

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 366/TT/2018

Coram:

Shri P. K. Pujari, Chairperson

Shri I. S. Jha, Member

Date of Order: 09.04.2021

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 COD to 31.3.2019 for **Asset-1:** 1 No. 765kV line bay at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Sasan UMPP-Vindhyachal Pooling Station (POWERGRID) 765kV 2nd S/C line), **Asset-2:** 2 Nos. 400kV line Bays at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Vindhyachal (IV/V) STPP switchyard (NTPC)-Vindhyachal Pooling Station (POWERGRID) 400kV 2nd D/C (quad) line, **Asset-3:** 2 Nos. 400kV GIS line bays at Gwalior Substation (for Gwalior Substation-Morena (POWERGRID) 400kV D/C (quad) line, **Asset-4:** 2 Nos. 765kV GIS line Bay at 765/400 kV Pune (GIS) Substation of POWERGRID (for LILO of one circuit of Aurangabad (POWERGRID)-Padghe (POWERGRID) 765kV D/C line at Pune (GIS) (POWERGRID)), **Asset-5:** 765kV line bays at 765/400kV Champa Pooling Station and Dharamjaygarh Pooling Station for 765kV S/C Champa Pooling Station-Dharamjaygarh Pooling Station TL and **Asset-6:** 765kV line bays at 765/400kV Champa Pooling Station and Kotra (Raigarh) Pooling Station for 765kV S/C Champa Pooling Station- Kotra (Raigarh) Pooling Station TL under "POWERGRID works associated with System Strengthening for IPPs in Chhattisgarh and other generation projects in Western Region".

And in the matter of:

Power Grid Corporation of India Limited

"Saudamini", Plot No.2,

Sector-29, Gurgaon -122 001

.....**Petitioner**

Versus



1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur - 482 008.
2. Madhya Pradesh Power Transmission Company Limited,
ShaktiBhawan, Rampur,
Jabalpur - 482 008.
3. Madhya Pradesh Audyogik KendraVikas Nigam (Indore) Limited,
3/54, Press Complex, Agra-Bombay Road,
Indore-452 008.
4. Maharashtra State Electricity Distribution Company Limited,
Hong Kong Bank Building, 3rd Floor,
M.G. Road, Fort, Mumbai-400 001.
5. Maharashtra State Electricity Transmission Company Limited,
Prakash Ganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai-400 051.
6. Gujarat Urja Vikas Nigam Limited,
Sardar Patel VidyutBhawan, Race Course Road,
Vadodara - 390 007.
7. Gujarat Energy Transmission Corporation Limited,
Sardar Patel VidyutBhawan, Race Course Road,
Vadodara -390 007.
8. Electricity Department,
Government of Goa,
VidyutBhawan, Panaji,
Near Mandvi Hotel,
Goa - 403 001
9. Electricity Department,
Administration of Daman & Diu,
Daman - 396 210.
10. Electricity Department,
Administration of Dadra Nagar Haveli
U.T., Silvassa - 396 230.
11. Chhattisgarh State Electricity Board,
P.O.Sunder Nagar, Dangania,
Raipur, Chhattisgarh-492 013.



12. Chhattisgarh State Power Transmission Company Limited,
Office of The Executive Director (C&P),
State Load Despatch Building, Dangania,
Raipur – 492 013
13. Chhattisgarh State Power Distribution Company Limited,
P.O.Sunder Nagar, Dangania,
Raipur, Chhattisgarh-492 013.
14. Chhattisgarh-WR Transmission Limited (CWRTL),
C-105, AnandNiketan,
New Delhi-110 021

...Respondents

Parties present:

For Petitioner: ShriZafrulHasan, PGCIL
ShriS.S.Raju, PGCIL
ShriPankaj Sharma, PGCIL
ShriS.K.Venkatesaran, PGCIL

For Respondent: None

ORDER

The present petition has been filed by the Petitioner, Power Grid Corporation of India Ltd. (PGCIL) for determination of transmission tariff from COD to 31.3.2019 for the following assets under “POWERGRID works associated with System Strengthening for IPPs in Chhattisgarh and other generation projects in Western Region”(hereinafter referred to as “the transmission project”)under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”):

Asset-1: 1 No. 765kV line bay at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Sasan UMPP-Vindhyachal Pooling Station (POWERGRID) 765kV 2nd S/C line);

Asset-2: 2 Nos. 400kV line Bays at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Vindhyachal (IV/V) STPP switchyard (NTPC)-Vindhyachal Pooling Station (POWERGRID) 400kV 2nd D/C (quad) line);



Asset-3: 2 Nos. 400kV GIS line bays at Gwalior Substation (for Gwalior Substation-Morena (POWERGRID) 400kV D/C (quad) line);

Asset-4: 2 Nos. 765kV GIS line Bay at 765/400 kV Pune (GIS) Substation of POWERGRID (for LILO of one circuit of Aurangabad (POWERGRID)-Padghe (POWERGRID) 765kV D/C line at Pune (GIS) (POWERGRID));

Asset-5: 765kV line bays at 765/400kV Champa Pooling Station and Dharamjaygarh Pooling Station for 765kV S/C Champa Pooling Station-Dharamjaygarh Pooling Station TL; and

Asset-6: 765kV line bays at 765/400kV Champa Pooling Station and Kotra (Raigarh) Pooling Station for 765kV S/C Champa Pooling Station- Kotra (Raigarh) Pooling Station TL.

2. The Petitioner has made the following prayers:

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

2) Approve the Transmission Tariff for the tariff block 2014-19 for the assets covered under this petition, as per para-8.2 above.

3) Tariff may be allowed on the estimated completion cost.

4) 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.

5) 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 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition.

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

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

8) Allow the Petitioner to bill Tariff from actual DOCO.



9) 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.

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 (hereinafter referred to as "IA") for implementation of assets under the transmission project was accorded by the Board of Directors of the Petitioner in 330th meeting held on 20.7.2016 (communicated vide Memorandum Ref no. C/CP/PA1617-07-0E-IA005 dated 22.7.2016) for ₹33317 lakh including IDC of ₹1937 lakh based on April 2016 price level.

4. The transmission project was discussed and agreed in the 36th meeting of Standing Committee on Power System Planning of Western Region held on 29.8.2013. The scheme was later discussed and agreed for implementation in the 24th meeting of Western Regional Power Committee held on 9.10.2013.

5. The scope of work covered under the transmission project is as follows:

Substation

- (a) 765 kV line bay at 765/400 kV Vindhyachal Pooling Station of Powergrid (for Sasan UMPP-Vindhyachal PS (PG) 765 kV 2nd S/C) - 1 Number.
- (b) 400 kV line bays at 765/400 kV Vindhyachal Pooling Station of Powergrid (for Vindhaychal (IV/V) STPP switchyard (NTPC) - Vindhyachal PS (PG) 400 kV 2nd D/C (quad)) - 2 Numbers.
- (c) 400 kV GIS line bays at Gwalior S/s (for Gwalior S/s - Morena (PG) 400 kV D/C (quad)) - 2 Numbers.
- (d) 765 kV GIS line bays at 765/400 kV Pune (GIS) sub-station of Powergrid (for LILO of one circuit of Aurangabad (PG) - Padghe (PG) 765 kV D/C at Pune (GIS) (PG)) - 2 Numbers.



- (e) 765 kV line bays at 765/400 kV Champa Pooling Station of Powergrid(1number for Champa PS (PG) - Raigarh (Kotra) PS(PG) 765 kV 2nd S/C, 1number for Champa PS (PG) – Dharamjaigarh (PG) 765 kV 2nd S/c) – 2 Numbers.
- (f) 765 kV line bay at 765/400 kV Raigarh (Kotra) Pooling Station of POWERGRID (for Champa PS(PG) - Raigarh (Kotra) PS(PG) 765 kV 2nd S/C) – 1 Number.
- (g) 765 kV line bay at 765/400kV Dharamjaigarh Pooling Station of Powergrid (for ChampaPS(PG) – Dharamjaigarh(PG)765 kV 2nd S/c) – 1 Number.

