

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

PETITION NO. 3/TT/2015

Coram:

Shri A.S. Bakshi, Member

Dr. M. K. Iyer, Member

Date of Hearing : 20.1.2016

Date of Order : 25.02.2016

In the Matter of:

Truing up of transmission tariff for 2009-14 tariff block under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2009 and determination of transmission tariff for 2014-19 tariff block under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2014 for Combined Assets of Koldam Nalagarh 400 kV D/C (Quad) line along with bays at Nalagarh S/S (part of Power Grid portion) DOCO:1.4.2010 (Asset-I) and 400 kV line bays at Ludhiana S/S COD:1.4.2011 (Asset-II) under "Transmission system associated with Koldam Hydro-Electric Project" in Northern Region and Regulation-86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999

And in the Matter of:

Power Grid Corporation of India Ltd,
SAUDAMINI, Plot No.-2, Sector-29,
Gurgaon-122001 (Haryana)

.....Petitioner

Versus

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Vidyut Marg, Jaipur - 302005
2. Ajmer Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur
3. Jaipur Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur



4. Jodhpur Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur
5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171 004
6. Punjab State Power Corporation Limited,
Thermal Shed TIA,
Near 22 Phatak, Patiala-147001
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula, Haryana - 134109
8. Power Development Department,
Govt. Of Jammu & Kashmir,
Mini Secretariat, Jammu
9. Uttar Pradesh Power Corporation Limited,
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg,
Lucknow - 226 001
10. Delhi Transco Limited,
Shakti Sadan, Kotla Road,
New Delhi-110002
11. BSES Yamuna Power Limited,
BSES Bhawan, Nehru Place , New Delhi.
12. BSES Rajdhani Power Limited,
BSES Bhawan, Nehru Place, New Delhi
13. North Delhi Power Limited,
Power Trading & Load Dispatch Group Cennet Building,
Adjacent To 66/11 kV Pitampura-3,
Grid Building, Near PP Jewellers Pitampura,
New Delhi - 110034
14. Chandigarh Administration,
Sector -9, Chandigarh
15. Uttarakhand Power Corporation Limited,
Urja Bhawan, Kanwali Road, Dehradun
16. North Central Railway,
Allahabad

17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110002

....Respondent(s)

The following were present:

For Petitioner: Shri S.S. Raju, PGCIL
Smt. Sangeeta Edwards, PGCIL
Shri M. M. Mondal, PGCIL
Shri S. C. Taneja, PGCIL
Shri S. K. Venkatesan, PGCIL
Shri Rakesh Prasad, PGCIL
Shri Jasbir Singh, PGCIL
Shri Anshul Garg, PGCIL
Shri Amit Yadav, PGCIL
Shri Y. V Sehgal, PGCIL
Shri Nitish Kumar, PGCIL
Shri G. C. Dhal, PGCIL

For Respondents: Shri Pradeep Mishra, Rajasthan Discom
Shri Vinod Kumar Yadav, Rajasthan Discom

ORDER

The petition has been preferred by Power Grid Corporation of India Limited (hereinafter referred to as “the petitioner”), a transmission licensee, for revision of tariff under Regulation 6 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 Tariff Regulations”) based on truing up of capital expenditure for the period from COD to 31.3.2014 and for determination of tariff under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) for the period from 1.4.2014 to 31.3.2019 in respect of Combined Assets of Koldam Nalagarh 400 kV D/C (Quad) line along with bays at Nalagarh S/S (part of Power Grid portion) DOCO:1.4.2010 (hereinafter referred to as

"Asset I") and 400 kV line bays at Ludhiana S/S COD:1.4.2011 (hereinafter referred to as "Asset II") under Transmission System associated with Koldam Hydro-Electric Project in Northern Region (Collectively referred to as "the transmission assets" or "Combined Assets I & II).

2. The respondents are distribution licensees, who are procuring transmission service from the petitioner, mainly beneficiaries of Northern Region.

3. The brief facts of the case are as follows:-

a) The administrative approval and expenditure sanction to the transmission project was accorded by the Ministry of Power, Government of India vide letter No. 12/19/2003-PG dated 7.9.2005 at an estimated cost of ₹46491 lakh , including IDC of ₹3102 lakh (based on 2nd Quarter, 2005 price level), consisting of (i) PGCIL portion of work at a cost of ₹16296 lakh including an IDC of ₹1054 lakh and (ii) JV portion of work at a cost of ₹30195 lakh including an IDC of ₹2048 lakh, subject to the condition that the JV must bear the entire revenue risk and must sign BPTA with the beneficiary states before commencement of the construction activities. Subsequently, the Revised Cost Estimate for the project covered under the petitioner;s scope) was approved by the Board of Directors of the petitioner vide Memorandum C/CCP/RCE-Koldam dated 16.8.2011 at an estimated revised cost of ₹19933 lakh including Interest During Construction (IDC) of ₹1776 lakh at 3rd Quarter, 2010 price level.

b) The COD of the Asset I & II is 1.4.2010 and 1.4.2011 respectively. The Commission vide its order dated 9.5.2013 in Petition No. 2/TT/2011 & 57/TT/2011 had considered the admitted capital cost of ₹16848.18 lakh for Asset I and

₹17981.62 lakh for Combined Asset I & II and a debt:equity ratio as on COD as under:-

