

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 276/2010

**Coram: 1. Dr. Pramod Deo, Chairperson
2. Shri S.Jayaraman, Member
3. Shri V.S.Verma, Member
4. Shri M.Deena Dayalan, Member**

DATE OF HEARING: 25.1.2011

DATE OF ORDER: 16.5.2011

In the matter of

Determination of transmission tariff for combined elements for (a) 315 MVA, 400/220 kV, ICT at Siliguri, (b) 400 kV D/C Biharsharif-Muzaffarpur line, Biharsharif 400 kV extension and Muzaffarpur 400 kV extension; (c) 315 MVA, 400/220 kV, ICT-I at Subhashgram sub-station (New); and (d) LILO of One Circuit of 400 kV D/C Farakka-Jeerat line at Shubhashgram and establishment of 400/200 kV Sub-Station at Subhashgram including 1x 315 MVA, ICT-II under System Strengthening Scheme for Eastern Region (ERSS) (formerly part of TALA Supplementary Scheme) in Eastern Region for tariff period 2009-14.

And in the matter of

Power Grid Corporation of India Ltd., Gurgaon **Petitioner**
Vs

1 Bihar State Electricity Board, Patna
2 West Bengal State Electricity Distribution Company Limited,
Calcutta
3 Grid Corporation of Orissa Ltd., Bhubaneswar
4 Damodar Valley Corporation, Calcutta
5 Power Department, Govt. of Sikkim, Gangtok
6 Jharkhand State Electricity Board, Ranchi **Respondents**

The following were present:

1 Shri Rajeev Gupta, PGCIL
2 Shri M.M. Mondal, PGCIL
3 Shri Rakesh Prasad, PGCIL

ORDER

The petition has been filed for determination of transmission tariff in respect of (a) 315 MVA, 400/220 kV, ICT at Siliguri; (b) 400 kV D/C



Biharsharif-Muzaffarpur line, Biharsharif 400 kV extension and Muzaffarpur 400 kV extension; (c) 315 MVA, 400/220 kV, ICT-I at Subhashgram sub-station (New); and (d) LILO of one circuit of 400 kV D/C Farakka- Jeerat line at Shubhashgram and establishment of 400/200 kV Sub-Station at Subhashgram including 1 x 315 MVA, ICT-II (hereinafter collectively referred to as 'the transmission assets) uunder System Strengthening Scheme for Eastern Region (ERSS) (Formerly part of TALA Supplementary Scheme) (hereinafter referred to as 'the transmission scheme') in Eastern Region for the period from 1.4.2009 to 31.3.2014, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 regulations") after accounting for additional capital expenditure proposed to be incurred during 2009-10 and 2010-11. The petitioner has made the following additional prayers to:-

- (i) Allow the additional capitalization incurred/ to be incurred on account of Undischarged liabilities after the cut off date under clause 9(2)(v) CERC (Terms and Conditions of Tariff) Regulations, 2009 or alternatively, invoke the provision of Clause- 44 (Power to Relax) of 2009 regulations, so that additional capitalization incurred on account of undischarged liabilities after the cut off date is considered for tariff fixation for the period 2009-14 block;



(ii) Allow grossing up of base rate of return with the applicable tax rate as per the Finance Act for the relevant year and direct settlement of tax liability between the Transmission Licensee and the beneficiaries/ long-term transmission customers on year to year basis.;

(iii) In case of the assets being combined to calculate the transmission charges, allow the petitioner to recover full depreciation (90% of the gross block) of the assets during its useful life (25 years for sub-station and 35 years for transmission lines) reckoning from its actual date of commercial operation. Hon'ble Commission may also be pleased to permit the petitioner to treat the recovery of depreciation after achieving the useful life by an asset (to be reckoned from the actual date of commercial operation) in accordance with para 14 of the petition;

(iv) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and publishing of notices in newspapers in terms of Regulation 42 of the 2009 regulations, and other expenditure (if any) in relation to the filing of petition;

(v) Allow the petitioner to bill and recover Service Tax on transmission charges separately from the respondents, if at any



time exemption from service tax is withdrawn and transmission is notified as a taxable service; and

(vi) Allow the petitioner to bill and recover licensee fee separately from the respondents”.