6. The Petitioner had initially claimed the actual COD in respect of 3 assets (Assets-1, Asset-2 and Asset-3)while for the other 3 assets (Assets-4, Asset-5 and Asset-6), it had claimed anticipated COD. However, vide affidavit dated 20.5.2019, the Petitioner has claimed the actual COD in respect of Assets-5 andAsset-6.As regards Asset-4, ithas claimed COD under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. Thesehave been summarized as under:

SL. No.	Assets	COD claimed at the time of filing of instant petition	COD claimed vide affidavit dated 20.5.2019
1	Asset-1: 1 No. 765 kV line bay at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Sasan UMPP-Vindhyachal Pooling Station (POWERGRID) 765kV 2 nd S/C line)	28.4.2018 (Actual)	28.4.2018 (Actual)
2	Asset-2: 2 Nos. 400 kV line Bays at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Vindhyachal (IV/V) STPP switchyard (NTPC)–Vindhyachal Pooling Station (POWERGRID) 400 kV 2 nd D/C (quad) line	18.3.2018 (Actual)	18.3.2018 (Actual)
3	Asset-3: 2 Nos. 400 kV GIS line bays at Gwalior Substation (for Gwalior Substation-Morena (POWERGRID) 400 kV D/C (quad) line	11.5.2018 (Actual)	11.5.2018 (Actual)
4	Asset-4: 2 Nos. 765 kV GIS line Bay at 765/400 kV Pune (GIS) Substation of POWERGRID (for LILO of one circuit of Aurangabad (POWERGRID)-Padghe (POWERGRID) 765 kV D/C line at Pune (GIS) (POWERGRID))	1.10.2018 (Anticipated)	31.3.2019 (Under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations)



SL. No.	Assets	COD claimed at the time of filing of instant petition	COD claimed vide affidavit dated 20.5.2019
5	Asset-5: 765 kV line bays at 765/400 kV Champa Pooling Station and Dharamjaygarh Pooling Station for 765 kV S/C Champa Pooling Station-Dharamjaygarh Pooling Station TL	1.9.2018 (Anticipated)	23.7.2018 (Actual)
6	Asset-6: 765kV line bays at 765/400kV Champa Pooling Station and Kotra (Raigarh) Pooling Station for 765kV S/C Champa Pooling Station- Kotra (Raigarh) Pooling Station TL	1.12.2018 (Anticipated)	26.9.2018 (Actual)

7. The Petitioner has submitted that the entire scope of the transmission project is covered under instant petition.

8. The details of the Annual Transmission Charges claimed by the Petitioner are as under:

Particulars	(₹ in lakh)			
	Asset-1	Asset-2		Asset-3
	2018-19 (pro-rata)	2017-18 (pro-rata)	2018-19	2018-19 (pro-rata)
Depreciation	84.98	1.90	61.58	84.50
Interest on Loan	79.93	1.94	60.25	80.70
Return on Equity	94.37	2.11	68.21	93.63
Interest on Working Capital	10.31	0.39	11.33	11.11
O & M Expenses	88.99	5.01	137.42	104.51
Total	358.58	11.35	338.79	374.45

Particulars	Asset-4	Asset-5	Asset-6
	2018-19 (pro-rata)	2018-19 (pro-rata)	2018-19 (pro-rata)
Depreciation	2.00	94.02	68.62
Interest on Loan	2.07	99.42	69.24
Return on Equity	2.30	110.26	79.10
Interest on Working Capital	0.15	12.93	9.43
O & M Expenses	0.32	132.92	98.87
Total	6.84	449.55	325.26

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



(₹ in lakh)

Particulars	Asset-1	Asset-2		Asset-3
	2018-19 (pro-rata)	2017-18 (pro-rata)	2018-19	2018-19 (pro-rata)
Maintenance Spares	14.43	19.97	20.61	17.62
O&M expenses	8.02	11.09	11.45	9.79
Receivables	64.61	49.97	56.09	70.04
Total	87.06	81.03	88.15	97.45
Rate of Interest	12.80%	12.80%	12.80%	12.80%
Interest on working capital	10.31	0.39	11.35	11.11

Particulars	Asset-4	Asset-5	Asset-6
	2018-19 (pro-rata)	2018-19 (pro-rata)	2018-19 (pro-rata)
Maintenance Spares	17.62	28.86	28.86
O&M expenses	9.79	16.03	16.03
Receivables	423.85	108.48	105.57
Total	451.26	153.38	150.46
Rate of Interest	12.20%	12.20%	12.20%
Interest on working capital	0.15	12.93	9.43

10. The Petitioner has served a copy of the petition upon the respondents and notice of this tariff application has been published in 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 MPPMCL (Respondent No. 1), vide affidavit dated 3.1.2019 and the Petitioner vide its affidavit dated 28.6.2019 filed its rejoinder to the reply of MPPMCL. Also, reply to the petition has been filed by CWRTL (Respondent No. 14), vide affidavit dated 6.9.2019 and the Petitioner vide its affidavit dated 7.10.2019 filed its rejoinder to the reply of CWRTL.

11. The hearing in this matter was held on 13.2.2020 and the order was reserved.

12. This order is being issued considering the submissions made by the Petitioner in the petition dated 28.8.2018; affidavits of the Petitioner dated 26.11.2018,



20.5.2019, 17.6.2019 and 7.10.2019; reply of MPPMCL vide affidavit dated 3.1.2019, reply of CWRTL vide affidavit dated 6.9.2019 and rejoinders filed by the Petitioner vide affidavits dated 28.6.2019 and 7.10.2019, respectively to replies filed by MPPMCL and CWRTL.

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.

Date of Commercial Operation (COD)

14. The Petitioner has claimed COD of assets covered in the instant petition as per the following details:

Sl. No.	Assets	COD claimed
1	Asset-1: 1 No. 765 kV line bay at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Sasan UMPP-Vindhyachal Pooling Station (POWERGRID) 765kV 2 nd S/C line)	28.4.2018 (Actual)
2	Asset-2: 2 Nos. 400 kV line Bays at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Vindhyachal (IV/V) STPP switchyard (NTPC)-Vindhyachal Pooling Station (POWERGRID) 400 kV 2 nd D/C (quad) line	18.3.2018 (Actual)
3	Asset-3: 2 Nos. 400 kV GIS line bays at Gwalior Substation (for Gwalior Substation-Morena (POWERGRID) 400 kV D/C (quad) line	11.5.2018 (Actual)
4	Asset-4: 2 Nos. 765 kV GIS line Bay at 765/400 kV Pune (GIS) Substation of POWERGRID (for LILO of one circuit of Aurangabad (POWERGRID)-Padghe (POWERGRID) 765 kV D/C line at Pune (GIS) (POWERGRID))	31.3.2019 <i>(under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations)</i>
5	Asset-5: 765 kV line bays at 765/400 kV Champa Pooling Station and Dharamjaygarh Pooling Station for 765 kV S/C Champa Pooling Station-Dharamjaygarh Pooling Station TL	23.7.2018 (Actual)
6	Asset-6: 765kV line bays at 765/400kV Champa Pooling Station and Kotra (Raigarh) Pooling Station for 765kV S/C Champa Pooling Station- Kotra (Raigarh) Pooling Station TL	26.9.2018 (Actual)

15. In support of the COD of instant assets, the Petitioner has submitted CEA energisation certificates under Regulation 43 of CEA (measures relating to Safety and Electric Supply) Regulations, 2010 and RLDC charging Certificates and CMD



Certificates as required under grid code as under:

Asset	CEA EnergisationCertificate date	RLDC charging Certificate date	CMD Certificate
Asset-1	14.3.2018	7.5.2018	submitted
Asset-2	29.1.2018	13.3.2018	submitted
Asset-3	13.3.2018	17.5.2018	submitted
Asset-4	28.6.2018	1.2.2019*	submitted
Asset-5	22.6.2018 & 27.6.2018	3.8.2018& 23.8.2018	submitted
Asset-6	7.6.2018 & 27.6.2018	9.10.2018	submitted

**idle charging certificate. COD proposed under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations*

16. The Petitioner has submitted that Asset-4, which are bays at Pune Sub-station could not be put into regular service due to the delay in COD of the associated LILO of one circuit of Aurangabad-Padghe 765 kV D/C line at Pune GIS, implemented by Chhattisgarh-WR Transmission Ltd. (CWRTL), Respondent No. 14, under TBCB route and hence, has sought approval of COD of the Asset-4 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations.

17. The Respondent, CWRTL submitted that the scheduled COD of LILO of one circuit of Aurangabad-Padghe 765 kV D/C line at Pune GIS was 23.3.2019 and it was delayed due to PGCIL directing it to re-route the LILO because of PGCIL township in its route. Further, CWRTL is not responsible for the time overrun in case of the said LILO and accordingly they have filed Petition No. 81/MP/2019 for extension of the scheduled COD of the LILO. CWRTL also submitted that no liability could be fastened to CWRTL due to the time over-run in case of the bays at Aurangabad under the scope of PGCIL and requested to take up the instant matter after the issue of extension of scheduled COD of the LILO is decided in Petition No. 81/MP/2019.

18. In response, the Petitioner *vide* affidavit dated 7.10.2019 has submitted following:



(a) As per the contentions recorded vide RoPof hearing dated 20.3.2019 in Petition no. 81/MP/2019, CWRTL has alleged that delay for re-routing the LILO of One Circuit of 765 kV D/C Aurangabad-Padghe Line of CWRTL at Pune GIS ((in short, “the LILO of CWRTL”) was due to the Petitioner. CWRTL applied for NOC from the Petitioner on 30.3.2017 for crossing (but not for vicinity of Pune GIS) of 765 kV S/C Solapur – Pune Transmission Line of the Petitioner (in short, “the SP Line of the Petitioner”) by the LILO of CWRTL. NOC was granted to CWRTL on 7.10.2017 by the Petitioner.

(b) CWRTL once again applied for an NOC on 15.2.2019 from the Petitioner i.e. after a period of around 16 months and just before about a month of SCOD (23.3.2019) of the LILO of CWRTL, with a revised change in route for crossing of the SP Line of the Petitioner. The earlier NOC granted on 7.10.2017 was for crossing in between tower locations 750 and 751 of the SP Line of the Petitioner while and the revised NOC was sought for crossing the same line between the tower locations 751 and 752. It is clear from the letter dated 15.2.2019 of CWRTL and subsequent clarifications that there was a change in route of the line due to urbanization in the earlier route. This communication dated 15.2.2019 has not been filed by CWRTL as a part of record before this Commission and the same is produced by the Petitioner for appreciation of facts in the proper perspective.

(c) On 28.2.2019, CWRTL submitted its route plan and terminal details for the revised route which surprisingly was located near the vicinity of Pune GIS (part of the Petition no. 81/MP/2019).