Admitted as on COD	Amount (₹ in lakh)	Percentage (%)
Asset I		
Debt	11793.73	70.00
Equity	5054.45	30.00
Total	16848.18	100.00
Combined Asset I & II		
Debt	12587.13	70.00
Equity	5394.48	30.00
Total	17981.62	100.00

c) There is a time overrun 18 months and 30 months respectively for Asset I and Asset II. The Commission, in its order dated 9.5.2013 in Petition No. 2/TT/2011 & 57/TT/2011, had condoned the time overrun. Further the Commission had disallowed an IEDC of ₹73.63 lakh and IDC of ₹197.85 lakh from Asset I as the petitioner had entered into an Indemnification Agreement with NTPC according to which NTPC had to bear IDC for up to 6 months from the schedule date of commissioning.

d) The Commission in its order dated 9.5.2013 in Petition No. 2/TT/2011 & 57/TT/2011 had disallowed excess initial spares of ₹305.30 lakh in Asset I and excess initial spares of ₹15.56 lakh in Asset II.

e) The Commission in the earlier order had allowed an estimated capital expenditure of ₹590.70 lakh in 2011-11 for Asset I and ₹741.11 lakh in 2011-12 and ₹63.16 lakh in 2012-13 for Combined Asset I & II.

f) The transmission tariff allowed by the Commission in the order dated 9.5.2013 in Petition No. 2/TT/2011 & 57/TT/2011 is depicted below:-

(₹ in lakh)

Asset I	
Particulars	2010-11
Depreciation	906.59
Interest on Loan	1079.51
Return on Equity	899.06
Interest on Working Capital	65.15
O & M Expenses	156.9
Total	3107.21

(₹ in lakh)

Combined Asset II			
Particulars	2011-12	2012-13	2013-14
Depreciation	971.54	992.87	994.54
Interest on Loan	1070.03	1003.81	912.62
Return on Equity	962.44	983.53	985.19
Interest on Working Capital	73.57	73.87	72.94
O & M Expenses	283.03	299.21	316.29
Total	3360.61	3353.29	3281.58

4. As per Regulation 6 of the 2009 Tariff Regulations, the Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2014, as admitted by the Commission after prudence check at the time of truing up. Further, as per Regulation 15 of the 2009 Tariff Regulations, the petitioner is required to adjust the yearly impact of MAT rate in the truing up petition for 2009-14 tariff period.

5. In this context, the petitioner has filed the instant petition on 15.12.2014, for revision of tariff for the tariff period 2009-14 in accordance with Regulation 6 of the 2009 Tariff Regulations.

6. The petitioner has served the petition to the respondents and notice of this application has been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003 ("the Act"). No comments/objections have been received from the

public in response to the notice in newspaper. No submissions have been made by the respondents. The hearing in this matter was held on 20.1.2016. The Commission had directed the petitioner vide its letter dated 16.1.2016 to submit an undertaking on affidavit depicting the actual equity infused during the tariff period 2009-14 and 2014-19 and details depicting the un-discharged liabilities, if any, to be recovered in future in respect of the assets covered in the instant petition. The Commission had also directed the petitioner to submit the status of the appeal filed by the petitioner against the Commission's order dated 9.5.2013 in Petition No. 2/TT/2011 & 57/TT/2011.

7. The petitioner has submitted that Appeal No. 118 of 2014 was dismissed by ATE on 25.2.2015 without any relief.

8. Having heard the representatives of the petitioner and perused the material on record, we proceed to dispose of the petition.

TRUING UP OF ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD

9. Clause (3) of the Regulation 6 of the 2009 Tariff Regulations provides as under:-

“(3) The generating company or the transmission licensee, as the case may be, shall submit for the purpose of truing up, details of capital expenditure and additional capital expenditure incurred for the period from 1.4.2009 to 31.3.2014, duly audited and certified by the auditors”.

10. The petitioner has submitted the information as required under the 2009 Tariff Regulations for truing up of annual fixed charges for 2009-14 tariff period. The tariff for 2009-14 tariff period has been trued up in the subsequent paragraphs.

Capital Cost



11. The petitioner has claimed admitted capital cost of ₹17040.75 lakh for Asset I and ₹503.44 lakh for Asset II as on COD for the purpose of tariff determination.

12. Clause (1) and (2) of the Regulation 7 of the 2009 Tariff Regulations specifies as follows:-

“(1) Capital cost for a project shall include:-

(a) The expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan – (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 fund deployed, up to the date of commercial operation of the project, as admitted by the Commission, after prudence check.

(b) capitalised initial spares subject to the ceiling rates specified in regulation 8; and

(c) additional capital expenditure determined under regulation 9:

Provided that the assets forming part of the project, but not in use shall be taken out of the capital cost.

(2) The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that in case of the thermal generating station and the transmission system, prudence check of capital cost may be carried out based on the benchmark norms to be specified by the Commission from time to time:

Provided further that in cases where benchmark norms have not been specified, prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff.”

13. We have considered the submissions of the petitioner with regard to the capital cost. The capital cost for Asset I & II admitted as on COD have been worked out in the subsequent paragraphs after the treatment of the IEDC/IDC and initial spares.

IDC and IEDC

14. The Commission, in its order dated 9.5.2013 in Petition No. 2/TT/2011 & 57/TT/2011, had disallowed an IDC and IEDC of ₹197.85 lakh and ₹73.63 lakh respectively amounting to six months in Asset I. The Commission, in this order had stated that:-

“In view of schedules given in investment approval by Government of India vide letter No. 12/19/2003-PG dated 7.9.2005 and the Indemnification Agreement with NTPC, the petitioner had rightly taken steps to complete the line in 2008-09. The supply and erection packages were awarded within the period from October, 2006 to December, 2006 with schedule completion of work within the period from June, 2007 to October, 2008. When the generating station was getting delayed, the petitioner slowed down the work of transmission line. The petitioner submitted that the delay in transmission system was not possible beyond a certain point and the asset was constructed, before the generation. We find the plea of the petitioner to be reasonable as delay in execution of awards may not be feasible beyond a certain point. The petitioner entered into Indemnification Agreement with NTPC according to which NTPC had to bear IDC for up to 6 months from the schedule date of commissioning. In the instant case the schedule for the purpose of Indemnification was 30.9.2008. Therefore, IDC and IEDC for 6 months from 1.10.2008 to 31.3.2009 is not being allowed as it was to be recovered by the petitioner from NTPC. We find however that the delay in the construction of the 400 kV bays at Ludhiana is reasonable and hence the delay is condoned.”

