
15. Uttarakhand Power Corporation Ltd.  
Urja Bhawan, Kanwali Road, Dehradun.
16. North Central Railway  
Allahabad.
17. New Delhi Municipal Council  
Palika Kendra, Sansad Marg,  
New Delhi-110002
18. Bhakra Beas Management Board  
SLDC Complex, Industrial Area Phase-I,  
Chandigarh-160002

**...Respondents**

**Parties present:**

**For Petitioner:**

Shri S.K. Niranjana, PGCIL  
Shri S. K. Venkatesan, PGCIL  
Shri S. S. Raju, PGCIL  
Shri V.P. Rastogi, PGCIL

**For Respondent:**

Shri R. B. Sharma, Advocate, BRPL  
Shri Mohit Mudgal, Advocate, BRPL

**ORDER**

The present petition has been filed by Power Grid Corporation of India Ltd. (“the Petitioner”) for determination of tariff for **Asset-1**: Central sector portion (1646.039 km) and **Asset-2**: BBMB (2.35 km) for “Establishment of Fibre Optic Communication System” in Northern 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 assets covered under this Petition.*
- ii. Admit the capital cost as claimed in the Petition and approve the Additional Capitalization 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 assets covered under instant Petition are within the overall project cost;*
- iv. Allow the Petitioner to approach Hon’ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19;*
- 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 in relation to the filing of petition;*
- vii. Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014;*
- viii. Allow the petitioner to bill and adjust impact on Interest on Loan due to*



*change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the respondents;*

- ix. *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if at any time GST on transmission is withdrawn from negative list at any time in future. Further, any taxes and duties including cess etc. imposed by any statutory/Govt/municipal authorities shall be allowed to be recovered from the beneficiaries;*
- x. *Allow the petitioner to bill tariff from actual COD.*

*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.*

### **Background**

3. The Investment Approval (hereinafter referred to as "IA") for implementation of assets under "Establishment of Fibre Optic Communication System" in Northern Region was accorded by the Board of Directors of the Petitioner in 270<sup>th</sup> meeting held on 26.3.2012 for ₹19863 lakh including IDC of ₹1219 lakh based on 4<sup>th</sup> Quarter 2011 price level (communicated vide Memorandum No. C/CP/FO-NR dated 27.3.2012).

4. The petitioner has been entrusted with the implementation of Communication System. It was decided that the Petitioner would implement the Fibre Optic network as approved in the 18<sup>th</sup> meeting of NRPC held on 27.11.2010.

5. The scope of work covered under the project "Establishment of Fibre Optic Communication System" in Northern Region is as follows:-

- (i) Installation of estimated 5667 km of OPGW fibre optic cable on the existing/new EHV transmission lines of PGCIL and NR constituents.



- (ii) Installation of 134 Nos. of Terminal equipments for communication based upon Synchronous Digital Hierarchy (SDH) technology in the substations/ generating stations of Central sector and NR constituents.
- (iii) Installations of 196 nos. drop/ insert Multiplexers at the new wide band nodes of Central sector and NR constituents.
- (iv) Network Management Systems (NMS) to monitor the network is also envisaged.
- (v) 103 nos. of DC power supply has been envisaged at all the wideband locations. However, this requirement shall be optimized during detailed engineering.

In addition to above, 1098 km of Powergrid Telecom existing links shall also be utilized for this project on cost sharing basis.

6. Details of the assets covered in the project scope under various petitions is summarized below:-

S.N.	Asset	Petition No
1	1030.426 Km Optic Fibre	Covered under Petition No. 189/TT/2015
2	2493.262 Km Optic Fibre	Covered under Petition No. 125/TT/2016
3	1648.389 Km Optic Fibre (Asset-1 & Asset-2 of the instant petition)	<b>Covered under instant petition</b>
4	Remaining Scope	Shall be filed later

7. The Commission vide ROP dated 9.4.2019 & 18.6.2019 directed Petitioner to submit the details of the EHV transmission lines on which OPGW have been provided at the initial stage and whether the cost of OPGW was included in the cost of EHV transmission line. In response, Petitioner in affidavit dated 31.5.2019 & 17.7.2019 has submitted the details of the EHV transmission lines on which OPGW have been provided at the initial stage as under:-



S.N.	Name of the link	Constituent Name	Route Length (in Km)	Remarks
1	URI-I to Wagoora	Central Sector	96.520	Earthwire (E/W) Replaced
2	LILO of Kishenpur- Wagoora at New Wanpoh	Central Sector	4.283	E/W Replaced
3	Kishenpur-Chamera II	Central Sector	100.320	E/W Replaced
4	Chamera-II to Chamera Pooling Station (Chamba)	Central Sector	0.346	E/W Replaced
5	Chamera Pooling Station (Chamba) to Chamera-III	Central Sector	14.330	E/W Replaced
6	Chamera II to Chamera I	Central Sector	38.152	E/W Replaced
7	Nalagarh-Rampur (LILO Luhri)	Central Sector	127.567	E/W Replaced
8	Naptha Jhakri-Panchkula	Central Sector	164.983	E/W Replaced
9	Panchkula-Abdullapur	Central Sector	62.827	E/W Replaced
10	Kaithal-Patiala	Central Sector	126.321	E/W Replaced
11	LILO of Kanpur-Allahabad at Fatehpur	Central Sector	35.368	E/W Replaced
12	LILO of Hisar-Bawana and LILO of Bhiwani-Bahadurgarh including Bhiwani-Bahadurgarh	Central Sector	95.562	E/W Replaced
13	LILO of Hamirpur II-Jalandhar at Hamirpur PG	Central Sector	16.749	E/W Replaced
14	Saharanpur-Roorkee	Central Sector	35.658	E/W Replaced
15	Auraiya - Kanpur	Central Sector	72.646	E/W Replaced
16	Sonepat-Kurushetra	Central Sector	122.358	E/W Replaced
17	Ballia-Varanasi	Central Sector	165.234	OPGW
18	Sarnath- Varanasi 765	Central Sector	107.426	OPGW
19	Kanpur 400-Kanpur 765	Central Sector	20.683	OPGW
20	LILO of Meerut-Kaithal at Bhagpat	Central Sector	60.948	OPGW
21	Kishenpur-Dulhasti	Central Sector	118.754	OPGW
22	Dehradun-Saharanpur (T Point)	Central Sector	59.004	OPGW
	<b>Sub-Total for Central Sector</b>		<b>1646.039</b>	
1	Narela (DVB)-Narela (BBMB)	BBMB	0.430	E/W Replaced
2	Panipat (HVPNL)-Panipat (BBMB)	BBMB	0.507	E/W Replaced
3	Dadri (HVPNL)-Dadri (BBMB)	BBMB	0.361	E/W Replaced
4	Ballabhgarh BBMB 220kV-Gantry	BBMB	0.195	E/W Replaced
5	Barnala-Barnala	BBMB	0.450	E/W Replaced
	<b>Sub Total for BBMB</b>		<b>2.350</b>	
	<b>Grand Total</b>		<b>1648.389</b>	



8. Regarding the details as to whether the cost of OPGW was included in the cost of EHV transmission line, the same is covered in the response of the Petitioner to the queries of BRPL and dealt at subsequent para no 19 hereunder.