(d) The Petitioner during a meeting held with CWRTL clearly informed the latter that revised route is crossing over colony area of the Petitioner’s Pune GIS and the same couldn’t be allowed.

(e) Bare perusal of the communications dated 15.2.2019 and 28.2.2019 makes it clear that the revised route alignment was completely different from what was previously communicated to the Petitioner.



(f) In response to the communication dated 28.2.2019 of CWRTL, the Petitioner *vide* its letter dated 1.3.2019 (part of the Petition No. 81/MP/2019, page 308) had specifically intimated to CWRTL, as follows:

“This is to inform you that Powergrid is constructing a residential colony in the narrow stretch of land between the entrance gate and substation premises. From the submitted drawing, it is seen that the alignment of your proposed transmission line is passing over the colony area, which cannot be allowed.

You are therefore requested to revise your alignment from Loc No. 39/0 towards Powergrid Substation Gate to crossover with sufficient margin from the proposed colony. Only then the proposal shall be considered for approval...”

(g) Thereafter, CWRTL modified the route near the Petitioner’s Pune GIS approach and submitted revised route and termination plan. Copies of the communications dated 1.5.2019, 24.5.2019 and 27.6.2019 between Petitioner and CWRTL have been submitted. As per the communications dated 1.5.2019 and 24.5.2019, there was change in route alignment which was necessitated due to urbanization in the intervening period. The Petitioner has been diligent and prompt in considering the proposal of CWRTL and granted the necessary approval/clearance *vide* letter dated 27.6.2019. Therefore, there has been no delay on the part of the Petitioner.

(h) CWRTL failed to gauge that while designing and finalising the route plan, alignment, etc. the onus to avoid habitation, etc. was of CWRTL and it cannot fasten any responsibility on the Petitioner since CWRTL approached the Petitioner for approval of its route alignment, etc. only on 28.2.2019, when the LILO of CWRTL was scheduled for completion by March, 2019.

(i) As the LILO of CWRTL was delayed and the bays (Asset-4 in this petition) implemented by the Petitioner were ready and prevented from putting into commercial operation, the Petitioner has approached the Commission for approval of COD under proviso (ii) to Regulation 4(3) of 2014 Tariff Regulations with effect from 31.3.2019.

19. We have considered the submissions of the Petitioner and the Respondent CWRTL. The Petitioner has claimed the actual COD of the Asset-1, Asset-2, Asset-3,



Asset-5 and Asset-6 as 28.4.2018, 18.3.2018, 11.5.2018, 23.7.2018 and 26.9.2018, respectively. Taking into consideration the CEA energisation certificate, RLDC charging certificate and CMD certificate, the COD of the Asset-1, Asset-2, Asset-3, Asset-5 and Asset-6 is approved as 28.4.2018, 18.3.2018, 11.5.2018, 23.7.2018 and 26.9.2018, respectively.

20. The Petitioner has claimed COD of Asset-4 as 31.3.2019 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. The Petitioner has submitted that this asset could not be put into regular service due to the delay in COD of the LILO of CWRTL, Respondent No. 14, being implemented under TBCB route. Per contra, the Respondent, CWRTL has submitted that COD of the LILO of CWRTL was delayed due to PGCIL directing it to re-route because of the Petitioner's township in its route. The Respondent further submitted that it is not responsible for the time overrun and that it has filed Petition No. 81/MP/2019 for condoning delay in COD of the LILO of CWRTL.

21. The Commission vide order dated 19.3.2021 disposed the Petition No. 81/MP/2019 and held as under:

“Issue No.2: Whether the direction of PGCIL to re-route the LILO of One Circuit of 765 kV D/C Aurangabad-Padghe transmission line at Shikrapur sub-station is a force majeure event under the TSA dated 24.6.2015?”

43. We have perused the records available. The details of the revised route as submitted by the Petitioner to PGCIL on 28.2.2019, after such details were called by PGCIL, clearly indicate that while the Petitioner re-routed LILO of the AP Line from Location No. AP 40 onwards so as to cross the 765 kV Solapur-Pune transmission line at tower Location Nos. 751 and 752, it was still passing over the Shikrapur substation area where the proposed colony of PGCIL were to come up. Hence, if the primary concern of the Petitioner for re-routing LILO of the AP Line was to avoid the colony of PGCIL, it would have aligned the route in such a manner so as to avoid the colony altogether. However, having come to know about the proposed colony on 8.1.2019, till 28.2.2019, when the Petitioner first submitted its revised route, the LILO was still crossing over the Shikrapur sub-station area where the colony was to come up. The Petitioner has submitted that vide its e-mail dated 18.1.2019, it had requested PGCIL to share the details/layout of the said colony, to which PGCIL did not reply. However,



PGCIL has called upon the Petitioner to provide proof of sending the said e-mail and has denied the receipt of the same.

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48. The Petitioner has submitted that PGCIL did not raise any objection to the original route of the Petitioner when it was granted approval under Section 164 of the Act by the Ministry of Power. Per contra, PGCIL has submitted that the approval granted by the Ministry of Power under Section 164 of the Act is bereft of intricate specifics regarding route alignment, etc. for PGCIL to raise any objection. However, it is observed that the Petitioner did not exercise the option to invoke power from approval granted under Section 164 of the Act by the Ministry of Power. On the other hand, the Petitioner opted to explore alternate possibilities for route alignment based on the layout of the proposed colony to be received from PGCIL.

49. The revised route submitted by the Petitioner along with its letter dated 28.2.2019 proposed to cross the 765 kV Solapur-Pune transmission line between Location Nos. 751 and 752 but continued to be passing over the colony area of PGCIL. However, the revised route which ultimately came to be implemented did cross 765 kV Solapur-Pune transmission line between tower Location Nos. 751 and 752, but avoided the PGCIL colony altogether was submitted along with letter dated 24.5.2019. Thus, it only goes to show that it was possible to arrive at the re-routing ultimately done based on the proposal dated 24.5.2019 even in February 2019.

50. In the light of the above discussion, it is evident that though one of the causes for the need to re-routing of the AP line at Shikrapur sub-station was the proposed colony of PGCIL, there was sufficient time with the Petitioner to get the approval for the revised route, as the Petitioner was aware of the same as early as 8.1.2019 as admitted by the Petitioner itself. Had the Petitioner sought the approval immediately thereafter, instead of waiting till 15.2.2019, the delay could have been avoided. As a matter of fact, the direction given by PGCIL subsequently vide letter dated 1.3.2019 was in response to the revised route for which approval was sought by the Petitioner.

Accordingly, the prayer of the Petitioner to consider that the direction of PGCIL to reroute the AP Line at Shikrapur sub-station is a force majeure event under the TSA dated 24.6.2015 is rejected.

Xxxxxxxx

xxxxxxx

58. The Petitioner has prayed for extension of SCOD. Since we have rejected the prayer of the Petitioner and held that the delay was on account of the Petitioner, **the prayer of the Petitioner for extension of SCOD is not sustained.**"

22. Thus, the Commission has rejected both the prayers of CWRTL regarding force majeure and extension of SCOD.

23. Regulation 4(3) of the 2014 Tariff Regulations provides as under:

"(3) date of commercial operation in relation to a transmission system shall mean the date declared by the transmission licensee from 0000 hour of which an element of



the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from sending end to receiving end: Provided that:

i) Where the transmission line or sub-station is dedicated for evacuation of power from a particular generating station, the generating company and transmission licensee shall endeavor to commission the generating station and the transmission system simultaneously as far as practicable and shall ensure the same through appropriate Implementation Agreement in accordance with Regulation 12(2) of these Regulations:

ii) in case a transmission system or an element thereof is prevented from regular service for reasons not attributable to the transmission licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system, the transmission licensee shall approach the Commission through an appropriate application for approval of the date of commercial operation of such transmission system or an element thereof.”

24. Regulation 6.3A(4)(iv) of the Grid Code is as follows:

“6.3A Commercial operation of Central generating stations and inter-State Generating Stations 4. Date of commercial operation in relation to an inter-State Transmission System or an element thereof shall mean the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from the sending end to the receiving end:

(iv) In case a transmission system or an element thereof is prevented from regular service on or before the Scheduled COD for reasons not attributable to the transmission licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system of other transmission licensee, the transmission licensee shall approach the Commission through an appropriate application for approval of the date of commercial operation of such transmission system or an element thereof.”

25. In support of COD of Asset-4, the Petitioner has submitted CEAEnergizationCertificate dated 28.6.2018 and idle charging certificate dated 1.2.2019. The idle charging operation of bays at Pune GIS sub-station is completed on 21.1.2019 and the scheduled COD of the Asset-4 is 31.3.2019. The Petitioner while claiming approval of COD of Asset-4 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations has submitted that though it was ready with the asset, the same could not be put to regular service due to non-commissioning of the LILO of CWRTL. We have noted above that the prayer of



CWRTL to extend SCOD or to treat delay due to NOC of the Petitioner in respect of the LILO of CWRTL has been rejected in Petition No. 81/MP/2019. The scheme of proviso (ii) to Regulation 4(3) of the 2014 Tariff Regulations is very clear in the sense that it provides that when a downstream or upstream transmission licensee or a generating station prevents an asset of the Petitioner from being put to regular service, it can approach the Commission for declaration of COD of such assets.