15. The petitioner submits that the IDC amount of ₹197.85 lakh disallowed in respect of the Asset I was later reimbursed by NTPC during 2013-14 and the petitioner has deducted the same amount from the additional capital expenditure during 2013-14.

16. The Commission has considered the submission of the petitioner in respect of the disallowed IEDC/IDC amount. Since the NTPC has reimbursed the IDC amount of ₹197.85 lakh during 2013-14 and the same is certified by the Auditor Certificate dated 12.11.2014. The capital cost allowed after disallowing the IEDC/IDC is depicted below:-

(₹ in lakh)				
Assets	Capital Cost claimed	IDC disallowed	IEDC disallowed	Capital cost after disallowing IDC/IEDC
Asset I	17424.96	-	73.63	17351.33
Asset II	519.36	-	-	519.36

Treatment of Initial Spares

17. The initial spares claimed by the petitioner in respect of Asset I & II are as follows:-

Assets	Amount (₹ in lakh)
Asset I	461.11
Asset II	30.29

18. We have considered the claim of the petitioner for initial spares in Asset I & II. Further the claim of initial spares is being proportioned in line with the disallowance of IEDC/IDC made in the capital cost of Asset I. The initial spares worked out are as follows:-

Asset I			
Particulars	Logical Formula	Amount in (₹ in lakh)	
		Sub Station	Transmission Line
Capital cost as on cut off date or upto 31.3.2014 whichever is earlier	(a)	793.30	17845.67
Capital Cost after deducting excess IDC	(b)	790.91	17774.43
Initial Spares claimed (upto 31.3.2014)	(c)	37.47	423.64
Proportionate Initial Spares claimed after deducting IDC	$(d) = (c)/(a) * (b)$	37.32	421.97
Ceiling limit as per Regulation 8 of 2009 regulations	(e)	2.50%	0.75%
Initial spares worked out	$(f) = ((b - d) * e) / (100\% - e)$	19.32	131.13
Excess initial spares claimed	$(g) = (d) - (f)$	18.00	290.84

Asset II

Particulars	Logical Formula	Amount in (₹ in lakh)	
		Sub Station	Transmission Line
Capital cost as on cut off date or upto 31.3.2014 whichever is earlier	(a)	590.67	-
Capital Cost after deducting excess IDC	(b)	590.67	-
Initial Spares claimed (upto 31.3.2014)	(c)	30.29	-
Proportionate Initial Spares claimed after deducting IDC	$(d) = (c)/(a) * (b)$	30.29	-
Ceiling limit as per Regulation 8 of 2009 regulations	(e)	2.50%	-
Initial spares worked out	$(f) = ((b-d)*e)/(100\%-e)$	14.37	-
Excess initial spares claimed	$(g)=(d)-(f)$	15.92	-

19. The capital cost allowed as on COD for Asset I & II after disallowing the excess initial spares are as follows:-

Assets	Capital cost after disallowing IEDC/IDC	Excess initial spares	(₹ in lakh)
			Capital cost allowed as on COD
Asset I	17351.33	308.84	17042.49
Asset II	519.36	15.92	503.44

Additional Capital Expenditure

20. Regulation 6(1) of the 2009 Regulations provides that:-

“The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2014”

21. The additional capital expenditure approved by the Commission in its order dated 9.5.2013 in Petition No. 2/TT/2011 & 57/TT/2011 and that claimed by the petitioner are depicted below:-

(₹ in lakh)

Assets	Capital cost admitted as on COD	Approved / Claimed	Additional capital expenditure during 2009-14					Total cost as on 31.3.2014
			2009-10	2010-11	2011-12	2012-13	2013-14	
Asset I	16848.18	Approved vide order dated 9.5.2013	-	590.70	-	-	-	17438.88
	17042.49	Actual incurred during 2009-14	-	774.99	-	-	-	17817.48
Combined Asset I & II	17981.62	Approved vide order dated 9.5.2013	-	-	741.11	63.16	-	18785.89
	18320.92	Actual incurred during 2009-14	-	-	510.33	-	-159.31*	18671.94

*Amount of ₹197.85 lakh has been reimbursed by NTPC on account of IDC.

22. The petitioner has submitted the Auditor's Certificates dated 12.11.2014 and 11.8.2014 certifying the actual capital cost incurred towards additional capitalization. The petitioner has submitted the additional capital expenditure during 2009-14 tariff period is on account of balance and retention payments towards sub-station, transmission line and PLCC works.

23. We have considered the submissions of the petitioner with regard to the actual capital expenditure during 2009-14 tariff period. The capital addition of ₹774.99 lakh in 2010-11 for Asset I and ₹351.02 lakh during 2011-12 to 2013-14 for Combined Asset I & II is towards balance and retention payments. The petitioner has adjusted the amount of ₹197.85 lakh reimbursed by NTPC towards IDC in the additional capital expenditure incurred during 2013-14. The capital addition claimed by the petitioner is based on

actual capital expenditure incurred as per the Auditor Certificates dated 12.11.2014 and 11.8.2014 and is within the original scope of work and also within the approved cost of the Asset I & II hence the same is allowed for truing up.