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

Particulars	(₹ in lakh)			
	Asset-1		Asset-2	
	2017-18 (Pro-rata)	2018-19	2017-18 (Pro-rata)	2018-19
Depreciation	60.50	269.11	0.51	2.64
Interest on Loan	65.13	324.01	0.40	1.97
Return on Equity	56.23	250.11	0.47	2.45
Interest on Working Capital	8.14	40.13	0.03	0.15
O&M Expenses	82.43	428.15	0.00	0.00
<b>Total</b>	<b>272.43</b>	<b>1311.51</b>	<b>1.41</b>	<b>7.21</b>

10. The details of the interest on working capital (IWC) claimed by the Petitioner are as under:-

Particulars	(₹ in lakh)			
	Asset-1		Asset-2	
	2017-18 (Pro-rata)	2018-19	2017-18 (Pro-rata)	2018-19
Maintenance Spares	62.16	64.22	0.00	0.00
O&M expenses	34.53	35.68	0.00	0.00
Receivables	228.95	218.58	1.18	1.20
<b>Total</b>	<b>325.64</b>	<b>318.48</b>	<b>1.18</b>	<b>1.20</b>
Rate of Interest	12.60%	12.60%	12.80%	12.80%
<b>Interest on Working Capital</b>	8.14	40.13	0.03	0.15

11. The Petitioner has served the copy of the petition upon the respondents and notice of this tariff application has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the notices published by the





Petitioner under Section 64 of the Electricity Act, 2003. Reply to the petition has been filed by BRPL (Respondent no 12) vide affidavit dated 10.1.2019 and the Petitioner vide its affidavit dated 31.5.2019 filed its rejoinder to the reply of BRPL, in the matter.

12. The Petition was heard on 18.6.2019 and the Commission reserved the order in the Petition.

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

14. This order has been issued after considering the main petition dated 22.5.2018 and Petitioner's affidavits dated 16.8.2018, 8.4.2019, 31.5.2019 (2 nos.), 17.7.2019 and reply dated 10.1.2019 of the Respondent, BRPL.

#### **Date of Commercial Operation (COD)**

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

<b>S.N.</b>	<b>Asset</b>	<b>Actual COD</b>
1	Asset-1: Central sector portion (1646.039 kms)	20.1.2018
2	Asset-2: BBMB (2.35 kms)	20.1.2018

16. The Petitioner has submitted RLDC / NRLDC Certificates dated 22.1.2018 in respect of the instant assets. In addition, the petitioner has submitted self-declaration COD Certificate dated 2.2.2018 for the instant assets.

17. The Respondent, BRPL vide affidavit dated 10.1.2019 submitted that basic



statutory documents for determination of tariff, Electrical Inspector Certificate of CEA and CMD Certificate has not been submitted by Petitioner.

18. In response, Petitioner vide rejoinder affidavit dated 31.5.2019 has submitted that the CEA certificate/ Report of Electrical Inspector is not applicable in the instant case. This is in line with CEA Regulation 2010, which states that minimum 650 V is required for inspection. Further, Central Government has specified that the notified voltage for the purpose of self-certification under Regulation 30 and Regulation 43 of 2010 is 11 kV. Thus, no inspection is required by CEA inspector up to 11 kV. Since the Communication system under ULDC projects comprising of Fiber Optic & Microwave systems was established for providing communication connectivity between Control Centers and from data concentrator nodes for handling large data volumes, the operation voltage for communication system operation is 24/48 Volt DC supply. Hence, the CEA clearance letter is not applicable in case of communication system.

19. The Respondent, BRPL vide affidavit dated 10.1.2019 has submitted that the Petitioner has not clarified the following issues in the petition:

- (i) De-capitalization of the earth wire on the basis of book value on the existing EHV transmission lines where OPGW has been laid.
- (ii) Whether some dark fibers (spares) are also available in OPGW? If so, how these are to be utilized?



- (iii) Details of the EHV transmission lines on which OPGW have been provided at the initial stage and the cost of OPGW was covered in the cost of EHV transmission lines.
- (iv) How the provisions of Section 41 of the Electricity Act, 2003 are required to be complied under various contingencies?

20. In response, the Petitioner vide affidavit dated 31.5.2019 has submitted the following:-

- (i) 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. Further, replaced old earth wire has no techno-commercial use other than scrap. No scrap in case of Asset-1 has been disposed so far. Therefore, the Petitioner may be allowed to adjust the scrap value of Earth Wire realization in the capital cost of the Asset-1 covered in the instant petition at the time of truing up. In case of Asset-2, as it pertains to BBMB, therefore replaced earth wire belongs to BBMB. Therefore, no adjustment of scrap value is applicable in case of Asset-2.
- (ii) The OPGW links installed by the Petitioner consists of 24 fibers in each link. Out of total 24 fibers in OPGW link, 6 are being used for ULDC requirement and remaining 18 fibers are for future use (as a provision for data expansion) or could be used for other business. However, in the instant case, sharing of all remaining links have already been done, except link at Sl. No. 18 of COD letter i.e. Sarnath-Varanasi 765 kV. The cost/ charges are being shared as per guidelines as mentioned in the Commission's Order dated 8.12.2011 in Petition No 68/2010. Therefore, adjustment in the cost with respect to sharing of OPGW links with Telecom has been done in the Auditor Certificate and Revised Tariff forms have been submitted vide affidavit dated 31.5.2019.



(iii) In case of Asset-1, 6 out of 22 links have been provided OPGW at the initial stage and cost of OPGW was not considered in the main package of respective Transmission lines.

(iv) Section 41 of the Electricity Act, 2003 states as follows:

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

**PROVIDED that** a proportion of the revenues derived from such business shall, as may be specified by the Appropriate Commission, be utilised 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.”

(v) Accordingly, 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.