26. Thus, irrespective of whether the LILO of CWRTL was affected by force majeure or not, it cannot escape liability on account of preventing Asset-4 of the Petitioner from being put to regular service. Only situation where CWRTL cannot be fastened with any liability would be when the Petitioner was itself responsible for causing delay in achieving COD of the LILO of CWRTL. We note from submission of the parties that the Petitioner had issued NOC to CWRTL for crossing the SP Line of the Petitioner in 2017 itself. Subsequently when CWRTL approached the Petitioner for crossing in 2019, it was CWRTL who did not approach the Petitioner in a timely manner. Therefore, the Petitioner cannot be held responsible for delay in COD of LILO of CWRTL.

27. From the above discussion, it is clear that non-utilization of Asset-4 of the Petitioner was on account of delay in commissioning of the LILO of CWRTL. Accordingly, we approve COD of the Asset-4 as 31.3.2019 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. As the associated transmission line (the LILO of CWRTL) was not ready on 31.3.2019, we are of the view that the yearly transmission charges of the Asset-4 should be borne by CWRTL from COD of Asset-4 (31.3.2019) till COD of the LILO of CWRTL. Thereafter, the transmission charges of



Asset-4 shall be included in the POC computation.

Capital Cost

28. 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.”*

29. The Petitioner has claimed following capital cost as on COD and additional capital expenditure (ACE) projected to be incurred, in respect of the instant assets and submitted Auditor’s Certificates in support of the same:

Asset	Apportioned Approved Cost (FR)	Cost upto COD	Projected ACE for FY					Estimated Completion Cost
			2017-18	2018-19	2019-20	2020-21	2021-22	
1	2495.36	1547.32	0.00	427.19	98.15	0.00	0.00	2072.66
2	1621.11	945.76	38.66	363.05	20.59	0.00	0.00	1368.06
3	4148.25	1694.69	0.00	240.08	95.56	14.76	0.00	2045.09
4	17934.65	14946.64	0.00	0.00	2125.20	254.90	87.67	17414.41
5	3574.41	2558.67	0.00	352.46	284.53	0.00	0.00	3195.66
6	3506.48	2554.84	0.00	195.61	233.35	0.00	0.00	2983.80



Cost Over-run

30. The Petitioner has submitted that the estimated completion cost of the instant assets is within the FR apportioned approved and, therefore, there is no cost over-run. The Petitioner has submitted the following with respect to cost variation of estimated completion cost as compared with apportioned approved cost (FR):

(1) Decrease in IDC and IEDC

Decrease in IDC and IEDC is on account of early commissioning.

(2) Decrease in expenditure on civil works

For existing sub-stations, the main cable trench and main drainage system are already in operation. Therefore, the requirement of cable trench, drains, PCC and stone spreading etc. has reduced in actual during detailed engineering as compared to estimated quantity as per FR. Further, lower rates were received in competitive bidding. Hence, the cost under Building & Civil Works has decreased.

(3) Increase in expenditure on Substation equipment

For procurement, open competitive bidding route is followed by providing equal opportunity to all eligible firms, lowest possible market prices for required product/services is obtained and contracts are awarded on the basis of lowest evaluated eligible bidder. The best competitive bid prices against tenders may happen to be lower or higher than the cost estimate depending upon prevailing market conditions. Further, regarding variation in cost of individual item in Substation packages, the packages under subject scope of works comprise of a large no. of items and the same are awarded through open competitive bidding. In the said bidding process, bids are received from multiple parties quoting different rates for various BOQ items under the said package. Further, lowest bidder can be arrived at/ evaluated on overall basis only. Hence, item-wise unit prices in contracts and its variation over unit rate considered in FR estimates are beyond the control of the Petitioner.

31. Respondent, MPPMCL *vide* affidavit dated 31.1.2019 has submitted the



following with regard to Capital Cost:

(a) The abstract of T&D expenditure, establishment expenditure and contingency data from Form-5 is mentioned below:

(₹ in lakh)

Asset	T&D expenditure		Establishment Expenditure		Contingency Expenditure	
	Estimated	Actual	Estimated	Actual	Estimated	Actual
1	204.08	NIL	205.10	23.96	57.24	NIL
2	132.29	NIL	132.96	10.45	37.10	NIL
3	338.98	NIL	340.68	23.98	95.07	NIL
4	NIL	NIL	1762.43	615.73	NIL	NIL
5	NIL	NIL	402.43	105.96	NIL	NIL
6	NIL	NIL	349.50	106.36	NIL	NIL
Total	675.35	NIL	3193.10	886.44	189.41	NIL

(b) The actual establishment expenditure is only around 28% of the estimated cost. T&D expenditure and contingency expenditure is NIL. If the plea of early completion being the cause is considered, even then such large difference in estimated and actual expenditure is not acceptable and is example of gross negligence and deliberate over-estimation on part of the Petitioner. The Petitioner has mentioned that IEDC has been taken as 10.75% of the equipment cost and civil works while framing the estimate while the claim is made for actual expenditure. As is evident from the table, an over-estimation of ₹3171.42 has been done under these heads.

(c) The decrease in IDC and IEDC has been claimed to be on account of early commissioning. However, the Petitioner has not quantified the data in respect of these two heads. The Petitioner has taken the plea that IDC was calculated assuming interest @10.50% for the domestic loans while the claim has been made on actual basis. Thus, the Petitioner has admitted that the estimate was framed in a haphazard manner, on very high side and with utter carelessness. There has been excess estimation to the tune of 40% as under:



IDC expenditure details(₹ in lakh)

Asset	As per original estimate	Actual expenditure and liabilities	Excess estimated costing
1	146.55	57.09	89.46
2	95.00	18.44	76.56
3	243.43	54.37	189.06
4	976.43	733.87	242.56
5	212.20	84.25	127.95
6	207.93	159.63	48.30
Total	1881.54	1107.65	773.89

(d) A bare perusal of the above table makes it clear that actual IDC is nearly 60% of the estimated value even though in one of the assets it is less than 20%. In this head alone, an over estimation of ₹773.89 lakh have been done by the Petitioner.

(e) Even if the claim of the Petitioner is accepted for a while that IDC has reduced due to early completion of work, it is evident that the Petitioner has not practiced due diligence and market study before provisioning of such high rate of interest. The Petitioner arranges the loans for its project in routine manner. Hence, such ignorance is unacceptable. Such a big difference between estimated rate and actuals also raises a question mark on the wisdom of the Petitioner. Further, it is perceptible that the intention behind it, is to increase the cost of original estimate so as to show in future that there is no cost overrun, owing to the fact that the actual expenditure in any case would fall below the original estimate. The Petitioner is hiding its inefficiency and carelessness under the cover of estimation. The excess amount of IEDC together with IDC comes to ₹3945.31 lakh.

32. In response, the Petitioner, vide affidavit dated 28.6.2019 has submitted as under:

1) T&D Expenditure, establishment expenditure and contingency:

As mentioned in Form 5 of assets under subject petition, the actual amount of T&D expenditure has been included in the cost of respective equipment. Therefore, the T&D expenditure is not mentioned separately in Form-5 of each asset. Further, during FR estimation, IEDC and contingency expenditure was



considered @10.75 % and @3% of equipment cost. However, actual IEDC has been taken at the time of claim. Majority of project has been commissioned well within SCOD and, hence, the value of IEDC has reduced.

2) Decrease in IDC and IEDC:

(i) Decrease in IDC is attributable to variation in rate of interest considered in FR v/s actuals, decrease in overall capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. However, in actual, the weighted average rate of interest of loans is around 7.38%-7.77%. The actual IDC accrued upto COD has been considered at the time of claim of tariff. Further, while estimating, 3% and 10.75% of equipment cost has been considered as contingency and IEDC respectively. The actual amount of IEDC has been taken at the time of claim. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IDC and IEDC has reduced.

(ii) In continuation to the interest rate proofs submitted in the petition and vide affidavit dated 20.5.2019 and 17.6.2019, the documents of SBI loan is enclosed.

3) Decrease in expenditure of civil works:

The requirement of cable trench, drains, PCC and stone spreading etc. has reduced in actual during detail engineering as compared to estimated quantity as per FR. Further, lower rates were received in competitive bidding. Hence, the cost under Building & Civil Works has decreased.