24. The additional capital expenditure allowed during 2009-14 tariff period for truing up is as follows:-

(₹ in lakh)

Assets	Capital cost as COD	Additional capital expenditure						Capital cost as on 31.3.2014
		2009-10	2010-11	2011-12	2012-13	2013-14	Total	
Asset I	17042.49	-	774.99	-	-	-	774.99	17817.48
Combined Asset I & II	18320.92	-	-	510.33	-	-159.31	351.02	18671.94

25. The debt:equity ratio of 70:30 for additional capital expenditure as claimed by the petitioner is in accordance with the Regulation 12 (3) of the 2009 Tariff Regulations and hence, same has been considered towards financing of the additional capital expenditure.

Debt: Equity

26. Regulation 12 of the 2009 Tariff Regulations provides as under:-

“12. Debt-Equity Ratio. (1) For a project declared under commercial operation on or after 1.4.2009, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff:

(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.

(3) Any expenditure incurred or projected to be incurred on or after 1.4.2009 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this regulation.”

27. The admitted debt:equity ratio of 70.00:30.00 as on COD was considered by the Commission in order dated 9.5.2013 in Petition No. 2/TT/2011 & 57/TT/2011 in line with the Regulation 12 of the 2009 Tariff Regulations. In respect of the additional capitalization, debt: equity ratio of 70:30 has been considered in line with the 2009 Tariff Regulations.

28. The details of the debt:equity considered for the purpose of tariff for 2009-14 tariff period is as follows:-

(₹ in lakh)						
Funding	Capital cost as on COD	(%)	Additional capital expenditure during 2009-14	(%)	Total Cost as on 31.3.2014	(%)
Asset I						
Debt	11929.74	70.00	542.49	70.00	12472.24	70.00
Equity	5112.75	30.00	232.50	30.00	5345.24	30.00
Total	17042.49	100.00	774.99	100.00	17817.48	100.00
Combined Asset I & II						
Debt	12824.64	70.00	245.71	70.00	13070.36	70.00
Equity	5496.28	30.00	105.31	30.00	5601.58	30.00
Total	18320.92	100.00	351.02	100.00	18671.94	100.00

Return on Equity (“ROE”)

29. Clause (3), (4) and (5) of the Regulation 15 of the 2009 Tariff Regulations provide that

“(3) The rate of return on equity shall be computed by grossing up the base rate with the Minimum Alternate/Corporate Income Tax Rate for the year 2008-09, as per the

Income Tax Act, 1961, as applicable to the concerned generating company or the transmission licensee, as the case may be.

(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.

(5) The generating company or the transmission licensee, as the case maybe, shall recover the shortfall or refund the excess Annual Fixed Charge 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:

Provided further that Annual Fixed Charge with respect to the 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 trued up in accordance with Regulation 6 of these regulations.”

30. The variation in the tax rate during the 2009-14 tariff period applicable to the petitioner as per the Finance Act of the relevant year for the purpose of grossing up of return on equity (ROE) has been furnished as follows:-

Year	MAT Rate claimed in the current petition	Grossed up ROE (Base Rate/(1-t)) claimed in the current petition
2009-10	16.995%	18.674%
2010-11	19.931%	19.358%
2011-12	20.008%	19.377%
2012-13	20.008%	19.377%
2013-14	20.961%	19.610%

31. The petitioner has claimed the additional capital expenditure in the debt:equity ratio of 70:30, which is in line with Regulation 12 of the 2009 Tariff Regulations.

32. The ROE as trued up and allowed is as follows:-

Asset I		(₹ in lakh)
Return on Equity		2010-11
As approved vide Order dated 9.5.2013		899.06

Claimed by the petitioner	1012.13
Allowed after true up in this order	1012.24

(₹ in lakh)

Combined Asset I & II			
Return on Equity	2011-12	2012-13	2013-14
As approved vide Order dated 9.5.2013	962.44	983.53	985.19
Claimed by the petitioner	1079.74	1094.58	1103.05
Allowed after true up in this order	1079.84	1094.68	1103.18

The difference in the approved ROE and that allowed after truing up is on account of actual grossed up ROE based on actual MAT rate.

Interest on Loan (“IoL”)

33. Regulation 16 of the 2009 Tariff Regulations provide the methodology for working out weighted average rate of IoL. The Commission in its earlier order dated 8.6.2011 in Petition No. 238/2010 has dealt with similar issue and held that:-

“...in case of floating rate of interest, any change in the rates of interest during the tariff period will be considered at the time of true up”.

34. The petitioner has submitted the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. Accordingly, the IoL has been calculated based on actual interest rate submitted by the petitioner, in accordance with the Regulation 16 of the 2009 Tariff Regulations. The details of weighted average rate of interest is placed in Annexure-1. The IoL worked out is as follows:-

(₹ in lakh)

Asset I	
Interest on Loan	2010-11
As approved vide Order dated 9.5.2013	1079.51
Claimed by the petitioner	1097.34
Allowed after true up in this order	1097.46

(₹ in lakh)

Combined Asset I & II			
Interest on Loan	2011-12	2012-13	2013-14
As approved vide Order dated 9.5.2013	1070.03	1003.81	912.62
Claimed by the petitioner	1080.94	1004.04	905.57
Allowed after true up in this order	1081.04	1004.14	905.65

The difference in the approved IoL and that allowed after truing up is on account of change in the weighted average rate of interest which is computed based on actual loan portfolio and rate of interest.