21. In regard to CMD certificate as required under Grid Code, the same is not applicable in the instant case as per 2014 Tariff Regulations, which is in line with Commission’s order dated 7.7.2017 in Petition No. 53/TT/2016. Taking into consideration the RLDC and NRLDC 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:

S.N.	Asset	Actual COD
1	Asset-1: Central sector portion (1646.039 kms)	20.1.2018
2	Asset-2: BBMB (2.35 kms)	20.1.2018



## Capital Cost

22. Clause (1) and (2) of Regulation 9 of the 2014 Tariff Regulations provide as follows:-

*“(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of determination of tariff for existing and new projects”*

*(2) The Capital Cost of a new project shall include the following:*

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) Increase in cost in contract packages as approved by the Commission;*
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;*
- (e) Capitalised Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;*
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with Regulation 14 of these regulations;*
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and*
- (h) Adjustment of any revenue earned by the transmission licensee by using the assets before COD.”*

23. The Petitioner has submitted Audited Cost Certificates dated 28.5.2019 and 22.3.2018 for the Asset-1 and Asset-2, respectively. The capital cost incurred as on COD and additional capitalization projected to be incurred are as follows:

**(₹in lakh)**

Asset	Apportioned Approved Cost (FR)	Cost up to COD	Projected Expenditure for FY		Estimated Completion Cost
			2017-18	2018-19	
Asset-1	6284.32	5675.47	(1536.87)	279.59	4418.19
Asset-2	57.98	41.24	0.00	1.89	43.13

## Cost Over-run

24. It is observed that prima-facie the asset-wise estimated completed cost is



within the approved apportioned cost ceiling limit and as such there is no cost over-run involved for the instant assets. However, on detailed scrutiny, it is observed that the estimated completed cost of ₹4418.19 lakh for Asset-1 has been arrived on the basis of net of cash outflow amounting to ₹1536.87 lakh transferred to Telecom towards sharing of Fiber Cable OPGW. The approved apportioned cost pertains to complete assets under the project scope and not for the assets after adjustments for sharing.

25. The Commission vide ROP dated 9.4.2019 and 18.6.2019 directed Petitioner to submit the details of de-capitalization of the earth wire on the basis of book value on the existing EHV transmission lines where OPGW has been laid. In response, Petitioner vide affidavit dated 31.5.2019 and 17.7.2019 has submitted that Gross Block and Written Down Value of the earth wire in transmission link covered in Central Sector portion of the instant petition is ₹456.74 lakh and ₹253.67 lakh, respectively.

26. Further, the Petitioner has submitted that the scrap value of Earth Wire realized after dismantling shall be credited to the cost of subject asset at the time of truing up. The Petitioner has submitted that the credit to be given to the beneficiaries for the scrap value of Earth Wire removed is a fair compensation and tariff for old investments can be continued without change as the decision for technological up-gradation was taken by the various controlling authorities forum like RPC, CEA and as per provision of Grid Code and not by the Petitioner alone. Therefore, the Petitioner is entitled to get return on Capital Deployed.



27. Sub-clause Clause (6) of Regulation 9 of the 2014 Tariff Regulations provides as follows:-

*"(6) The following shall be excluded or removed from the capital cost of the existing and new project: (a) The assets forming part of the project, but not in use;"*

28. From the above, it is clear that once the asset is not in use it shall not be allowed to be part of capital cost for the purpose of tariff. Scrap value of an asset is normally much lesser than the original cost which is considered for the purpose of tariff. Accordingly, the Petitioner is directed to furnish the following details in respect of removed Earth Wire, at the time of truing up:-

- (a) Original cost;
- (b) Year of capitalisation & de-capitalisation;
- (c) Detail of petition where the said asset was capitalised originally; and
- (d) Detail of petition, if any, where such asset has been de-capitalised.

29. The Petitioner has also submitted that through open competitive bidding process, lowest possible market price 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. 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.



30. We have considered the submissions of the Petitioner. The cost variation is mainly due to high prices received through the bidding process and market forces which were beyond the control of the petitioner. Further, the estimated completion cost of the assets covered in the instant petition does not exceed the apportioned approved cost (FR). Thus, there is no cost over-run in respect of the instant assets. Therefore, cost variation is considered for tariff purpose. Accordingly, the capital cost claimed by the Petitioner as on COD and additional capitalization up to 31.3.2019 has been considered for tariff calculation, subject to adjustment in respect of Earth-wire at the time of truing up as well as scrutiny of IDC/IEDC herein after.

**Time over-run**

31. As per the Investment Approval (IA), the transmission scheme was scheduled to be commissioned within 30 months from the date of investment approval i.e. 26.3.2012. Accordingly, the scheduled COD was 26.9.2014. The Petitioner has submitted the details of COD claimed and delay occurred in commissioning of the instant asset as follows:

<b>Asset</b>	<b>Scheduled COD</b>	<b>Actual COD (claimed)</b>	<b>Delay</b>
Asset-1	26.9.2014	20.1.2018	1212 days
Asset-2		20.1.2018	1212 days

32. The Petitioner has submitted that delay is mainly due to delay in commissioning of associated transmission lines due to Law & Order problem, forest clearance issues, ROW problems, issues due to court cases etc. The detailed reasons for delay in Asset-1 and Asset-2 as submitted by the Petitioner are





summarized below:

**a) Delay due to Non-readiness of transmission lines and law & order problem:**

(i) Asset-1 i.e. "Central Sector portion (1646.09 km)" and Asset-2 i.e. "BBMB portion (2.35 km)," comprise of various links (27 in total) as mentioned in the COD certificate and RLDC certificate issued by NRLDC. These 27 links comprise of old as well as new transmission lines. All the links covered under the instant Project have been put into Commercial operation progressively from 2.7.2017 to 19.1.2018, as indicated in RLDC certificate for trial operation. OPGW was also envisaged to be installed on various lines which were under construction as mentioned in COD letter. As the transmission lines were under construction, OPGW could not be installed till the completion of lines. This led to delay in installation of OPGW on following links, namely, Balia-Varanasi (COD: 1.4.2016), Sarnath-Varanasi (COD: 22.10.2016), Kanpur-Kanpur (COD: 10.07.2016), LILO of Meerut-Kaithal at Baghpat (COD: 8.5.2016), Dehradun-Saharanpur (COD: 30.1.2017), Kishenpur -Dulhasti line (Charged on: 21.1.2018). As OPGW could not be installed on these transmission lines, therefore, other OPGW links which had already been completed also could not be commissioned due to non-readiness of intermittent links. Further, in Jammu & Kashmir, complete installation and commissioning of the existing links could not take place due to insurgency and law and order problem. No agency was willing to go there, which seriously impacted the Commissioning of OPGW in the existing links e.g. LILO of Kishenpur- Wagoora at New Wanpoh, Kishenpur-Chamera II, Chamera-II to Chamera Pooling Station (Chamba), Chamera Pooling Station



(Chamba) to Chamera-III, Chamera II to Chamera I and Uri-wagoora etc. Further, severe ROW issues existed in Nalagarh-Rampur link, Saharanpur-Roorkee and Dehradun – Saharanpur links even where the transmission line work had been completed, but OPGW splicing work was delayed which impacted commissioning of links. On various occasions, permit for change in relay setting from auto to non-auto mode was denied in view of perceived grid security by NRLDC. As permissions were often denied by control centers over phone, Petitioner has little or no records available.