33. The Commission vide RoP of the hearing dated 24.5.2019 directed the Petitioner to submit asset-wise reasons for cost variation. In response, the Petitioner vide affidavit dated 17.6.2019 has submitted the following asset-wise details as under:

Asset-1:



Particulars	FR cost	Estimated completion cost	Variation	Reasons
Site preparation	10.00	0.00	10.00	Provision of Rs.10 lakh was kept in FR under subject head. However, the same was not incurred during actual execution.
Building & Civil Works	514.96	411.32	103.64	As per actual site conditions and rates received in competitive bidding.
Substation equipment's including T&D	1561.5	1580.3	-18.8	Actual awarded cost received in competitive bidding is higher than that in FR.
IDC	146.55	57.09	89.46	Decrease in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall Capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. However, in actual, the weighted average rate of interest of loans is around 7.38%. The actual IDC accrued upto COD has been considered at the time of claim of Tariff. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IDC has reduced.
Contingency & IEDC overheads etc.	262.34	23.96	238.38	While estimation 3% and 10.75 % of equipment cost has been considered as contingency and IEDC respectively. The actual amount of IEDC, has been taken at the time of claim. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IEDC has reduced.
Total	2495.35	2072.67	422.68	

Asset-2:



Particulars	FR cost	Estimated completion cost	Variation	Reasons
Site preparation	10.00	0.00	10.00	Provision of Rs.10 lakh was kept in FR under subject head. However, the same was not incurred during actual execution.
Substation equipment's including taxes & duties	1346.04	1339.16	6.88	Actual awarded cost received in competitive bidding is lower than that in FR.
IDC	95.00	18.44	76.56	Decrease in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall Capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. However, in actual, the weighted average rate of interest of loans is around 7.73%. The actual IDC accrued upto COD has been considered at the time of claim of Tariff. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IDC has been reduced.
Contingency & IEDC overheads etc.	170.06	10.45	159.61	While estimation 3% and 10.75% of equipment cost has been considered as contingency and IEDC respectively. The actual amount of IEDC, has been taken at the time of claim. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IEDC has reduced.
Total	1621.1	1368.05	253.05	

Asset-3:



Particulars	FR cost	Estimated completion cost	Variation	Reasons
Site preparation	20.00	0.00	20.00	Provision of Rs.20 lakh was kept in FR under subject head. However, the same was not incurred during actual execution.
Building & Civil Works	102.47	248.04	-145.57	As per actual site conditions and rates received in competitive bidding.
Substation equipment's including taxes and duties	3346.58	1718.7	1627.88	Actual awarded cost received in competitive bidding is lower than that in FR.
IDC	243.43	54.37	189.06	Decrease in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall Capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. However, in actual, the weighted average rate of interest of loans is around 7.5%. The actual IDC accrued upto COD has been considered at the time of claim of Tariff. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IDC has been reduced.
Contingency & IEDC overheads etc.	435.76	23.98	411.78	While estimation 3% and 10.75 % of equipment cost has been considered as contingency and IEDC respectively. The actual amount of IEDC, has been taken at the time of claim. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IEDC has reduced.
Total	4148.24	2045.1	2103.14	

Asset-4:



Particulars	FR cost	Estimated completion cost	Variation	Reasons
Building & Civil Works	2054.44	1997.59	56.85	As per actual site conditions and rates received in competitive bidding.
Substation equipment's including taxes & duties	13141.35	12902.72	238.63	Actual awarded cost received in competitive bidding is lower than that in FR.
IDC	1076.43	1067.03	9.4	Decrease in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall Capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. However, in actual, the weighted average rate of interest of loans is around 7.53%. The actual IDC accrued upto COD has been considered at the time of claim of Tariff.
IEDC	1662.43	1447.07	215.36	While estimation 10.75% of equipment cost has been considered as IEDC. The actual amount of IEDC, has been taken at the time of claim. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IEDC has been reduced.
Total	17934.65	17414.41	520.24	

Asset-5:



Particulars	FR cost	Estimated completion cost	Variation	Reasons
Building & Civil Works	521.08	504.25	16.83	As per actual site conditions and rates received in competitive bidding.
Substation equipment's including taxes & duties	2457.19	2362.73	94.46	Actual awarded cost received in competitive bidding is lower than that in FR.
IDC	230.77	111.25	119.52	Decrease in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall Capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. However, in actual, the weighted average rate of interest of loans is around 7.77%. The actual IDC accrued upto COD has been considered at the time of claim of Tariff. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IDC has reduced.
Contingency & IEDC overheads etc.	365.37	217.44	147.93	While estimation 3% and 10.75 % of equipment cost has been considered as contingency and IEDC respectively and establishment cost also considered. The actual amount of IEDC, establishment and contingency has been taken at the time of claim. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IEDC has reduced.
Total	3574.41	3195.67	378.74	

Asset-6:



Particulars	FR cost	Estimated completion cost	Variation	Reasons
Building & Civil Works	446.06	440.76	5.3	As per actual site conditions and rates received in competitive bidding.
Substation equipment's including taxes & duties	2476.48	2203.81	272.67	Actual awarded cost received in competitive bidding is lower than that in FR.
IDC	226.5	134.2	92.3	Decrease in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall Capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. However, in actual, the weighted average rate of interest of loans is around 7.50%. The actual IDC accrued upto COD has been considered at the time of claim of Tariff. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IDC has been reduced.
IEDC	357.44	205.01	152.43	While estimation 10.75% of equipment cost has been considered as IEDC. The actual amount of IEDC, has been taken at the time of claim. Also, as the asset is commissioned before SCOD to match with the associated transmission line, the value of IEDC has been reduced.
Total	3506.48	2983.78	522.7	

34. We have considered the submissions of the Petitioner and the Respondent MPPMCL. The actual capital cost has reduced compared to FR due to decrease of IDC and IEDC on account of early commission of the assets, decrease in expenditure on civil works and increase in expenditure on sub-station equipment. The estimated completion cost of the assets covered in the instant petition is within FR cost. Therefore, there is no cost over-run. Further, the completion cost of each asset individually is also within the apportioned approved cost. Thus, the capital cost claimed by the petitioner is allowed for the purpose of tariff.



Time Overrun

35. As per the Investment Approval (IA) dated 20.7.2016, the transmission assets under the transmission project were scheduled to be commissioned by March 2019 progressively, matching with the commissioning schedule of various transmission lines to be implemented through TBCB route. It is observed that all the assets covered under the transmission project have been commissioned within SCOD. Accordingly, there is no time over-run in commissioning of the assets covered under the instant petition.

Interest During Construction (IDC)

36. The Petitioner vide Auditor's certificates has claimed the Interest During Construction (IDC) in respect of the assets covered under the instant petition. The Petitioner has also submitted the statement showing IDC discharged up to COD. The same has been summarised as under:

Asset	IDC as per Auditor's certificate	IDC discharged up to COD	IDC discharged during 2017-18	(₹ in lakh)	
				IDC discharged during 2018-19	IDC discharged during 2019-20
Asset-1	57.09	3.65	0.00	53.44	-
Asset-2	18.44	5.57	0.00	12.87	-
Asset-3	54.36	2.41	0.00	51.96	-
Asset-4	1067.03	686.35	0.00	-	380.68
Asset-5	111.25	68.98	0.00	40.50	1.77
Asset-6	134.20	82.78	0.00	30.12	21.30

37. The Petitioner has submitted IDC computation statements which consist of the name of the loan, drawl date, loan amount, interest rate and Interest claimed. IDC is worked out based on the details given in the IDC statement. Further, the loan amount as on COD has been mentioned in Form 6 and Form 9C. While going through these documents, certain discrepancies have been observed such as mismatch in loan



amount between IDC statement and in Form 6 & Form 9C.

38. The Petitioner is directed to submit the detailed IDC statement by rectifying the above-mentioned deviation, at the time of true up of 2014-19 period for the instant Assets. Accordingly, details of IDC considered for tariff computation, subject to revision at the time of true up is as below:

(₹ in lakh)

Asset	IDC claimed as per Auditor's certificate	Allowable DC (Accrual)	IDC disallowed as on COD		Allowable IDC as on COD (Cash basis)	IDC discharged during		
			Excess Claim	Un-discharged liability		2017-18	2018-19	2019-20
Asset-1	57.09	57.06	0.03	53.47	3.59	0.00	53.47	0.00
Asset-2	18.44	18.42	0.02	12.95	5.47	0.00	12.95	0.00
Asset-3	54.36	54.36	0.00	51.95	2.41	0.00	51.95	0.00
Asset-4	1067.03	1067.03	0.00	408.52	658.51	0.00	0.00	408.52
Asset-5	111.25	111.18	0.07	42.20	68.98	0.00	40.50	1.70
Asset-6	134.20	134.19	0.01	53.03	81.15	0.00	30.12	22.91

Incidental Expenditure During Construction (IEDC)

39. The Petitioner vide Auditor's Certificate has claimed Incidental Expenditure During Construction (IEDC) in respect of the assets covered under the instant petition. The Petitioner has submitted that entire IEDC has been discharged up to COD. The IEDC claimed is within the percentage of hard cost i.e. 10.75% as indicated in the abstract cost estimate. Accordingly, IEDC allowed, subject to true up are as under:

(₹ in lakh)

Asset	IEDC claimed as per Auditor's certificate	Allowable IEDC as on COD (Accrual)
Asset-1	23.96	23.96
Asset-2	10.45	10.45
Asset-3	23.98	23.98
Asset-4	1447.07	1447.07
Asset-5	217.44	217.44



Asset-6	205.01	205.01
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Initial Spares

40. This has been dealt in line with Regulation 13 of the 2014 Tariff Regulations. The Petitioner has claimed initial spares for the instant assets under brownfield substation and has submitted the Auditor Certificates in support of the same. In response to the direction of Commission vide ROP of hearing dated 12.9.2019, the Petitioner vide affidavit dated 7.10.2019 has submitted details of year-wise capitalisation and discharge of initial spares up to COD. The details of initial spares claimed by the Petitioner is as follows:

(₹ in lakh)			
Asset	Element	Plant and machinery Cost excluding IDC, IEDC, Land Expenditure upto cut-off date claimed vide auditor's certificate	Initial spares claimed
Asset-1	Substation	1991.61	115.10
Asset-2	Substation	1339.17	30.89
Asset-3	Substation	1966.75	123.42
Asset-4	Substation	10905.12	502.12
Asset-5	Substation	2192.72	131.56
Asset-6	Substation	2203.82	132.23

41. The Respondent, MPPMCL, has submitted that the Initial Spares have been claimed by the Petitioner on overall basis taking capital cost of all assets together. However, as per provisions of the 2014 Tariff Regulations, the Commission allows initial spares asset-wise for which details have not been submitted by the Petitioner. In response, the Petitioner vide affidavit dated 28.6.2019 has submitted that the



Commission is requested to allow the initial spares for assets under subject petition as per Regulation 13 of 2014 Tariff Regulations.