2. The transmission lines included in the transmission scheme and the date of commercial operation thereof are as stated below:

S.No.	Name of the transmission line	date of commercial operation
1	315 MVA, 400/220 kV, ICT at Siliguri (Asset-I)	1.10.2006
2	400 kV D/C Biharshariff-Muzaffarpur line, Biharsharif 400 kV extension and Muzaffarpur 400 kV extension (Asset-II)	1.11.2006
3	315 MVA, 400/220 kV, ICT-I at Subhashgram sub-station (New) (Asset-III)	1.4.2007
4	LILO of one circuit of 400 kV D/C Farakka-Jeerat line at Shubhashgram and establishment of 400/200 kV Sub-Station at Subhashgram including 1 x 315 MVA, ICT-II (Asset-IV)	1.3.2007

3. In accordance with the procedure of the Commission issued under letter Ref No. C-7/189(204)/2009-CERC, dated 23.10.2009, the above assets under System Strengthening Scheme for Eastern Region (ERSS) (formerly part of TALA Supplementary Scheme) in Eastern Region have been clubbed for the purpose of determination of transmission charges with notional date of commercial as 1.4.2007.



4. The annual transmission charges up to 31.3.2009 for Asset-I and Asset-II were determined by the Commission in its order dated 6.5.2008 in Petition No. 97/2007 and same were revised vide order dated 19.8.2009 in Petition No. 68/2009 read with order dated 26.4.2010 in Petition No. 325/2009. The annual transmission charges up to 31.3.2009 for Asset-III and Asset-IV were determined by the Commission in its order dated 1.5.2008 in Petition No. 160/2007 and same were revised vide order dated 26.4.2010 in Petition No. 325/2009.

5. The petitioner has claimed the transmission charges during 2009-14 as under:

(₹ in lakh)					
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1655.32	1665.48	1667.61	1667.61	1667.61
Interest on Loan	1522.39	1411.24	1286.68	1158.39	1029.95
Return on Equity	1661.77	1674.63	1677.05	1677.05	1677.05
Interest on Working Capital	143.45	144.06	144.13	144.18	144.38
O & M Expenses	851.39	900.15	951.68	1006.05	1063.51
Total	5834.32	5795.56	5727.15	5653.28	5582.50

6. The details submitted by the petitioner in support of its claim for Interest on Working Capital are given hereunder:

(₹ in lakh)					
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	127.71	135.02	142.75	150.91	159.53
O & M expenses	70.95	75.01	79.31	83.84	88.63
Receivables	972.39	965.93	954.53	942.21	930.42
Total	1171.05	1175.96	1176.59	1176.96	1178.58
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	143.45	144.06	144.13	144.18	144.38



7. In response to the public notice issued by the petitioner on 20.10.2010 as required under Section 64 of the Electricity Act, 2003 (the Act) read with Regulation 3 (6) of the Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004, no comments or suggestions have been received from the general public in response to the public notice.

8. No reply has been filed by any respondent.

CAPITAL COST

9. The last proviso to clause (2) of Regulation 7 of the 2009 regulations provides as under:

“Provided that in case of the existing projects, capital cost admitted by the Commission prior to 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14 as may be admitted by the Commission, shall form the basis for determination of tariff”.

10. The asset wise detail of admitted capital cost, which has been considered for determination of tariff are as under:

(₹ in lakh)

Assets	Admitted capital cost as on 31.3.2009
Asset -I	1001.64
Asset-II	18541.45
Asset- III	1086.71
Asset- IV	10942.28
Total	31572.08



11. Capital cost of ₹ 31572.08 lakh has been considered as opening capital cost for the purpose of tariff.

ADDITIONAL CAPITAL EXPENDITURE

12. Regulation 9 of the 2009 regulations provides as under:

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

- (i) Undischarged liabilities;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, subject to the provisions of regulating 8 ;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
- (v) Change in law;

Provided that the details of works included in the original scope of work along with estimates of expenditure, undischarged liabilities and the works deferred for execution shall be submitted along with the application for determination of the tariff.