(ii) Details of commissioning of various links covered in Asset-1 & Asset-2 as per RLDC Certificates and therefore the delay w.r.t. SCOD (26.9.2014) is tabulated below:

**Asset-1: Central Sector portion (1646.039 kms)**

S.N.	Name of the link	Date of Commissioning as per RLDC Certificates	Delay (Approx.)
1	URI-I to Wagoora	23.09.2017	36 months
2	LILO of Kishenpur- Wagoora at New Wanpoh	12.08.2017	34 months
3	Kishenpur-Chamera II	26.07.2017	33 months
4	Chamera-II to Chamera Pooling Station (Chamba)	15.07.2017	33 months
5	Chamera Pooling Station (Chamba) to Chamera-III	10.07.2017	33 months
6	Chamera II to Chamera I	05.07.2017	33 months
8	Naptha Jhakri-Panchkula	29.08.2017	34 months
9	Panchkula-Abdullapur	02.09.2017	35 months
10	Kaithal-Patiala	22.07.2017	33 months
11	LILO of Kanpur-Allahabad at Fatehpur	03 08 2017	34 months
12	LILO of Hisar-Bawana and LILO of Bhiwani-Bahadurgarh including Bhiwani-Bahadurgarh	08.10.2017	36 months
13	LILO of Hamirpur II-Jalandhar at Hamirpur PG	30.07.2017	33 months
14	Saharanpur-Roorkee	24.09.2017	35 months
15	Auraiya - Kanpur	21.07.2017	33 months
16	Sonepat-Kurushetra	28.09.2017	35 months
17	Ballia-Varanasi	02.07.2017	33 months



S.N.	Name of the link	Date of Commissioning as per RLDC Certificates	Delay (Approx.)
18	Sarnath- Varanasi 765	07.09.2017	35 months
19	Kanpur 400-Kanpur 765	22.07.2017	33 months
20	LILO of Meerut-Kaithal at Bhagpat	17.08.2017	34 months
21	Kishenpur-Dulhasti	19.01.2018	40 months
22	Dehradun-Saharanpur (T Point)	17.07.2017	33 months

**Asset-2: BBMB portion (2.35 kms)**

S.N.	Name of the link	Date of Commissioning as per RLDC Certificates	Delay (Approx.)
1	Narela(DVB)-Narela(BBMB)	25.12.2017	39 months
2	Panipat (HVPNL)-Panipat (BBMB)	30.12.2017	39 months
3	Dadri (HVPNL)-Dadri ( BBMB)	24.12.2017	39 months
4	Ballabgarh BBMB 220kV-Gantry	15.12.2017	39 months
5	Barnala-Barnala	16.12.2017	39 months

(iii) Filing of Petitions for all links separately requires filing of 27 petitions. Therefore, COD is declared for a group of links including Balia-Varanasi, Sarnath-Varanasi, Kanpur-Kanpur, LILO of Meerut-Kaithal at Bagpat, Dehradun-Saharanpur, Kishenpur -Dulhasti at a time to reduce the number of petitions.

(iv) In the instant project, the first lot of COD was done for 11 links on 1.8.2014 covered under Petition No. 189/TT/2015, the second lot of COD has been declared for 35 links which is covered under Petition No. 125/TT/2016 and COD of third lot of 27 links has been declared on 20.1.2018 which is covered in the instant Petition. The Petitioner has submitted that efforts shall be made to declare commercial operation of the balance links in another lot. For COD of all the links, certification from NRLDC for connectivity up to RLDC has been obtained and submitted along with respective Petitions.



(v) Even though trial operation of the links was completed progressively between 2.7.2017 to 19.1.2018, COD of all the 27 links was declared on 20.1.2018 together as the value of individual links was very less and does not justify filing of separate Petitions. This is also in compliance with the direction from Commission that number of Petitions to be filed must be reduced. Accordingly, Petitioner has combined COD of all 27 links to minimize the number of Petitions.

(vi) Further, in some of the cases, the Commission has already condoned the delay of links in their respective petitions as under:

S.N.	Name of the links	Petition No.	Remarks
1	Sarnath-Varanasi (COD:22.10.2016)	205/TT/2016	Vide Order dated 30.08.2017, Commission condoned entire delay from 8.4.2014 to 22.10.2016
2	LILO of Meerut-Kaithal at Bagpat (COD:8.5.2016)	253/TT/2015	Vide Order dated 30.06.2016, Commission condoned entire delay from 15.2.2012 to 8.5.2016
3	Dehradun-Saharanpur (T- Point) (COD: 31.1.2017)	55/TT/2017	Vide Order dated 30.11.2017, Commission condoned entire delay from 10.11.2011 to 31.1.2017
4	Kishenpur -Dulhasti line (COD: 23.1.2018)	56/TT/2017	Vide Order dated 9.10.2018, Commission condoned entire delay from 20.11.2014 to 23.1.2018

**b) Delay due to forest clearance:**

(i) There was Reserved and Protected Forest area of 89.24 Ha. in Batote, Bharderwah, Kishtwar, Jammu, Ramnagar and Udhampur. The time taken in getting the forest clearance was about 45 months and no construction activity in forest portion could be taken up in absence of forest clearance. The investment approval of the 400 kV Dulhasti-Kishenpur T/L was accorded on 21.11.2011 and the first



indent was submitted on 22.2.2012 and after complying with all due process of forest clearance, the final clearance from J&K Government was received on 24.02.2015 and Tree cutting approval was granted in November 2015.

(ii) Detailed chronology of forest clearance process along with supporting documents from 22.2.2012 to 29.9.2015 has been submitted.

**c) Delay due to ROW Problem:**

(i) There was severe ROW problem at Udampur, Doda, Chenani, Thatri, Batote and Dugga. The ROW incident was continuous from 17.10.2012 to 20.10.2016.

(ii) Detailed chronology of events of ROW along with supporting documents from 17.10.2012 to 6.12.2017 has been submitted.

**d) Delay due to Court cases:**

(i) One landlord, namely Shri Khemraj resident of village Katwalt, Tehsil Chenani District Udampur, filed a court case on 18.08.2015 against the petitioner. The said court case was resolved only on 4.9.2017. Detailed chronology of events from 18.8.2015 to 4.9.2017 has been submitted along with supporting documents.

(ii) The said Link was passing through Village Tipri, Tehsil Thatthri and a court Case OWP No. 1360/2012 was filed on 18.9.2012 before the High Court of Jammu & Kashmir at Jammu by Zamidaran of Village Tipri for changing line route of Dhulhasti - Kishanpur Line. The court case was resolved only on 9.9.2017. Detailed chronology of events from 25.7.2012 to 9.9.2017 has been submitted along with supporting documents.



e) **Delay due to Other reasons:**

(i) Other factor which also lead to delay are Law and Order situation in Kashmir region. As the State Administration/ Police was occupied, hence, proper & sufficient support for solving ROW issues and land acquisition was not available since July 2016. Further, heavy snowfall in the months of December to February, floods in September, 2014 and frequent landslides, blocking of roads also hampered progress of work. Newspaper cutting for the same has been submitted.