42. We have considered the submissions made by the Petitioner and MPPMCL. As per APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017, the Initial Spares are to be allowed as per the ceiling on the overall project cost. The transmission assets were put into commercial operation during the 2014-19 tariff period. Therefore, the 2014 Tariff Regulations are applicable in the instant case. Regulation 3(43) of the 2014 Tariff Regulations defines "project cost" as under:

"(43) 'original project cost' means the capital expenditure incurred by the generating company or the transmission licensee, as the case may be, within the original scope of the project up to the cut-off date as admitted by the Commission;"

43. Though the instant transmission assets were put into commercial operation during the 2014-19 tariff period, the completion cost including additional capitalisation would be arrived at only in 2019-24 tariff period. Accordingly, the trued-up overall project cost would be available while claiming the tariff for the 2019-24 tariff period. Therefore, the Initial Spares are now being allowed on the basis of the cost of the individual assets in the 2014-19 tariff period. Thereafter, in the 2019-24 tariff period the Initial Spares would be allowed on the basis of the overall project cost when the transmission assets are combined and the overall project cost is arrived at.

44. It has been observed that the cost of civil works as indicated in the form-5 of the instant assets has not been excluded from the plant and machinery Cost considered by the Petitioner while claiming initial spares. Accordingly, the initial spares has been allowed for the purpose of tariff calculation after considering the Plant and Machinery cost excluding IDC, IEDC and Land expenses as well as cost of civil works as indicated in the Form-5. This approach of the Petitioner is not appreciated and it is



directed that it should claim initial spares only on allowable cost. The initial spares allowed subject to true-up areas under:

(₹ in lakh)

Asset	Element	Plant and machinery Cost excluding IDC, IEDC, Land Expenditure as well as cost of civil works as indicated in form-5	Initial spares claimed	Ceiling limit as per the 2014 Tariff Regulations	Initial spares allowed	Excess Initial spares claimed	Excess Initial spares disallowed	
							As on COD	2018-19
Asset-1	Substation	1580.29	115.10	6%	93.52	21.58	0.00	21.58
Asset-2	Substation	1329.17	30.89	6%	30.89	0.00	0.00	0.00
Asset-3	Substation	1718.71	123.42	6%	101.83	21.59	15.89	5.69
Asset-4	Substation	10905.12	502.12	6%	502.12	0.00	0.00	0.00
Asset-5	Substation	1688.48	131.56	6%	99.38	32.18	32.18	0.00
Asset-6	Substation	1763.06	132.23	6%	104.10	28.13	28.13	0.00

Capital cost as on COD

45. 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 as on COD as per Auditor's Cost Certificate	Less: IDC disallowed as on COD (excess claim and un-discharged)	Less: Excess Initial spares as on COD	Capital Cost as on COD considered for tariff calculation
	1	2	4	6=1-2-3-4-5
Asset-1	1547.32	53.50	0.00	1493.82
Asset-2	945.76	12.97	0.00	932.79
Asset-3	1694.69	51.95	15.89	1626.85
Asset-4	14946.64	408.52	0.00	14538.12
Asset-5	2558.67	42.27	32.18	2484.22
Asset-6	2554.84	53.04	28.13	2473.66

Additional Capital Expenditure (ACE)

46. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cut-off date for Asset-1, Asset-2, Asset-3, Asset-5 and Asset-6 is 31.3.2021 and that for



Asset-4 is 31.3.2022. The Petitioner has claimed the following ACE on estimation basis in respect of the instant assets and submitted the Auditor Certificate in support of the same:

(₹ in lakh)

Asset	Additional Capital Expenditure claimed for FY				
	2017-18	2018-19	2019-20	2020-21	2021-22
Asset-1	0.00	427.19	98.15	0.00	0.00
Asset-2	38.66	363.05	20.59	0.00	0.00
Asset-3	0.00	240.08	95.56	14.76	0.00
Asset-4	0.00	0.00	2125.20	254.90	87.67
Asset-5	0.00	352.46	284.53	0.00	0.00
Asset-6	0.00	195.61	233.35	0.00	0.00

47. The Petitioner has claimed additional capital expenditure during 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 in respect of the instant assets. Since FY 2019-20, 2020-2021 and 2021-22 fall beyond the tariff period 2014-19 and are not covered under the 2014 Tariff Regulations, the projected ACE claimed beyond 2018-19 has not been taken into consideration and the same shall be dealt during the next tariff period as per the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.

48. MPPMCL has submitted that the Petitioner has claimed additional capital expenditure on account of balance/retention payment under Regulation 14(1) of the 2014 Tariff Regulations, without providing proper details and justification and that such claims of the Petitioner may only be allowed in true-up when actual amount is known. In response, the Petitioner has submitted that the Additional Capitalization incurred/ projected to be incurred in the contextual asset is mainly on account of balance/ retention payments and the details of underlying reasons for additional capitalization are submitted vide Form-7.



49. We have considered the submissions of the Petitioner and the Respondent MPPMCL. The Petitioner has claimed additional capital expenditure for the year 2017-18 and 2018-19 under Regulation 14(1)(i) and Regulation 14(1)(ii) of the 2014 Tariff Regulations for balance and retention payment discharged within cut-off date including IDC discharge for 2017-18 and 2018-19. The allowed Additional Capital Expenditure are summarised below which is subject to true up:

(₹ in lakh)

Asset-1		Regulation	2018-19
Particulars			
ACE to the extent of Balance & Retention Payment and Unexecuted work		14 (1)(i)& (ii)	427.19
Less: Excess Initial Spares			21.58
Add: IDC Discharged		14 (1)(i)	53.47
Total Add-Cap allowed for tariff			459.08

Asset-2		Regulation	2017-18	2018-19
Particulars				
ACE to the extent of Balance & Retention Payment and Unexecuted work		14 (1)(i)& (ii)	38.66	363.05
Add: IDC Discharged		14 (1)(i)	0.00	12.95
Total Add-Cap allowed for tariff			38.66	376.00

Asset-3		Regulation	2018-19
Particulars			
ACE to the extent of Balance & Retention Payment and Unexecuted work		14 (1)(i)& (ii)	240.08
Less: Excess Initial Spares			5.69
Add: IDC Discharged		14 (1)(i)	51.95
Total Add-Cap allowed for tariff			286.34

Asset-4		Regulation	2018-19
Particulars			
ACE to the extent of Balance & Retention Payment and Unexecuted work		14 (1)(i)& (ii)	nil

(₹ in lakh)

Asset-5		Regulation	2017-18	2018-19
Particulars				
ACE to the extent of Balance &		14 (1)(i)& (ii)	0.00	352.46



Asset-5			
Particulars	Regulation	2017-18	2018-19
Retention Payment and Unexecuted work			
Add: IDC Discharged	14 (1)(i)	0.00	40.50
Total Add-Cap allowed for tariff		0.00	392.96

Asset-6			
Particulars	Regulation	2017-18	2018-19
ACE to the extent of Balance & Retention Payment and Unexecuted work	14 (1)(i)& (ii)	0.00	195.61
Add: IDC Discharged	14 (1)(i)	0.00	30.12
Total Add-Cap allowed for tariff		0.00	225.73

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:

Asset	Capital Cost as on COD considered for tariff calculation	ACE allowed during 2017-18	ACE allowed during 2018-19	(₹ in lakh)
				Total Estimated Completion Cost up to 31.03.2019
Asset-1	1493.82	0.00	459.08	1952.90
Asset-2	932.79	38.66	376.00	1347.45
Asset-3	1626.85	0.00	286.34	1913.19
Asset-4	14538.12	0.00	0.00	14538.12
Asset-5	2484.22	0.00	392.96	2877.18
Asset-6	2473.66	0.00	225.73	2699.39

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 same has been summarised as under:

Asset-1 Particulars	As on COD		As on 31.03.2019	
	Debt	1045.68	70.00%	1367.05
Equity	448.14	30.00%	585.85	30.00%
Total	1493.82	100.00%	1952.90	100.00%



Asset-2	As on COD		As on 31.03.2019	
Particulars				
Debt	652.95	70.00%	943.21	70.00%
Equity	279.84	30.00%	404.24	30.00%
Total	932.79	100.00%	1347.45	100.00%

Asset-3	As on COD		As on 31.03.2019	
Particulars				
Debt	1138.79	70.00%	1339.23	70.00%
Equity	488.05	30.00%	573.96	30.00%
Total	1626.85	100.00%	1913.19	100.00%

Asset-4	As on COD		As on 31.03.2019	
Particulars				
Debt	10176.68	70.00%	10176.68	70.00%
Equity	4361.44	30.00%	4361.44	30.00%
Total	14538.12	100.00%	14538.12	100.00%

Asset-5	As on COD		As on 31.03.2019	
Particulars				
Debt	1738.95	70.00%	2014.02	70.00%
Equity	745.27	30.00%	863.16	30.00%
Total	2484.22	100.00%	2877.18	100.00%

Asset-6	As on COD		As on 31.03.2019	
Particulars				
Debt	1731.56	70.00%	1889.57	70.00%
Equity	742.10	30.00%	809.82	30.00%
Total	2473.66	100.00%	2699.39	100.00%