Depreciation

35. The depreciation has been worked out as per the methodology provided in the Regulation 17 of the 2009 Tariff Regulations. The depreciation allowed is as follows:-

(₹ in lakh)

Asset I	
Depreciation	2010-11
As approved vide Order dated 9.5.2013	906.59
Claimed by the petitioner	921.68
Allowed after true up in this order	921.77

(₹ in lakh)

Combined Asset I & II			
Depreciation	2011-12	2012-13	2013-14
As approved vide Order dated 9.5.2013	971.54	992.87	994.54
Claimed by the petitioner	983.32	996.86	992.66
Allowed after true up in this order	983.40	996.95	992.75

The difference in the approved depreciation and that allowed after truing up is on account of change gross block during the 2009-14 tariff period.

Operation & Maintenance Expenses (O&M Expenses)

36. Clause (g) of Regulation 19 of the 2009 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. The normative O&M Expenses are not

required to be trued up. Accordingly, the total allowable O&M expenses for the instant assets have been worked out based on norms of O&M Expenses and the details are as follows:-

(₹ in lakh)

Asset I	
O&M Expenses	2010-11
As approved vide Order dated 9.5.2013	156.90
Claimed by the petitioner	156.90
Allowed after true up in this order	156.90

(₹ in lakh)

Combined Asset I & II			
O&M Expenses	2011-12	2012-13	2013-14
As approved vide Order dated 9.5.2013	283.03	299.21	316.29
Claimed by the petitioner	283.03	299.21	316.29
Allowed after true up in this order	283.03	299.21	316.29

Interest on Working Capital (IWC)

37. The IWC has been worked out as per the methodology provided in the Regulation 18 of the 2009 Tariff Regulations and allowed as under:-

(₹ in lakh)

Asset I	
Interest on Working Capital	2010-11
As approved vide Order dated 9.5.2013	65.15
Claimed by the petitioner	68.07
Allowed after true up in this order	68.07

(₹ in lakh)

Combined Asset I & II			
Interest on Working Capital	2011-12	2012-13	2013-14
As approved vide Order dated 9.5.2013	73.57	73.87	72.94
Claimed by the petitioner	76.37	76.17	75.11
Allowed after true up in this order	76.37	76.18	75.12

The difference in the approved IWC and that allowed after truing up is on account of change in the receivables during the 2009-14 tariff period.

APPROVED ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD

38. The detailed computation of the various components of the trued up annual fixed charges for the instant transmission assets for the tariff period 2009-14 is summarised below:-

(₹ in lakh)

Asset I	
Particulars	2010-11
Depreciation	
Opening Gross Block	17042.49
Additional Capitalisation	774.99
Closing Gross Block	17817.48
Average Gross Block	17429.99
Rate of Depreciation (%)	5.29
Depreciable Value	15686.99
Balance useful life of the asset	34.00
Elapsed life	1.00
Remaining Depreciable Value	0.00
Depreciation during the year	921.77
Cumulative depreciation (incl. of AAD)	921.77
Interest on Loan	
Gross Normative Loan	11929.74
Cumulative Repayments upto Previous Year	0.00
Net Loan-Opening	11929.74
Additions	542.49
Repayment during the year	921.77
Net Loan-Closing	11550.46
Average Loan	11740.10
Weighted Average Rate of Interest on Loan (%)	9.3479
Interest on Loan	1097.46
Return on Equity	
Opening Equity	5112.75
Additions	232.50
Closing Equity	5345.24
Average Equity	5229.00
Return on Equity (Base Rate) (%)	15.500
MAT Rate for respective year (%)	19.931
Rate of Return on Equity (%)	19.358
Return on Equity	1012.24

Asset I	
Particulars	2010-11
Interest on Working Capital	
O & M Expenses	13.08
Maintenance Spares	23.54
Receivables	542.74
Total Working Capital	579.35
Rate of Interest (%)	11.75
Interest of working capital	68.07
Annual Transmission Charges	
Depreciation	921.77
Interest on Loan	1097.46
Return on Equity	1012.24
Interest on Working Capital	68.07
O & M Expenses	156.90
Total	3256.45

(₹ in lakh)

Combined Asset I & II			
Particulars	2011-12	2012-13	2013-14
Depreciation			
Opening Gross Block	18320.92	18831.25	18831.25
Additional Capitalisation	510.33	0.00	-159.31
Closing Gross Block	18831.25	18831.25	18671.94
Average Gross Block	18576.08	18831.25	18751.59
Rate of Depreciation (%)	5.29	5.29	5.29
Depreciable Value	16718.48	17177.77	16876.44
Balance useful life of the asset	34.00	33.00	32.00
Elapsed life	0.00	1.00	2.00
Remaining Depreciable Value	15796.70	15042.95	13974.31
Depreciation during the year	983.40	996.95	992.75
Cumulative depreciation (incl. of AAD)	1905.18	2902.13	3894.88
Interest on Loan			
Gross Normative Loan	12824.64	13181.87	13181.87
Cumulative Repayments upto Previous Year	921.77	1905.18	2902.13
Net Loan-Opening	11902.87	11276.70	10279.75
Additions	357.23	0.00	-111.52
Repayment during the year	983.40	996.95	992.75
Net Loan-Closing	11276.70	10279.75	9175.48
Average Loan	11589.79	10778.22	9727.61
Weighted Average Rate of Interest on Loan (%)	9.3275	9.3163	9.3101