33. The Petitioner has submitted that commissioning of Kishenpur-Dulhasti line got delayed due to various uncontrollable factors i.e. delay in getting forest clearance, ROW issues , court cases filed by the landowners , Law & Order problem faced in Kashmir Valley. After resolving the court cases and RoW issues on 6.12.2017, petitioner completed the remaining work of 2 numbers of foundation, erection of 1 number of tower & stringing of 10 kms of Kishenpur-Dulhasti link and finally completed the OPGW work on 19.1.2018.

34. The Petitioner has submitted that despite the time over-run in various statutory clearances, ROW problems and Court cases from early 2012 till December, 2017, the Petitioner expedited the work on non-problematic areas, which reduced the overall delay of the Kishenpur-Dulhasti link.

35. The Respondent, BSES Rajdhani Power during hearing on 18.6.2019 submitted that the time overrun of 33 months to 40 months in case of the instant asset may not be condoned as the complete scope of the project is not yet



completed. He further submitted that, the Petitioner is using the structure of BBMB for laying OPGW for which Petitioner is charging. Therefore, the charges collected should be shared with BBMB. Further, vide affidavit dated 10.1.2019 the Respondent has submitted that the Board of the Petitioner had decided a time schedule of 30 months for completion of the work as per Investment Approval. The problems narrated by the Petitioner are only an excuse for delay which is entirely attributable to the slackness in project management for which Petitioner is solely responsible. The Petitioner has not submitted DPR, CPM Analysis, PERT chart and bar Chart. BRPL has also submitted that the delay explained by the petitioner is within the controllable factor as per Regulation 12 of the Tariff Regulations, 2014 and the delay may not be condoned. In response, Petitioner filed its rejoinder dated 31.3.2019 and submitted that detailed justification has already been submitted in the original petition. The Petitioner also submitted PERT chart, bar chart and CPM analysis.

### **Analysis and Decision**

36. We have considered the submissions of the petitioner and the respondent. As per the Investment Approval dated 27.3.2012, the scheduled COD was 27.9.2014. The COD of the Asset-I and Asset-II has been approved as 20.1.2018; hence there is delay of about 1212 days in COD of the two assets. As per the submissions of the petitioner, 22 number of OPGW links are covered under Asset-I and 5 no of OPGW links are covered under Asset-II. The petitioner has submitted that Asset-I and Asset-II are delayed on account of delay in completion of their respective transmission lines namely Balia-Varanasi (COD: 1.4.2016), Saranath-Varanasi



(COD: 22.10.2016), LILO of meerut-kaithal at Baghpat( COD:8.5.2016), Saranath-Varanasi (COD: 10.7.2016), LILO of Meerut-Kaithal at baghpat ( COD: 8.5.2016), Kanpur-Kanpur (COD 10.7.2016),Kishenpur-Dulhasti line (Charged on 21.1.2018). The petitioner has submitted that in Jammu and Kashmir, the installation and commissioning of OPGW was delayed due to insurgency and law order problem due to which the commissioning of OPGW in the existing links were impacted viz. LILO of Kishenpur-Wagoora at New Wanpoh, Kishanpur-Chamera II, Chamera-II to Chamera-I and Uri-Wagora. The petitioner has submitted that due to RoW problems in Nalagarh-Rapur link, Sharanpur-Rook, Dehradun-Sahranpur lines due to which the OPGW splicing work was delayed which impacted the commissioning of OPGW links.

37. As regards Asset-I, it is observed that out of the total 22 no of OPGW links, 16 no of links are associated with existing transmission lines involving replacement of earthwire with OPGW and 6 no of OPGW links are associated with new transmission lines. The petitioner has submitted that due to insurgency and law & order problem, the installation and commissioning of OPGW is delayed in the existing links viz. LILO of Kishenpur-Wagoora at New Wanpoh, Kishanpur-Chamera II, Chamera-II to Chamera-I and Uri-Wagora in Jammu & Kashmir. The Petitioner has not submitted any specific documentary evidence in support of its claim. Accordingly the time delay from SCOD to actual COD in case of existing lines where replacement of earth wire with OPGW is not beyond the control of the petitioner and therefore the delay of 1212 days is not condoned. However, the Petitioner is at liberty to approach the Commission at the time of truing up and the





same will be reviewed at the time of truing up.

38. With respect to Asset-1, the petitioner has installed 6 no of OPGW on the following new transmission lines:

1	Ballia-Varanasi	02.07.2017	33 months
2	Sarnath- Varanasi 765	07.09.2017	35 months
3	Kanpur 400-Kanpur 765	22.07.2017	33 months
4	LILO of Meerut-Kaithal at Bhagpat	17.08.2017	34 months
5	Kishenpur-Dulhasti	19.01.2018	40 months
6	Dehradun-Saharanpur (T Point)	17.07.2017	33 months

The petitioner has submitted that the commission in various petitions has condoned the time overrun in COD of associated transmission lines on account of land acquisition, ROW issues, Power line crossing, court cases which are associated with above 6 number of OPGW in the instant petition. We have gone through the submissions of the petitioner. The commission condoned the delay of associated transmission lines and the details of the same are as follows:

Sl. No	Name of the OPGW	Associated transmission line details	Petition details	COD of the associated line	Time overrun details
1	Ballia-Varanasi	765 kV S/C Balia-Varanasi line and associated bays including 240 MVAR line reactor at both ends	Petition no. 273/TT/2015 and date of order 30.5.2016	1.4.2016	Time over run of 604 days has been condoned
2	Sarnath-Varanasi 765	Saranath-Varanasi transmission line	Petition no 205/TT/2016 and date of	22.10.2016	Time overrun of 18 months



		alongwith associated bays	order 30.8.2017		12 days has been condoned.
3	Kanpur 400-Kanpur 765	Knapur(old)-kanpur(new) transmission line	Petition no 274/TT/2015 and petition No 240/TT/2018	15.10.2016 (Anticipated)	The commission approved the COD on anticipated basis and given liberty to the petitioner to file reasons for time overrun at the time of truing up
4	LILO of Meerut-Kaithal at Bhagpat	LILO of Meerut-Kaithal at Bhagpat	Petition no 253/TT/2015 and date of order 30.6.2016.	8.5.2016	The time overrun of 50 months and 23 days has been condoned.
5	Kishenpur-Dulhasti	400kV D/C(Quard) Dulhasti-Kishenpur single circuit strung along with associated bays at kishenpur	Petition no 56/TT/2017 and date of order 9.10.2018.	23.1.2018	The time overrun of 38 months and 3 days has been condoned.
6	Dehradun-Saharanpur (T Point)	One circuit of 400 kV D/C DehradunBagpat line along with associated bays at both ends. Part of second circuit of 400 kV D/C Dehradun-Bagpat T/L as 400 kV S/C Roorkee-Dehradun line	Petition no 55/TT/2017 and date of order 30.11.2017	31.1.2017	The time over-run of 62 months 21 days has been condoned