(2) The capital expenditure incurred on the following counts after the cut-off-date, in its discretion, be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;
- (ii) Change in law;
- (iii) *****
- (iv) *****
- (v) In case of transmission system any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of the transmission system.



13. The details submitted by the petitioner in support of its claim for projected additional capital expenditure for the transmission assets is given as under:

Assets	Years	Nature and details of expenditure	Amount (₹ in lakh)
Asset-II	2009-10	Transmission line- Balance and Retention payments	81.01
Asset-III	2010-11	Sub-station- Balance and Retention payments	0.30
Asset-IV	2009-10	Building- Balance and Retention payments	255.13
		Sub-station- Balance and Retention payments	62.24
	2010-11	Building- Balance and Retention payments	32.00
		Sub-station- Balance and Retention payments	60.00
	Total		490.68

14. The petitioner has claimed the additional capital expenditure under Regulation 9 (2) (v) of the 2009 regulations. The petitioner was directed to explain the admissibility of additional capital expenditure incurred during 2009-10 and 2010-11 on account of balance and retention payments. The petitioner has submitted that the projected additional capital expenditure is on account of balance and retention payments and is within the original scope of work under committed liabilities in terms of Regulations 9 (2) of the 2009 regulations.

15. In regard to admissibility of undischarged liabilities, it is observed that the cut off date of the transmission assets reckoned from the notional date of commercial operation as per the 2004 tariff regulations is 31.3.2009. As such the expenditure projected to be incurred during 2009-10 and 2010-11 are beyond the cut off date for which there is no



provision in Regulation 9 (2) of the 2009 regulations. We have decided in our order dated 8.2.2011 in Petition No. 176/2010 to relax Regulation 9 (2) of the 2009 regulations to admit the expenditure incurred after the cut-off date, particularly the expenditure pertaining to balance and retention payments. Accordingly, the expenditure of ₹ 490.68 lakh projected to be incurred during 2009-10 and 2010-11 is allowed by relaxing the provisions of Regulation 9 (2) of the 2009 regulations.

TOTAL CAPITAL COST

16. Based on the above, gross block as given below, has been considered for the purpose of tariff for the transmission assets, after allowing projected additional capital expenditure on works as claimed by the petitioner:

				(₹ in lakh)
Admitted capital cost as on 31.3.2009	Projected capital expenditure incurred during 2009-10	Projected expenditure incurred 2010-11	capital during	Total estimated capital expenditure
31572.08	398.38		92.30	32062.76

DEBT- EQUITY RATIO

17. Clause (2) of Regulation 12 of the 2009 regulations *inter-alia* provides that,-

“(2) In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2009, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2009 shall be considered.”



18. The petitioner has claimed tariff based on debt-equity ratio of 70.08:29.92 for transmission assets as admitted on 31.3.2009. The petitioner has further claimed the amount of additional capital expenditure in the debt-equity ratio of 70:30 for the year 2009-10 and 2010-11. For the purpose of tariff, equity considered for the transmission assets is as under:

(₹ in lakh)

Equity as on 1.4.2009	Notional equity due to additional capital expenditure for the period 2009-10	Average equity for 2009-10	Notional equity due to additional capital expenditure for the period 2010-11	Average equity for 2010-11	Notional equity due to additional capital expenditure for the period 2011-14	Average equity for 2011-14
9446.38	119.51	9506.14	27.69	9579.74	0.00	9593.59

RETURN ON EQUITY

19. Regulation 15 of the 2009 regulations provides that,-

"15. (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 12.

(2) Return on equity shall be computed on pre-tax basis at the base rate of 15.5% to be grossed up as per clause (3) of this regulation:

*Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in **Appendix-II**:*

Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.