Depreciation

52. Depreciation has been dealt with in line of Regulation 27 of the 2014 Tariff Regulations. The instant assets were put under commercial operation during 2017-18 and 2018-19. Accordingly, they will complete 12 years beyond the tariff period 2014-19. The Gross Block during 2018-19 has been depreciated at weighted average rate of depreciation (WAROD) (as placed in Annexure-1). WAROD has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations and depreciation allowed subject to true-up are as under:



(₹ in lakh)

Particulars	Asset-1	Asset-2	
	2018-19 (pro-rata- 338 days)	2017-18 (pro-rata- 14 days)	2018-19
Opening Gross Block	1493.82	932.79	971.45
Additional Capital expenditure	459.05	38.66	376.00
Closing Gross Block	1952.90	971.45	1347.45
Average Gross Block	1723.36	952.12	1159.45
Freehold Land	0.00	0.00	0.00
Weighted Average Rate of Depreciation (WAROD) %	5.2949	5.3096	5.3110
Balance useful life of the asset at the beginning of the year	25	25	24
Aggregated Depreciable Value	1551.02	856.91	1043.51
Combined Depreciation during the Year	84.50	1.94	61.58

Particulars	Asset-3	Asset-4	Asset-5	Asset-6
	2018-9 (pro-rata- 325 days)	2018-19 (pro-rata- 1 day)	2018-19 (pro-rata- 252 days)	2018-19 (pro-rata- 187 days)
Opening Gross Block	1626.85	14538.12	2484.22	2473.66
Additional Capital expenditure	286.34	0.00	392.96	225.73
Closing Gross Block	1913.19	14538.12	2877.18	2699.39
Average Gross Block	1770.02	14538.12	2680.70	2586.53
Freehold Land	0.00	0.00	0.00	0.00
Weighted Average Rate of Depreciation (WAROD) %	5.3093	5.1088	5.0135	5.1008
Balance useful life of the asset at the beginning of the year	25	25	25	25
Aggregated Depreciable Value	1593.02	13084.31	2412.63	2327.87
Combined Depreciation during the Year	83.68	2.03	92.79	67.59

Interest on Loan (IOL)

53. IOL has been calculated as per the provisions of Regulation 26 of the 2014

Tariff Regulations as detailed below:

- (i) Gross amount of loan, repayment of instalments and rate of interest on actual loans have been considered as per petition including additional information.
- (ii) The yearly repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that year.



(iii) Weighted average rate of interest on actual average loan worked out as per (i) above is applied on the notional average loan during the year to arrive at the interest on loan.

54. The Petitioner has submitted that 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.

55. We have considered the submissions of Petitioner. 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. IOL is allowed considering all the loans submitted in Form-9C. The Petitioner is directed to submit the loan details (including foreign currency loan), i.e. drawl dates, repayment schedule, exchange rates, interest rates etc.and also 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.

56. The details of IOL calculated are as follows:

Particulars	(₹ in lakh)		
	Asset-1	Asset-2	
	2018-19 (pro-rata- 338 days)	2017-18 (pro-rata- 14 days)	2018-19
Gross Normative Loan	1045.68	652.95	680.01
Cumulative Repayment upto previous Year	0.00	0.00	1.94
Net Loan-Opening	1045.68	652.95	678.07
Addition due to Additional Capitalization	321.37	27.06	263.20
Repayment during the year	84.50	1.94	61.58
Net Loan-Closing	1282.53	678.07	879.69
Average Loan	1164.11	665.51	778.88
Weighted Average Rate of Interest on Loan (%)	7.37	7.73	7.73
Interest on Loan	79.42	1.97	60.24



Particulars	Asset-3	Asset-4	Asset-5	Asset-6
	2018-9 (pro-rata- 325 days)	2018-19 (pro-rata- 1 day)	2018-19 (pro-rata- 252 days)	2018-19 (pro-rata- 187 days)
Gross Normative Loan	1138.79	10176.68	1738.95	1731.56
Cumulative Repayment upto previous Year	0.00	0.00	0.00	0.00
Net Loan-Opening	1138.79	10176.68	1738.95	1731.56
Addition due to Additional Capitalization	200.44	0.00	275.07	158.01
Repayment during the year	83.68	2.03	92.79	67.59
Net Loan-Closing	1255.55	10174.65	1921.23	1821.98
Average Loan	1197.17	10175.67	1830.09	1776.77
Weighted Average Rate of Interest on Loan (%)	7.50	7.55	7.77	7.50
Interest on Loan	79.92	2.10	98.17	68.26

Return on Equity (ROE)

57. The Petitioner has submitted that ROE has been calculated at the rate of 19.705% after grossing up ROE with MAT rate of 21.342% for 2017-18 and at the rate of 19.758% after grossing up ROE with MAT rate of 21.549% for 2018-19. 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.

58. We have considered the submissions made by the Petitioner. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of RoE 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, MAT rate applicable during the year 2017-18 and 2018-19 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.



59. Accordingly, ROE allowed is as follows:

(₹ in lakh)

Particulars	Asset-1	Asset-2	
	2018-19 (pro-rata-338days)	2017-18 (pro-rata-14 days)	2018-19
Opening Equity	448.14	279.84	291.44
Addition due to Additional Capitalization	137.71	11.60	112.80
Closing Equity	585.86	291.44	404.24
Average Equity	517.00	285.64	347.84
Return on Equity (Base Rate) (%)	15.50	15.50	15.50
MAT rate for the FY (%)	21.549	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.758	19.705	19.758
Return on Equity (Pre-tax)	94.59	2.16	68.73

Particulars	Asset-3	Asset-4	Asset-5	Asset-6
	2018-19 (pro-rata-325 days)	2018-19 (pro-rata-1 day)	2018-19 (pro-rata-252 days)	2018-19 (pro-rata-187 days)
Opening Equity	488.05	4361.44	745.27	742.10
Addition due to Additional Capitalization	85.90	0.00	117.89	67.72
Closing Equity	573.96	4361.44	863.16	809.82
Average Equity	531.01	4361.44	804.21	775.96
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50
MAT rate for the FY (%)	21.549	21.549	21.549	21.549
Rate of Return on Equity (Pre-tax) (%)	19.758	19.758	19.758	19.758
Return on Equity (Pre-tax)	93.42	2.36	109.70	78.55

Operation and Maintenance Expenses (O&M Expenses)

60. The Petitioner has claimed the O&M expenses for instant assets, as per following details:

(₹ in lakh)

Asset	COD	2017-18	2018-19
Asset-1: 1 No. 765 kV line bay at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Sasan UMPP-Vindhyachal Pooling Station (POWERGRID) 765kV 2 nd S/C line)	28.4.2018	0.00	88.99*
Asset-2: 2 Nos. 400 kV line Bays at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Vindhyachal (IV/V) STPP switchyard (NTPC)– Vindhyachal Pooling Station (POWERGRID) 400 kV 2 nd D/C (quad) line)	18.3.2018	5.01*	137.42
Asset-3: 2 Nos. 400 kV GIS line bays at Gwalior Substation (for Gwalior Substation-Morena (POWERGRID) 400 kV D/C (quad) line)	11.5.2018	0.00	104.51*



Asset	COD	2017-18	2018-19
Asset-4: 2 Nos. 765 kV GIS line Bay at 765/400 kV Pune (GIS) Substation of POWERGRID (for LILO of one circuit of Aurangabad (POWERGRID)-Padghe (POWERGRID) 765 kV D/C line at Pune (GIS) (POWERGRID))	31.3.2019	0.00	0.32*
Asset-5: 765 kV line bays at 765/400 kV Champa Pooling Station and Dharamjaygarh Pooling Station for 765 kV S/C Champa Pooling Station-Dharamjaygarh Pooling Station TL	23.7.2018	0.00	132.92*
Asset-6: 765kV line bays at 765/400kV Champa Pooling Station and Kotra (Raigarh) Pooling Station for 765kV S/C Champa Pooling Station- Kotra (Raigarh) Pooling Station TL	26.9.2018	0.00	98.87*

* Pro-rata

61. The Petitioner has submitted that O&M rates for the tariff period 2014-19 had been arrived on the basis of normalized actual O&M Expenses during the period 2008-09 to 2012-13. The Petitioner has further submitted that the wage revision of the employees is due during 2014-19 and actual impact of wage hike effective from a future date has not been factored in fixation of the normative O&M rates specified for the tariff block 2014-19. The Petitioner has submitted that it would approach the Commission for suitable revision in norms for O&M Expenses for claiming the impact of wage hike during 2014-19, if any.

62. The Respondent, MPPMCL has submitted that increase in the employee cost, if any, due to wage revision must be taken care by improvement in productivity levels of the employees by the Petitioner company so that the beneficiaries are not unduly burdened over and above the provisions of the 2014 Tariff Regulations.