		<p>from Dehradun end and partly as 400 kV S/C Saharanpur Bagpat line from Bagpat end using part of one circuit of 400 kV D/C Roorkee Saharanpur line (under-NRSS XXI) at intersection point along with associated bays at Dehradun and Bagpat end.</p>			
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39. We have gone through above mentioned petitions wherein the commission condoned the time over run of the associated transmission lines. Accordingly the OPGW link wise time overrun in analyzed in the following paragraphs:

(i) Ballia-Varanasi(OPGW):

The petitioner has claimed the COD of the Ballia-Varanasi (OPGW) as 20.1.2018. The associated transmission is covered in petition no 273/TT/2015 and the commission vide order dated 30.5.2016 had approved COD of the line as 1.4.2016 and condoned the time overrun of about 604 days. Accordingly in the instant OPGW link, the time overrun from SCOD (27.9.2014) to COD of the associated transmission line (1.4.2016) is beyond the control of the petitioner and the same is condoned. Time overrun beyond 2.4.2016 till COD of the Ballia-Varanasi (OPGW) is within the control of the petitioner and therefore the time overrun from 2.4.2016 to 20.1.2018 is not condoned.



(ii) Sarnath- Varanasi 765 (OPGW)

The Petitioner has claimed the COD of the Sarnath- Varanasi 765 (OPGW) as 20.1.2018. The associated transmission is covered in petition no 205/TT/2016 and the commission vide order dated 30.8.2017 had approved COD of the line as 22.10.2016 and condoned the time overrun of about 18 months 12 days. Accordingly in the instant OPGW link, the time overrun from SCOD (26.9.2014) to COD of the associated transmission line (22.10.2016) is beyond the control of the petitioner and the same is been condoned. Time overrun beyond 23.10.2016 till COD of the Sarnath- Varanasi 765 (OPGW) is within the control of the petitioner and therefore the time overrun from 23.10.2016 to 20.1.2018 is not condoned.

(iii) Kanpur 400-Kanpur 765(OPGW)

The Petitioner has claimed the COD of Kanpur-Kanpur (OPGW) as 20.1.2018. The associated transmission line is commissioned on 15.10.2016(Anticipated basis). The Commission vide order dated 31.5.2016 in Petition no 274/TT/2015 has given the liberty to the Petitioner to submit the details of time over-run on the basis of actual COD. In view of this, the Petitioner is at liberty to approach the Commission at the time of truing up with respect to time over run pertaining to Kanpur 400-Kanpur 765(OPGW).

(iv) LILO of Meerut-Kaithal at Bhagpat

The petitioner has claimed the COD of the LILO of Meerut-Kaithal at Bhagpat as 20.1.2018. The associated transmission line is covered in petition no



253/TT/2015 and the commission vide order dated 30.6.2016 had approved COD of the line as 8.5.2016 and condoned the time overrun of about 50 months 23 days. Accordingly in the instant OPGW link the time overrun from SCOD (26.9.2014) to COD of the associated transmission line (8.5.2016) is beyond the control of the petitioner and the same is condoned. Time overrun beyond 9.5.2016 to till COD of the LILO of Meerut-Kaithal at Bhagpat (OPGW) is within the control of the petitioner and therefore the time overrun from 9.5.2016 to 20.1.2018 is not condoned.

(v) Kishenpur-Dulhasti

The petitioner has claimed the COD of the Kishenpur-Dulhasti(OPGW) as 20.1.2018. The associated transmission line is covered in petition no 56/TT/2017 and the commission vide order dated 9.10.2018 had approved COD of the line as 23.1.2018 and condoned the time overrun of about 38 months 3 days. Accordingly in the instant OPGW link, the time overrun from SCOD (26.9.2014) to COD of the associated transmission line (23.1.2018) is beyond the control of the petitioner and the same is condoned.

(vi) Dehradun-Saharanpur (T Point)

The Petitioner has claimed the COD of the Dehradun-Saharanpur (T Point) as 31.1.2017. The associated transmission is covered in petition no 55/TT/2017 and the Commission vide order dated 30.11.2017 had approved COD of the line as 31.1.2017 and condoned the time overrun of about 62 months 21 days. Accordingly in the instant OPGW link, the time overrun from SCOD (26.9.2014)



to COD of the associated transmission line (31.1.2017) is beyond the control of the petitioner and the same has been condoned. With respect to time overrun beyond 1.2.2017 to till COD of the Dehradun-Saharanpur (T Point) (OPGW) is within the control of the Petitioner and therefore the time overrun from 1.2.2017 to 20.1.2018 is not condoned.

40. With respect to Asset-1, the Petitioner has not submitted link wise capital cost details due to which it is not able to deal the IDC/IEDC for the time over run condoned /not condoned in the case of new transmission assets and existing assets pertaining to central sector. Accordingly the IDC/IEDC claimed by the petitioner in the instant asset has not been considered. The petitioner is directed to submit the details of IDC/IEDC of the existing assets and link wise IDC / IEDC details of new assets of central sector at the time of truing up and the same will be reviewed at the time of truing up.

41. As regards Asset-2, it is observed that 5 number links are associated with existing transmission lines and involve replacing earth wire with OPGW under State sector (BBMB). With respect to these Assets, the petitioner has submitted that installation and commissioning of OPGW is delayed due to insurgency and law and order problem in Jammu and Kashmir. These are existing links viz. Narela(DVB)-Narela(BBMB), Panipat(HVPNL)-Dadri(BBMB), Ballabgarh BBMB 220 kV gantry and Barnala-Barnala. The petitioner has not submitted any specific documentary evidence in support of delay. Accordingly the time delay from SCOD to actual COD



of the Asset in case of existing replacement of earth wire of existing transmission line with OPGW is not beyond the control of the petitioner and therefore the delay of 1212 days is not condoned. However, the Petitioner is at liberty to approach the Commission at the time of truing up and the same will be reviewed at the time of truing up.

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

42. The Petitioner has claimed Interest During Construction (IDC) for the instant assets as ₹806.07 Lakh and ₹0.93 Lakh for Asset-1 and Asset-2 respectively and has submitted the Auditor Certificate in support of the same. For the reasons explained in Para 40 and in the absence of link wise details of IDC, the IDC claimed for Asset-1 is not being considered in the present petition. However, the same will be reviewed at the time of true up on receipt of details of link wise IDC in respect of Asset-1 (existing assets and new assets).