(3) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the year 2008-09 applicable to the concerned generating company or the transmission licensee, as the case may be:

Provided that return on equity with respect to the actual tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts



of the respective year during the tariff period shall be tried up separately for each year of the tariff period along with the tariff petition filed for the next tariff period.

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where t is the applicable tax rate in accordance with clause (3) of this regulation."

20. The petitioner has requested to allow grossing up of base rate of return with the applicable tax as per the Finance Act for the relevant year and direct settlement of tax liability between the generating company/transmission licensee and the beneficiaries/long-term transmission customers on year to years basis. It is clarified that the Commission is in the process of amending the regulation to allow grossing up of the ROE as per the applicable MAT rate in accordance with the relevant Finance Act which would take care of the interest of the petitioner. Accordingly, the return on equity has been computed in terms of the existing provision of Regulation 15 (3) of 2009 regulation as under:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity as on 1.4.2009	9446.38	9565.90	9593.59	9593.59	9593.59
Addition due to Additional Capitalisation	119.51	27.69	0.00	0.00	0.00
Closing Equity	9565.90	9593.59	9593.59	9593.59	9593.59
Average Equity	9506.14	9579.74	9593.59	9593.59	9593.59
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09	11.330%	11.330%	11.330%	11.330%	11.330%
Rate of Return on Equity (Pre Tax)	17.481%	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax)	1661.77	1674.63	1677.05	1677.05	1677.05



INTEREST ON LOAN

21. Regulation 16 of the 2009 regulations provides that,-

"16. (1) The loans arrived at in the manner indicated in regulation 12 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

(3) The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year:

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.,

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission



(Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiary or the transmission customers shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan."

22. The interest on loan has been worked out as under:
- (a) Gross amount of loan, repayment of installments, rate of interest and weighted average rate of interest on actual average loan have been considered as per the petition;
 - (b) The Repayment for the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that period;
 - (c) Where the moratorium period has been availed by the transmission licensee, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed;
 - (d) Weighted average rate of interest on actual average loan has been worked out as per (a) above and applied on the notional average loan during the year to arrive at the interest on loan; and



(e) The interest on loan has been calculated on the basis of rate prevailing as on 1.4.2009. Any change in rate of interest subsequent to 1.4.2009 will be considered at the time of truing up.

23. The detailed calculations in support of the weighted revised average rate of interest are contained in Annexure attached to this order. Based on the above, interest on loan has been worked out as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	22125.70	22404.56	22469.17	22469.17	22469.17
Cumulative Repayment up to Previous Year	1991.59	3646.91	5312.39	6980.00	8647.61
Net Loan-Opening	20134.11	18757.66	17156.78	15489.17	13821.56
Addition due to Additional Capitalization	278.87	64.61	0.00	0.00	0.00
Repayment during the year	1655.32	1665.48	1667.61	1667.61	1667.61
Net Loan-Closing	18757.66	17156.78	15489.17	13821.56	12153.95
Average Loan	19445.88	17957.22	16322.98	14655.37	12987.76
Weighted Average Rate of Interest on Loan	7.8289%	7.8589%	7.8826%	7.9042%	7.9301%
Interest	1522.39	1411.24	1286.68	1158.39	1029.95

DEPRECIATION

24. Regulation 17 of the 2009 regulations provides for computation of depreciation in the following manner:

"17. (1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

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(3) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and



its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system:

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.

(5) In case of the existing projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2009 from the gross depreciable value of the assets.

(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."

25. Notional date of commercial operation of the transmission assets has been taken as 1.4.2007. Accordingly they will complete 12 years beyond 2013-14 and thus, depreciation has been calculated annually based on Straight Line Method and at rate specified in **Appendix-III** of the 2009 regulations. Accordingly, depreciation has been worked out as under:

(₹ in lakh)						
Details of Depreciation	Up to 31.3.2009	2009-10	2010-11	2011-12	2012-13	2013-14
Gross block as per last order	31572.08	31572.08	31970.46	32062.76	32062.76	32062.76
Addition during 2009-14 due to projected Additional Capital Expenditure		398.38	92.30	0.00	0.00	0.00
Gross block as on 31.3.2009		31970.46	32062.76	32062.76	32062.76	32062.76
Average gross block		31771.27	32016.61	32062.76	32062.76	32062.76
Rate of Depreciation		5.2101%	5.2019%	5.2011%	5.2011%	5.2011%
Depreciable Value of Combined Assets		28389.46	28610.26	28651.80	28651.80	28651.80
Remaining Depreciable Value		26397.86	24963.36	23339.41	21671.80	20004.19
Depreciation		1655.32	1665.48	1667.61	1667.61	1667.61



OPERATION & MAINTENANCE EXPENSES

26. In accordance with clause (g) of Regulation 19 of the 2009 regulations, the following norms have been specified for operation and maintenance expenses:

Transmission line/bays:	Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
400 kV Double Circuit twin conductor transmission line (₹ in lakh/per kms.)	0.627	0.663	0.701	0.741	0.783
400 KV bay (₹ lakh/bay)	52.40	55.40	58.57	61.92	65.46
220 KV bay (₹ lakh/bay)	36.68	38.78	41.00	43.34	45.82

27. Accordingly, the petitioner's entitlement to O & M expenses has been worked out as under:

(₹ in lakh)

	Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
O & M expenses 400 KV double Circuit, twin conductor transmission line [196.213 (133.3+62.913) Kms]	123.03	130.09	137.55	145.39	153.63
O & M expenses 400 KV bays (9 bays)	471.60	498.60	527.13	557.28	589.14
O & M expenses 200 KV bays (7 bays)	256.76	271.46	287.00	303.38	320.74
Total	851.39	900.15	951.68	1006.05	1063.51

28. The petitioner has submitted that the compensation of 50% on account of pay revision of the employees of public sector undertaking considered under the O & M charges for 2009-14 periods may not be sufficient to meet the impact of pay revision. The petitioner has further submitted that it would approach the Commission for suitable revision in the norms of O & M expenses in case the impact of wage hike w.e.f.



1.1.2007 is more than 50%. With reference to the submission of the petitioner, it is clarified that if any such application is made, it will be dealt with in accordance with law.

INTEREST ON WORKING CAPITAL

29. The components of the working capital and the interest thereon are discussed hereunder:

(i) **Receivables:** As per Regulation 18(1)(c)(i) of the 2009 regulations, receivables will be equivalent to two months average billing calculated on target availability level. The petitioner has claimed the receivables on the basis two months transmission charges claimed in the petition. In the tariff being allowed, receivables have been worked out on the basis two months' transmission charges.

(ii) **Maintenance spares:** Regulation 18(1)(c)(ii) of the 2009 regulations provides for maintenance spares @ 15% per annum of the O & M expenses from 1.4.2009.

(iii) **O & M expenses:** Regulation 18(1)(c)(iii) of the 2009 regulations provides for operation and maintenance expenses for one month as a component of working capital. The petitioner has claimed O&M expenses for one month of O&M expenses of the respective year which has been considered in the working capital.



(iv) **Rate of interest on working capital:** As per Regulation 18(3) of the 2009 regulations, rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the project or part thereof (as the case may be) is declared under commercial operation, whichever is later. The petitioner has claimed interest on working capital @ 12.25% based on SBI PLR as on 1.4.2009, which is in accordance with the 2009 regulations and has been allowed.

30. The necessary computations in support of interest on working capital as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	127.71	135.02	142.75	150.91	159.53
O & M expenses	70.95	75.01	79.31	83.84	88.63
Receivables	972.39	965.93	954.53	942.21	930.42
Total	1171.04	1175.96	1176.58	1176.96	1178.57
Interest	143.45	144.06	144.13	144.18	144.37
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%

TRANSMISSION CHARGES

31. The transmission charges being allowed for the transmission asset are summarised below:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1655.32	1665.48	1667.61	1667.61	1667.61
Interest on Loan	1522.39	1411.24	1286.68	1158.39	1029.95
Return on Equity	1661.77	1674.63	1677.05	1677.05	1677.05
Interest on Working Capital	143.45	144.06	144.13	144.18	144.37
O & M Expenses	851.39	900.15	951.68	1006.05	1063.51
Total	5834.32	5795.57	5727.16	5653.28	5582.50