Combined Asset I & II			
Particulars	2011-12	2012-13	2013-14
Interest on Loan	1081.04	1004.14	905.65
Return on Equity			
Opening Equity	5496.28	5649.37	5649.37
Additions	153.10	0.00	-47.79
Closing Equity	5649.37	5649.37	5601.58
Average Equity	5572.83	5649.37	5625.48
Return on Equity (Base Rate) (%)	15.500	15.500	15.500
MAT Rate for respective year (%)	20.008	20.008	20.961
Rate of Return on Equity (%)	19.377	19.377	19.610
Return on Equity	1079.84	1094.68	1103.18
Interest on Working Capital			
O & M Expenses	23.59	24.93	26.36
Maintenance Spares	42.45	44.88	47.44
Receivables	583.95	578.53	565.50
Total Working Capital	649.99	648.34	639.30
Rate of Interest (%)	11.75	11.75	11.75
Interest of working capital	76.37	76.18	75.12
Annual Transmission Charges			
Depreciation	983.40	996.95	992.75
Interest on Loan	1081.04	1004.14	905.65
Return on Equity	1079.84	1094.68	1103.18
Interest on Working Capital	76.37	76.18	75.12
O & M Expenses	283.03	299.21	316.29
Total	3503.69	3471.15	3392.98

DETERMINATION OF ANNUAL FIXED CHARGES FOR 2014-19 TARIFF PERIOD

39. The petitioner has combined the Asset I & II on 1.4.2014 and has claimed the tariff charges for 2014-19 tariff period as under:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	988.77	989.09	989.09	989.09	989.09
Interest on Loan	808.23	716.38	624.11	531.85	439.60
Return on Equity	1098.73	1099.09	1099.09	1099.09	1099.09
Interest on Working Capital	82.70	81.13	79.56	78.00	76.47
O & M Expenses	290.46	300.08	310.03	320.35	330.96
Total	3268.89	3185.77	3101.88	3018.38	2935.21

40. The details submitted by the petitioner in support of its claim for interest on working capital are given hereunder:-

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	24.21	25.01	25.84	26.70	27.58
Maintenance Spares	43.57	45.01	46.50	48.05	49.64
Receivables	544.82	530.96	516.98	503.06	489.20
Total working capital	612.60	600.98	589.32	577.81	566.42
Rate of Interest	13.50	13.50	13.50	13.50	13.50
Interest of working capital	82.70	81.13	79.56	78.00	76.47

Capital Cost

41. Clause (3) and (6) of Regulation 9 of 2014 Tariff Regulation provide as follows:-

“(3) The Capital cost of an existing project shall include the following:

- (a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014;
- (b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 14; and
- (c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15.”

“(6) The following shall be excluded or removed from the capital cost of the existing and new project:

- (a) The assets forming part of the project, but not in use; (b) Decapitalisation of Asset;”

42. The capital cost of ₹18671.94 lakh worked out by the Commission as on 31.3.2014 for Combined Asset I & II has been considered as opening capital cost as on 1.4.2014 for determination of tariff in accordance with Regulation 9 of the 2014 Tariff Regulations.

Additional Capital Expenditure

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

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

- (i) Undischarged liabilities recognized to be payable at a future date;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and
- (v) Change in law or compliance of any existing law.”

44. Clause 13 of Regulation 3 of the 2014 Tariff Regulations defines

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

45. The petitioner has claimed additional capital expenditure amounting to ₹12.20 lakh during 2014-15 in Asset I & II as mentioned below:

Assets	Additional Capital Expenditure during 2014-19 (₹ in lakh)	Reasons
Asset I	12.20	Towards Balance and retention payments
Asset II	-	-
Total (Combined Assets I & II)	12.20	-

46. The Commission vide its letter dated 16.1.2016 had directed the petitioner to provide the details of un-discharged liabilities, if any, to be recovered in future in respect of the assets covered in the instant petition. The petitioner has filed its reply vide affidavit dated 11.2.2016 and has submitted details of balance expenditure of ₹12.20 lakh to be discharged during 2014-19. The Commission has considered the submission

of the petitioner and additional capital expenditure allowed during the tariff period 2014-19, subject to true up on actual basis.

Debt: Equity

47. Clause (1) and (3) of Regulation 19 of the 2014 Tariff Regulations provide as under:-*

“19. Debt-Equity Ratio: (1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.”

“(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2014, debt equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2014 shall be considered.”

“(5) Any expenditure incurred or projected to be incurred on or after 1.4.2014 as maybe admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this regulation.”

48. The petitioner has considered the debt:equity ratio of 70.00:30.00 as on 31.3.2014 for Combined Asset I & II, which is in line with the 2014 Tariff Regulations. The details of the debt:equity considered for the purpose of tariff for 2014-19 tariff period is as follows:-

(₹ in lakh)

Funding	Capital cost as on 1.4.2014	(%)	Additional capital expenditure during 2014-19	(%)	Total Cost as on 31.3.2019	(%)
Debt	13070.36	70.00	8.54	70.00	13078.90	70.00
Equity	5601.58	30.00	3.66	30.00	5605.24	30.00
Total	18671.94	100.00	12.20	100.00	18684.14	100.00

Return on Equity (ROE)

49. Clause (1) and (2) of Regulations 24 and Clause (2) of Regulation 25 of the 2014 Tariff Regulations specify as under:-

“24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.
(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system”

“25. Tax on Return on Equity:

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

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

Where “t” is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.”

50. The petitioner has submitted that MAT rate is applicable to the petitioner's company. Accordingly, the MAT rate applicable during the 2013-14 has been considered for the purpose of ROE, which shall be trued up with actual tax rate in accordance with Clause (3) of Regulation 25 of the 2014 Tariff Regulations. The ROE has been worked out and allowed as follows:-

(₹ in lakh)

Return on Equity	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	5601.58	5605.24	5605.24	5605.24	5605.24
Additions	3.66	0.00	0.00	0.00	0.00
Closing Equity	5605.24	5605.24	5605.24	5605.24	5605.24
Average Equity	5603.41	5605.24	5605.24	5605.24	5605.24
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	20.961	20.961	20.961	20.961
Rate of Return on Equity (%)	19.610	19.610	19.610	19.610	19.610
Return on Equity	1098.85	1099.21	1099.21	1099.21	1099.21

Interest on Loan ("IoL")

51. Clause 5 and Clause 6 of Regulation 26 of the 2014 Tariff Regulations provides that:-

"(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

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."

52. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2014. The petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during 2014-19 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up or next revision of tariff. By considering above, the IoL has been worked out in accordance with Regulation 26 of the 2014 Tariff Regulations. The details of weighted average rate of interest for 2014-19 tariff period are placed in Annexure-2 and the IoL has been worked out and allowed as follows:-

(₹ in lakh)					
Interest on Loan	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	13070.36	13078.90	13078.90	13078.90	13078.90
Cumulative Repayment upto Previous Year	3894.88	4883.74	5872.92	6862.11	7851.29
Net Loan-Opening	9175.48	8195.16	7205.98	6216.79	5227.61
Additions	8.54	0.00	0.00	0.00	0.00
Repayment during the year	988.86	989.18	989.18	989.18	989.18
Net Loan-Closing	8195.16	7205.98	6216.79	5227.61	4238.42
Average Loan	8685.32	7700.57	6711.38	5722.20	4733.01
Weighted Average Rate of Interest on Loan (%)	9.3066	9.3038	9.3002	9.2954	9.2889
Interest on Loan	808.31	716.44	624.17	531.90	439.64

Depreciation

53. Clause (2), (5) and (6) of Regulation 27 of the 2014 Tariff Regulations provide that:-

"27. Depreciation:

...(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of transmission system, weighted average life for the generating station of the transmission system shall be applied. 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"

"(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-II 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 the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2014 from the gross depreciable value of the assets."

54. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2014 and accumulated depreciation up to 31.3.2014. The detailed calculations for depreciation for the transmission asset are worked out and allowed as follows:-

(₹ in lakh)					
Depreciation	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	18671.94	18684.14	18684.14	18684.14	18684.14
Additional Capitalization	12.20	0.00	0.00	0.00	0.00
Closing Gross Block	18684.14	18684.14	18684.14	18684.14	18684.14
Average Gross Block	18678.04	18684.14	18684.14	18684.14	18684.14
Freehold Land (Av. Cost)	0.00	0.00	0.00	0.00	0.00
Rate of Depreciation (%)	5.29	5.29	5.29	5.29	5.29
Elapsed life	3	4	5	6	7
Balance Useful life of the asset	31	30	29	28	27
Remaining Depreciable Value	12915.36	11931.99	10942.80	9953.62	8964.43
Depreciation during the year	988.86	989.18	989.18	989.18	989.18
Cumulative depreciation (incl. of AAD)	4883.74	5872.92	6862.11	7851.29	8840.48

Operation & Maintenance Expenses (“O&M Expenses”)

55. Clause 3(a) of Regulation 29 of the 2014 Tariff Regulations specify the norms for O&M Expenses for the transmission system. The total allowable O&M Expenses for the instant assets have been worked out and allowed are as follows:-

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
400 kV Bays:					
No. of Bays	4	4	4	4	4
Norms (₹ lakh/Bay)	60.300	62.300	64.370	66.510	68.710
Line: D/C (4 Conductor):					
Line Length (km)	46.38	46.38	46.38	46.38	46.38
Norms (₹ lakh/km)	1.062	1.097	1.133	1.171	1.210
Total O&M Expenses (₹ lakh)	290.46	300.08	310.03	320.35	330.96

56. The petitioner has further submitted that the wage revision of the employees of the petitioner company is due during 2014-19 and actual impact of wage hike which will be effective from a future date has also not been factored in fixation of the normative O&M rate specified for the 2014-19 tariff period. The petitioner has also prayed that it will approach the Commission for suitable revision in the norms of O&M Expenses for claiming the impact of such increase. We would like to clarify that any application filed by the petitioner for revision of O&M Expenses on account of wage revision will be dealt with in accordance with the appropriate provisions of the 2014 Tariff Regulations. The O&M Expenses are allowed for the instant transmission asset as per prevailing norms.

Interest on Working Capital (“IWC”)

57. Clause 1 (c) of Regulation 28 and Clause 5 of Regulation 3 of the 2014 Tariff Regulations specifies as follows:

“28. Interest on Working Capital

- (c) (i) Receivables equivalent to two months of fixed cost;
(ii) Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 29; and
(iii) Operation and maintenance expenses for one month”

“(5) ‘Bank Rate’ means the base rate of interest as specified by the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points;”

58. The petitioner has submitted that it has computed interest on working capital for the tariff block 2014-19 considering the SBI Base Rate plus 350 basis points as on 1.4.2014. The rate of interest on working capital considered is 13.50%.

59. The interest on working capital is worked out in accordance with Regulation 28 of the 2014 Tariff Regulations. The rate of interest on working capital considered is 13.50% (SBI Base Rate of 10% plus 350 basis points). The components of the working capital and interest thereon have been worked as follows:-

(₹ in lakh)

Interest on Working Capital	2014-15	2015-16	2016-17	2017-18	2018-19
O & M expenses	24.20	25.01	25.84	26.70	27.58
Maintenance Spares	43.57	45.01	46.50	48.05	49.64
Receivables	544.86	531.01	517.03	503.11	489.25
Total	612.64	601.03	589.37	577.86	566.47
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	82.71	81.14	79.56	78.01	76.47

ANNUAL FIXED CHARGES FOR THE 2014-19 TARIFF PERIOD

60. The transmission charges allowed for the instant transmission assets for the 2014-19 tariff period are summarised below:-

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation					
Opening Gross Block	18671.94	18684.14	18684.14	18684.14	18684.14
Additional Capitalisation	12.20	0.00	0.00	0.00	0.00
Closing Gross Block	18684.14	18684.14	18684.14	18684.14	18684.14
Average Gross Block	18678.04	18684.14	18684.14	18684.14	18684.14