43. In case of Asset-2, as the time over-run is not condoned, the IDC allowable date is the SCOD, i.e. 26.9.2014. Further, the loan drawl date (9.8.2017) for this asset being after the IDC allowable date (26.9.2014), no IDC is being considered for the asset.

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

44. The Petitioner has claimed IEDC of ₹237.96 lakh and ₹1.95 lakh for Asset-1 and Asset-2, respectively and submitted Auditor Certificate in support of the same. As discussed in Para 40, in absence of link wise details, IEDC for Asset-1 is not



being allowed in the present petition. However, same will be reviewed at the time of true up. The claimed and allowed IEDC for Asset-2 is as follows:

(₹ in lakh)			
Asset	IEDC claimed as per Auditor certificates	IEDC Disallowed due to Time overrun not allowed	IEDC Allowed on cash basis as on COD
Asset-2	1.95	1.11	0.84

### Initial Spares

45. This has been dealt in line with Regulation 13 of the 2014 Tariff Regulations. The Petitioner has claimed initial spares for the instant asset and submitted Auditor Certificate in support of the same. The Initial Spares claimed by Petitioner in respect of instant asset corresponding to communication system/PLCC are beyond the ceiling of 3.5% as prescribed by the Commission for communication related assets. Due to segregation of Asset-1 into existing and new links as referred in Para 40, the Petitioner would be required to submit segregated details of initial spares of Asset-1 at the time of true up. Moreover, Petitioner has not submitted the details of year-wise discharge of initial spare. The Petitioner is directed to submit the year wise discharge statement for the initial spares at the time of true up for 2014-19 period for segregated Asset-1 and Asset-2.

46. The initial spares allowed for the purpose of tariff calculation after considering the Plant and Machinery cost excluding IDC, IEDC and Land expenses up to cut off date, subject to true-up are as under:





(₹ in lakh)

Asset	Plant and Machinery Cost excluding IDC, IEDC and Land & Civil Works	Initial spares claimed	Ceiling limit as per Regulation (communication)	Initial spares worked out	Initial spares allowed as on COD	Initial spares disallowed on account of excess claim
Asset-1	3374.16	463.49	3.50%	105.57	105.57	357.92
Asset-2	40.25	15.94	3.50%	0.88	0.88	15.06

### Capital cost as on COD

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

(₹ in lakh)

Asset	Capital Cost claimed as on COD as per Auditor Certificate	IDC Disallowed as on COD	IEDC Disallowed as on COD	Excess Initial Spares Disallowed as on COD	Capital Cost as on COD considered for tariff calculation
	1	2	3	4	5=(1-2-3-4)
Asset-1	5675.47	806.07	237.96	357.92	4273.52
Asset-2	41.24	0.93	1.11	15.06	24.14

### Additional Capital Expenditure (ACE)

48. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cut-off date for instant assets is 31.3.2021. The Petitioner has submitted Auditor Certificates in support of the additional capitalisation. The expenditure during FY 2017-18 is the net cash out flow after deduction of ₹1536.87 lakh transferred to the books of Telecom towards 50% of OPGW cost. The Petitioner vide form 7 has claimed both these cost as ACE under Regulation 14(1)(i) and 14(1)(ii), which has been summarized upto 31.3.2019 as under:

(₹ in lakh)



Asset	Additional Capital expenditure claimed		Total
	2017-18	2018-19	
Asset-1	(1536.87)	279.59	(1257.28)
Asset-2	0.00	1.89	1.89

49. The Petitioner has claimed additional capital expenditure towards Balance and Retention payments. The allowed Additional Capital expenditure are summarized below which is subject to true up:

(₹ in lakh)

**Asset-1**

Particulars	Regulation	2017-18	2018-19
ACE to the extent of Balance & Retention Payment & ACE to the extent of unexecuted work	14 (1)(i) & 14 (1)(ii)	(1536.87)	279.59
IDC Discharged	14 (1)(i)	0.00	0.00
<b>Total Add-Cap allowed for tariff</b>		<b>(1536.87)</b>	<b>279.59</b>

**Asset-2**

Particulars	Regulation	2017-18	2018-19
ACE to the extent of Balance & Retention Payment & ACE to the extent of unexecuted work	14 (1)(i) & 14 (1)(ii)	0.00	1.89
IDC Discharged	14 (1)(i)	0.00	0.00
<b>Total Add-Cap allowed for tariff</b>		<b>0.00</b>	<b>1.89</b>

**Capital cost for the tariff period 2014-19**

50. Accordingly, the capital cost considered for the tariff period 2014-19, subject to truing up, is as follows:-

(₹ in lakh)

Asset	Capital Cost allowed as on COD	Add Cap allowed in FY 2017-18	Add Cap allowed in FY 2018-19	Total Estimated Completion Cost up to 31.3.2019
Asset-1	4273.52	(1536.87)	279.59	3016.24
Asset-2	24.14	0.00	1.89	26.03



## Debt-Equity Ratio

51. 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-1

Particulars	As on COD		As on 31.03.2019	
Debt	2991.46	70.00%	2111.37	70.00%
Equity	1282.05	30.00%	904.87	30.00%
<b>Total</b>	<b>4273.52</b>	<b>100.00%</b>	<b>3016.24</b>	<b>100.00%</b>

### Asset-2

Particulars	As on COD		As on 31.03.2019	
Debt	16.90	70.00%	18.22	70.00%
Equity	7.24	30.00%	7.81	30.00%
<b>Total</b>	<b>24.14</b>	<b>100.00%</b>	<b>26.03</b>	<b>100.00%</b>

## Return on Equity (ROE)

52. 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.

53. 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.

54. Accordingly, the ROE allowed is as follows:-

Particulars	(₹ in lakh)			
	Asset-1		Asset-2	
	2017-18 (Pro-rata)	2018-19	2017-18 (Pro-rata)	2018-19
Opening Equity	1282.05	820.99	7.24	7.24
Addition due to Additional Capitalization	-461.06	83.88	0.00	0.57
Closing Equity	820.99	904.87	7.24	7.81
Average Equity	1051.52	862.93	7.24	7.53
Return on Equity (Base Rate )	15.50%	15.50%	15.50%	15.50%
MAT rate for the Financial year 2013-14	20.961%	20.961%	20.961%	20.961%
Rate of Return on Equity (Pre-tax)	19.610%	19.610%	19.610%	19.610%
<b>Return on Equity (Pre-tax)</b>	<b>40.11</b>	<b>169.22</b>	<b>0.28</b>	<b>1.48</b>

#### Interest on Loan (IOL)

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

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



interest as mentioned in the petition, which has been applied on the normative average loan during the year to arrive at the interest on loan.

56. 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 IOL is allowed considering all the loans submitted in Form-9C. 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.