Application fee and the publication expenses

32. The petitioner has sought approval for the reimbursement of fee paid by it for filing the petition for determination of transmission tariff. In accordance with our decision in order dated 11.1.2010 in Petition No. 109/2009, the petitioner shall be entitled to recover the filing fee from the respondents on *pro rata* basis. The petitioner shall also be entitled for reimbursement from the beneficiaries on *pro rata* basis the publication expenses for issuing public notice in connection with the present petition under Section 64 of the Act.

Service Tax

33. The petitioner has prayed to allow to bill and recover the service tax on transmission charges separately from the respondents, if at any time exemption from service tax is withdrawn and transmission is notified as a taxable service. Therefore, the prayer of the petitioner is premature in the absence of any demand for service tax and accordingly is rejected.

Licence Fee

34. The petitioner has submitted that licence fee is a new component of cost to the transmission licensee and has become incidental to the petitioner with effect from 2008-09. The normative O & M rates in the 2009 regulations do not capture the cost associated with the licence



fee and therefore it should be allowed to be recovered from the respondents. In this regard, it is clarified that the matter is under consideration of the Commission and any decision on the issue as and when taken will be applicable to this petition.

35. The transmission charges allowed shall be recovered on monthly basis in accordance with Regulation 23 and shall be shared by the respondents in accordance with Regulation 33 of the 2009 regulations.

36. This order disposes of Petition No. 276/2010.

Sd/-	sd/-	sd/-	sd/-
(M.DEENA DAYALAN)	(V.S.VERMA)	(S.JAYARAMAN)	(Dr. PRAMOD DEO)
MEMBER	MEMBER	MEMBER	CHAIRPERSON



CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN						
(₹ in lakh)						
	Details of Loan	2009-10	2010-11	2011-12	2012-13	2013-14
1	Bond XV					
	Gross loan opening	700.00	700.00	700.00	700.00	700.00
	Cumulative Repayment up to DOCO/previous year	116.66	175.00	233.33	291.66	350.00
	Net Loan-Opening	583.34	525.00	466.67	408.34	350.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	58.33	58.33	58.33	58.33	58.33
	Net Loan-Closing	525.00	466.67	408.34	350.00	291.67
	Average Loan	554.17	495.84	437.50	379.17	320.84
	Rate of Interest	6.68%	6.68%	6.68%	6.68%	6.68%
	Interest	37.02	33.12	29.23	25.33	21.43
	Rep Schedule	12 Annual instalments from 23.2.2008				
2	Bond XVI					
	Gross loan opening	3144.00	3144.00	3144.00	3144.00	3144.00
	Cumulative Repayment upto DOCO/previous year	314.40	628.80	943.20	1257.60	1572.00
	Net Loan-Opening	2829.60	2515.20	2200.80	1886.40	1572.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	314.40	314.40	314.40	314.40	314.40
	Net Loan-Closing	2515.20	2200.80	1886.40	1572.00	1257.60
	Average Loan	2672.40	2358.00	2043.60	1729.20	1414.80
	Rate of Interest	7.10%	7.10%	7.10%	7.10%	7.10%
	Interest	189.74	167.42	145.10	122.77	100.45
	Rep Schedule	10 Annual instalments from 18.2.2009				
3	Bond XVII					
	Gross loan opening	11454.00	11454.00	11454.00	11454.00	11454.00
	Cumulative Repayment up to DOCO/previous year	0.00	1145.40	2290.80	3436.20	4581.60
	Net Loan-Opening	11454.00	10308.60	9163.20	8017.80	6872.40
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	1145.40	1145.40	1145.40	1145.40	1145.40
	Net Loan-Closing	10308.60	9163.20	8017.80	6872.40	5727.00
	Average Loan	10881.30	9735.90	8590.50	7445.10	6299.70
	Rate of Interest	7.39%	7.39%	7.39%	7.39%	7.39%
	Interest	804.13	719.48	634.84	550.19	465.55
	Rep Schedule	10 Annual instalments from 20.9.2009				
4	Bond XVIII					
	Gross loan opening	3085.00	3085.00	3085.00	3085.00	3085.00
	Cumulative Repayment up to DOCO/previous year	0.00	257.08	514.17	771.25	1028.33
	Net Loan-Opening	3085.00	2827.92	2570.83	2313.75	2056.67
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	257.08	257.08	257.08	257.08	257.08
	Net Loan-Closing	2827.92	2570.83	2313.75	2056.67	1799.58
	Average Loan	2956.46	2699.38	2442.29	2185.21	1928.13
	Rate of Interest	8.15%	8.15%	8.15%	8.15%	8.15%
	Interest	240.95	220.00	199.05	178.09	157.14
	Rep Schedule	12 Annual instalments from 9.3.2010				