63. We have considered the submissions of Petitioner and Respondent. Norms for O&M expenditure for Transmission System have been specified under section 29(4) of the 2014 Tariff Regulations as follows:



Element	2017-18	2018-19
Substation: 765 kV bay - (₹ lakh/bay)	93.11	96.20
Substation: 400 kV GIS bay - (₹ lakh/bay)	56.84	58.73
Substation: 400 kV bay - (₹ lakh/bay)	66.51	68.71

64. 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. The allowed O&M Expenses as per Regulation 29(4)(a) of the 2014 Tariff Regulations is given below:

(₹ in lakh)

Asset	Details	2018-19 (Pro-rata-338 days)
Asset-1	1 number of 765 kV bays(AIS)	89.08
	Total O&M Expenses Allowed	88.99

Asset	Details	2017-18 (Pro-rata-14 days)	2018-19
Asset-2	2 numbers of 400 kV bays(AIS)	5.10	137.42
	Total O&M Expenses Allowed	5.01	137.42

Asset	Details	2018-19 (Pro-rata-325 days)
Asset-3	2 numbers of 400 kV bays(GIS)	104.58
	Total O&M Expenses Allowed	104.51

Asset	Details	2018-19 (Pro-rata-1 day)
Asset-4	2 numbers of 765 kV bays(AIS)	0.52
	Total O&M Expenses Allowed	0.32

Asset	Details	2018-19 (Pro-rata-252 days)
Asset-5	2 numbers of 765 kV bays(AIS)	132.83
	Total O&M Expenses Allowed	132.83

Asset	Details	2018-19 (Pro-rata-187 days)
Asset-6	2 numbers of 765 kV bayss(AIS)	98.57
	Total O&M Expenses Allowed	98.57



Interest on Working Capital (IWC)

65. As per the 2014 Tariff Regulations, the components of the working capital and the interest thereon are as under:

a) Maintenance spares:

Maintenance spares @15% of Operation and maintenance expenses specified in Regulation 28 of the 2014 Tariff Regulations.

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 1.4.2017 (9.10%) plus 350 Bps i.e. 12.60% has been considered as the rate of interest on working capital for FY 2017-18. Whereas, SBI Base Rate as on 1.4.2018(8.9%) plus 350 Bps i.e. 12.20% has been considered as the rate of interest on working capital for FY 2018-19.

66. Accordingly, the interest on working capital (IWC) is summarized as under:

Particulars	Asset-1	Asset-2		Asset-3
	2018-19 (pro-rata- 338 days)	2017-18 (pro-rata- 14 days)	2018-19	2018-19 (pro-rata- 325 days)
Maintenance Spares	14.41	19.59	20.61	17.61
O&M expenses	8.01	10.88	11.45	9.78
Receivables	64.31	49.84	56.52	69.64
Total	86.73	80.32	88.59	97.03
Rate of Interest	12.20%	12.60%	12.60%	12.20%
Interest on working capital	9.80	0.39	11.16	10.54



(₹ in lakh)

Particulars	Asset-4	Asset-5	Asset-6
	2018-19 (pro-rata- 1 day)	2018-19 (pro-rata- 252 days)	2018-19 (pro-rata- 187 days)
Maintenance Spares	17.52	28.86	28.86
O&M expenses	9.73	16.03	16.03
Receivables	424.06	107.75	104.86
Total	451.31	152.64	149.75
Rate of Interest	12.20%	12.20%	12.20%
Interest on working capital	0.15	12.86	9.36

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		Asset-3
	2018-19 (pro-rata- 338 days)	2017-18 (pro-rata- 14 days)	2018-19	2018-19 (pro-rata- 325 days)
Depreciation	84.50	1.94	61.58	83.68
Interest on Loan	79.42	1.97	60.24	79.92
Return on Equity	94.59	2.16	68.73	93.42
Interest on Working Capital	9.80	0.39	11.16	10.54
O & M Expenses	88.99	5.01	137.42	104.51
Total	357.31	11.47	339.13	372.07

Particulars	Asset-4	Asset-5	Asset-6
	2018-19 (pro-rata- 1 day)	2018-19 (pro-rata- 252 days)	2018-19 (pro-rata- 187 days)
Depreciation	2.03	92.79	67.59
Interest on Loan	2.10	98.17	68.26
Return on Equity	2.36	109.70	78.55
Interest on Working Capital	0.15	12.86	9.36
O & M Expenses	0.32	132.83	98.57
Total	6.97	446.35	322.33

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

Assets-1,Asset-2,Asset-3,Asset-5&Asset-6:

71. The transmission charges allowed in this order for Assets-1, Asset-2, Asset-3, Asset-5 & Asset-6 shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time.



Asset-4:

72. COD of the Asset-4 has been approved as 31.3.2019 under proviso (ii) of Regulation 4(3) of 2014 Tariff Regulations. Accordingly, the transmission charges determined through this order for Asset-4 from COD i.e. 31.3.2019 (COD approval date) to COD of the associated transmission line under the scope of CWRTL shall be borne by CWRTL. Thereafter, the billing, collection and disbursement of the transmission charges approved, shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as provided in Regulation 43 of the 2014 Tariff Regulations for the 2014-19 tariff period.

73. This order disposes of Petition No.366/TT/2018.

Sd/-
(I. S. Jha)
Member

Sd/-
(P. K. Pujari)
Chairperson



ANNEXURE-1**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2014-19 TARIFF PERIOD****Asset-1**

Asset-1 (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations
Capital Expenditure					2018-19
Freehold Land	0.00	0.00	0.00	0.00%	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	0.00
Building & Other Civil Works	0.00	0.00	0.00	3.34%	0.00
Transmission Line	0.00	0.00	0.00	5.28%	0.00
Sub-Station Equipments	1,469.36	459.08	1928.45	5.28%	89.70
PLCC	24.45	0.00	24.45	6.33%	1.55
IT Equipment	0.00	0.00	0.00	15.00%	0.00
Total	1493.82	459.08	1952.90	Total	91.25
Average Gross Block (₹ in lakh)					1723.36
Weighted Average Rate of Depreciation (WAROD)					5.2949%



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2014-19TARIFF PERIOD****Asset-2**

Asset-2 (2014-19) Capital Expenditure	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations	
					2017-18	2018-19
Freehold Land	0.00	0.00	0.00	0.00%	--	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	--	0.00
Building & Other Civil Works	0.00	0.00	0.00	3.34%	--	0.00
Transmission Line	0.00	0.00	0.00	5.28%	--	0.00
Sub-Station Equipments	905.96	399.91	1305.87	5.28%	48.86	59.41
PLCC	26.83	14.75	41.58	6.33%	1.70	2.17
IT Equipment	0.00	0.00	0.00	15.00%	--	0.00
Total	932.79	414.66	1347.45	Total	50.55	61.58
Average Gross Block (₹ in lakh)					952.12	1159.45
Weighted Average Rate of Depreciation (WAROD)					5.3096%	5.3110%



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2014-19 TARIFF PERIOD****Asset-3**

Asset-3 (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations
Capital Expenditure					2018-19
Freehold Land	0.00	0.00	0.00	0.00%	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	0.00
Building & Other Civil Works	0.00	0.00	0.00	3.34%	0.00
Transmission Line	0.00	0.00	0.00	5.28%	0.00
Sub-Station Equipments	1585.69	269.98	1855.66	5.28%	90.85
PLCC	41.16	16.36	57.52	6.33%	3.12
IT Equipment	0.00	0.00	0.00	15.00%	0.00
Total	1626.85	286.34	1913.19	Total	93.97
Average Gross Block (₹ in lakh)					1770.02
Weighted Average Rate of Depreciation (WAROD)					5.3093%



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2014-19 TARIFF PERIOD****Asset-4**

Asset-4 (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations
Capital Expenditure					2018-19
Freehold Land	0.00	0.00	0.00	0.00%	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	0.00
Building & Other Civil Works	1320.58	0.00	1320.58	3.34%	44.11
Transmission Line	0.00	0.00	0.00	5.28%	0.00
Sub-Station Equipments	13147.68	0.00	13147.68	5.28%	694.20
PLCC	69.86	0.00	69.86	6.33%	4.42
IT Equipment	0.00	0.00	0.00	15.00%	0.00
Total	14538.12	0.00	14538.12	Total	742.73
Average Gross Block (₹ in lakh)					14538.12
Weighted Average Rate of Depreciation (WAROD)					5.1088%



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2014-19 TARIFF PERIOD****Asset-5**

Asset-5 (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations
Capital Expenditure					2018-19
Freehold Land	0.00	0.00	0.00	0.00%	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	0.00
Building & Other Civil Works	300.93	206.61	507.53	3.34%	13.50
Transmission Line	0.00	0.00	0.00	5.28%	0.00
Sub-Station Equipments	2132.45	154.91	2287.35	5.28%	116.68
PLCC	50.85	31.45	82.29	6.33%	4.21
IT Equipment	0.00	0.00	0.00	15.00%	0.00
Total	2484.22	392.96	2877.18	Total	134.40
Average Gross Block (₹ in lakh)					2680.70
Weighted Average Rate of Depreciation (WAROD)					5.0135%



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2014-19 TARIFF PERIOD****Asset-6**

Asset-6 (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations
Capital Expenditure					2018-19
Freehold Land	0.00	0.00	0.00	0.00%	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	0.00
Building & Other Civil Works	250.97	64.08	315.04	3.34%	9.45
Transmission Line	0.00	0.00	0.00	5.28%	0.00
Sub-Station Equipments	2145.30	153.33	2298.63	5.28%	117.32
PLCC	77.39	8.32	85.71	6.33%	5.16
IT Equipment	0.00	0.00	0.00	15.00%	0.00
Total	2473.66	225.73	2699.39	Total	131.93
Average Gross Block (₹ in lakh)					2586.53
Weighted Average Rate of Depreciation (WAROD)					5.1008%