57. The details of IOL calculated are as follows:-

Particulars	(₹ in lakh)			
	Asset-1		Asset-2	
	2017-18 (Pro-rata)	2018-19	2017-18 (Pro-rata)	2018-19
Gross Normative Loan	2991.46	1872.50	16.90	16.60
Cumulative Repayment upto previous Year	0.00	43.16	0.00	0.30
Net Loan-Opening	2991.46	1829.34	16.90	16.30
Addition due to Additional Capitalization	-1075.81	195.71	0.00	1.32
Repayment during the year	43.16	182.08	0.30	1.59
Net Loan-Closing	1872.50	1842.97	16.60	16.04
Average Loan	2431.98	1836.15	16.75	16.17
Weighted Average Rate of Interest on Loan	8.4578%	8.4013%	7.20%	7.20%
<b>Interest on Loan</b>	<b>40.01</b>	<b>154.26</b>	<b>0.23</b>	<b>1.16</b>

## Depreciation

58. Depreciation has been dealt with in line of Regulation 27 of 2014 Tariff Regulations. The instant assets were put under commercial operation during 2017-



18. Accordingly, it will complete 12 years beyond the tariff period 2014-19 and 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:-

Particulars	(₹ in lakh)			
	Asset-1		Asset-2	
	2017-18 (Pro-rata)	2018-19	2017-18 (Pro-rata)	2018-19
Opening Gross Block	4273.52	2736.65	24.14	24.14
Additional Capital expenditure	-1536.87	279.59	0.00	1.89
Closing Gross Block	2736.65	3016.24	24.14	26.03
Average Gross Block	3505.08	2876.44	24.14	25.09
Rate of Depreciation	6.3300%	6.3300%	6.33%	6.33%
Depreciable Value	3154.58	2588.80	21.73	22.58
Remaining Depreciable Value	3154.58	2545.64	21.73	22.28
<b>Depreciation</b>	<b>43.16</b>	<b>182.08</b>	<b>0.30</b>	<b>1.59</b>

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

59. The Petitioner has claimed the O&M expenses for assets covered in the instant petition as per following details:-

(₹ in lakh)			
Asset	Particulars	2017-18	2018-19
Asset-1	O&M Expenses	82.43	428.15
Asset-2		0.00	0.00

60. Sub-clause (c) of clause (4) of Regulation 29 of the 2014 Tariff Regulations provides as follows:-

*“The operation and maintenance expenses of communication system forming part of inter-state transmission system shall be derived on the basis of the actual O&M expenses for the period of 2008-09 to 2012-13 based on audited accounts excluding abnormal variations if any after prudence check by the Commission. The normalized O&M expenses after prudence check, for the years 2008-09 to 2012-13 shall be escalated at the rate of 3.02% for*



*computing base year expenses for FY 2012-13 and 2013-14 and at the rate of 3.32% for escalation from 2014-15 onwards.”*

61. The Petitioner has submitted that O&M Expenses for the period 2014- 19 have been calculated @ 7.5% of the capital cost which will be subject to actual expenditure every year at the time of truing up. Petitioner further submitted that, in line with order dated 17.12.2013 in Petition No. 59/TT/2012 for NRULDC (communication portion), O&M Charges have not been considered for state portion.

62. The Respondent, BRPL vide affidavit dated 10.1.2019 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 tariff Regulations, 2014. In response, Petitioner in affidavit dated 31.5.2019 has made submissions 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.

63. We have considered the submissions made by Petitioner and Respondent. We are of the view that, in the absence of actual O&M expense details, the O&M Expenses for periods 2017-18 and 2018-19 in case of Asset-1 (Central portion) are not being considered for the purpose of tariff, subject to furnishing of actual O&M expense details at the time of truing up.



64. As regards impact of wage revision, we would like to clarify that any application filed by the petitioner in this regard will be dealt with in accordance with the provisions of the 2014 Tariff Regulations.

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

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

**a) Maintenance spares:**

Maintenance spares @ 15% Operation and maintenance expenses specified in Regulation 28.

**b) O & M expenses:**

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

**c) Receivables:**

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

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

As per Clause 28 (3) of the 2014 Tariff Regulations, SBI Base Rate as on 01.04.2017 plus 350 Bps i.e. 12.60% have been considered as the rate of interest on working capital.

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

Particulars	(₹ in lakh)			
	Asset-1		Asset-2	
	2017-18 (Pro-rata)	2018-19	2017-18 (Pro-rata)	2018-19
Maintenance Spares	0.00	0.00	0.00	0.00
O&M expenses	0.00	0.00	0.00	0.00





Particulars	Asset-1		Asset-2	
	2017-18 (Pro-rata)	2018-19	2017-18 (Pro-rata)	2018-19
Receivables	107.89	86.07	0.71	0.72
<b>Total</b>	<b>107.89</b>	<b>86.07</b>	<b>0.71</b>	<b>0.72</b>
Rate of Interest	12.60%	12.60%	12.60%	12.60%
<b>Interest on Working Capital</b>	<b>2.64</b>	<b>10.84</b>	<b>0.02</b>	<b>0.09</b>

### Annual Transmission charges

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

(₹ in lakh)

Particulars	Asset-1		Asset-2	
	2017-18 (Pro-rata)	2018-19	2017-18 (Pro-rata)	2018-19
Depreciation	43.16	182.08	0.30	1.59
Interest on Loan	40.01	154.26	0.23	1.16
Return on Equity	40.11	169.22	0.28	1.48
Interest on Working Capital	2.64	10.84	0.02	0.09
O&M Expenses	0.00	0.00	0.00	0.00
<b>Total</b>	<b>125.93</b>	<b>516.41</b>	<b>0.83</b>	<b>4.32</b>

### Filing fee and the publication expenses

68. 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

69. The Petitioner has prayed 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 license fee and RLDC fees and charges in accordance with Clause (2)(b) and (2)(a) of Regulation 52 in the 2014 Tariff Regulations.

### **Goods and Services Tax**

70. 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**

71. BRPL vide its affidavit dated 23.3.2018 has submitted that the Petitioner in the instant petition has not filed the "Transmission service Agreement" between the transmission licensee and the designated inter-state customers as per provisions of Regulation 3(63) of the Tariff Regulations, 2014.

72. In response, the Petitioner vide its rejoinder affidavit dated 16.4.2018 has submitted as per clause 13(5) of CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010, the notified Model Transmission Service Agreement provides the provision for sharing of transmission charges. The Petitioner has submitted that BRPL has already signed TSA on 19.8.2011 & signed copy of TSA is available with BRPL.

73. 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 be shared by the respective State as provided under Regulation 43 of the 2014 Tariff Regulations.

74. This order disposes of Petition No. 267/TT/2018.

Sd/-

**(I. S. Jha)**  
**Member**

Sd/-

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

Sd/-

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