5	Bond XIX					
	Gross loan opening	2223.00	2223.00	2223.00	2223.00	2223.00
	Cumulative Repayment up to DOCO/previous year	0.00	0.00	185.25	370.50	555.75
	Net Loan-Opening	2223.00	2223.00	2037.75	1852.50	1667.25
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	185.25	185.25	185.25	185.25
	Net Loan-Closing	2223.00	2037.75	1852.50	1667.25	1482.00
	Average Loan	2223.00	2130.38	1945.13	1759.88	1574.63
	Rate of Interest	9.25%	9.25%	9.25%	9.25%	9.25%
	Interest	205.63	197.06	179.92	162.79	145.65
	Rep Schedule	12 Annual instalments from 24.7.2010				
6	Bond XXVII (ADD CAP FOR 2007-08)					
	Gross loan opening	1472.47	1472.47	1472.47	1472.47	1472.47
	Cumulative Repayment up to DOCO/previous year	0.00	0.00	0.00	122.71	245.41
	Net Loan-Opening	1472.47	1472.47	1472.47	1349.76	1227.06
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	122.71	122.71	122.71
	Net Loan-Closing	1472.47	1472.47	1349.76	1227.06	1104.35
	Average Loan	1472.47	1472.47	1411.12	1288.41	1165.71
	Rate of Interest	9.47%	9.47%	9.47%	9.47%	9.47%
	Interest	139.44	139.44	133.63	122.01	110.39
	Rep Schedule	12 Annual instalments from 31.3.2012				
7	Bond XXVIII (ADD CAP FOR 2008-09 DRAWL ON 15.12.2008)					
	Gross loan opening	556.01	556.01	556.01	556.01	556.01
	Cumulative Repayment up to DOCO/previous year	0.00	0.00	0.00	0.00	46.33
	Net Loan-Opening	556.01	556.01	556.01	556.01	509.68
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	0.00	46.33	46.33
	Net Loan-Closing	556.01	556.01	556.01	509.68	463.34
	Average Loan	556.01	556.01	556.01	532.84	486.51
	Rate of Interest	9.33%	9.33%	9.33%	9.33%	9.33%
	Interest	51.88	51.88	51.88	49.71	45.39
	Rep Schedule	12 Annual instalments from 15.12.2012				
	Total Loan					
	Gross loan opening	22634.48	22634.48	22634.48	22634.48	22634.48
	Cumulative Repayment up to DOCO/previous year	431.06	2206.28	4166.75	6249.92	8379.43
	Net Loan-Opening	22203.42	20428.20	18467.73	16384.56	14255.05
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	1775.22	1960.47	2083.17	2129.51	2129.51
	Net Loan-Closing	20428.20	18467.73	16384.56	14255.05	12125.55
	Average Loan	21315.81	19447.97	17426.15	15319.81	13190.30
	Weighted Average Rate of Interest	7.8289%	7.8589%	7.8826%	7.9042%	7.9301%
	Interest	1668.78	1528.40	1373.64	1210.90	1046.01