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Rate of Depreciation (%)	5.29	5.29	5.29	5.29	5.29
Depreciable Value	16738.55	16821.22	16815.73	16815.73	16815.73
Balance useful life of the asset	31.00	30.00	29.00	28.00	27.00
Elapsed life	3.00	4.00	5.00	6.00	7.00
Remaining Depreciable Value	12915.36	11931.99	10942.80	9953.62	8964.43
Depreciation during the year	988.86	989.18	989.18	989.18	989.18
Cumulative depreciation (incl. of AAD)	4883.74	5872.92	6862.11	7851.29	8840.48
Interest on Loan					
Gross Normative Loan	13070.36	13078.90	13078.90	13078.90	13078.90
Cumulative Repayments upto Previous Year	3894.88	4883.74	5872.92	6862.11	7851.29
Net Loan-Opening	9175.48	8195.16	7205.98	6216.79	5227.61
Additions	8.54	0.00	0.00	0.00	0.00
Repayment during the year	988.86	989.18	989.18	989.18	989.18
Net Loan-Closing	8195.16	7205.98	6216.79	5227.61	4238.42
Average Loan	8685.32	7700.57	6711.38	5722.20	4733.01
Weighted Average Rate of Interest on Loan (%)	9.3066	9.3038	9.3002	9.2954	9.2889
Interest on Loan	808.31	716.44	624.17	531.90	439.64
Return on Equity					
Opening Equity	5601.58	5605.24	5605.24	5605.24	5605.24
Additions	3.66	0.00	0.00	0.00	0.00
Closing Equity	5605.24	5605.24	5605.24	5605.24	5605.24
Average Equity	5603.41	5605.24	5605.24	5605.24	5605.24
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	20.961	20.961	20.961	20.961
Rate of Return on Equity (%)	19.610	19.610	19.610	19.610	19.610
Return on Equity	1098.85	1099.21	1099.21	1099.21	1099.21
Interest on Working Capital					
O & M Expenses	24.20	25.01	25.84	26.70	27.58
Maintenance Spares	43.57	45.01	46.50	48.05	49.64
Receivables	544.86	531.01	517.03	503.11	489.25
Total Working Capital	612.64	601.03	589.37	577.86	566.47
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest of working capital	82.71	81.14	79.56	78.01	76.47
Annual Transmission Charges					
Depreciation	988.86	989.18	989.18	989.18	989.18
Interest on Loan	808.31	716.44	624.17	531.90	439.64
Return on Equity	1098.85	1099.21	1099.21	1099.21	1099.21
Interest on Working Capital	82.71	81.14	79.56	78.01	76.47
O & M Expenses	290.46	300.08	310.03	320.35	330.96
Total	3269.19	3186.06	3102.16	3018.66	2935.47

61. The petitioner has sought recovery of deferred tax liability before 1.4.2009 from the beneficiaries or long term consumers/ DICs as and when materialized. However, the COD of the asset is after 2009, hence the claim of the petitioner is not maintainable.

Filing Fee and the Publication Expenses

62. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. 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 Regulation 52 (1) of the 2014 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

63. The petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 52 (2) (b) of the 2014 Tariff Regulations for 2014-19 tariff period. The petitioner shall also be entitled for recovery of RLDC fee & charges in accordance with Regulations 52 (2) (a) of the 2014 Tariff Regulations for 2014-19 tariff period.

Service Tax

64. The petitioner has prayed for reimbursement of service tax if it is subjected to such tax in future. We are of the view that the petitioner's prayer is premature.

Sharing of Transmission Charges

65. 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 as provided in Regulation 43 of the 2014 Tariff Regulations.

66. This order disposes of Petition No. 3/TT/2015.

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

Sd/-
(A.S. Bakshi)
Member

Annexure – 1

ASSET I - DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO FOR 2009-14

(₹ in lakh)

Particulars	Interest Rate (%)	Loan deployed as on COD	Additions during the tariff period	Total
BOND XXIV-DOCO-	9.95	400.00	0.00	400.00
BOND XXVII-DOCO-	9.47	5561.00	0.00	5561.00
BOND XXVIII-DOCO-	9.33	4100.00	0.00	4100.00
BOND XXIX-DOCO-	9.20	641.00	0.00	641.00
BOND XXX-DOCO-	8.80	626.00	0.00	626.00
BOND XXXI-ADDCAP FOR 2010-2011 DOCO-	8.90	0.00	269.00	269.00
BOND XXXI-DOCO-	8.90	600.00	0.00	600.00
BOND-XXXIV-ADDCAP FOR 2010-2011 Add Cap-	8.84	0.00	273.49	273.49
BOND-XXXIV-ADDCAP FOR 2011-2012 Add Cap-	8.84	0.00	162.11	162.11
BOND XXXVI-ADDCAP FOR 2011-2012 Add Cap-	9.35	0.00	60.00	60.00
BOND XXXVII-ADDCAP FOR 2011-2012 Add Cap-	9.25	0.00	85.20	85.20
Total		11928.00	849.80	12777.80

ASSET I - WEIGHTED AVERAGE RATE OF INTEREST ON LOAN DURING 2009-14 TARIFF PERIOD

(₹ in lakh)

Particulars	2010-11
Gross Opening Loan	11928.00
Cumulative Repayments of Loans upto Previous Year	0.00
Net Loans Opening	11928.00
Add: Draw(s) during the Year	542.49
Less: Repayments of Loan during the year	33.33
Net Closing Loan	12437.16
Average Net Loan	12182.58
Rate of Interest on Loan (%)	9.3479
Interest on Loan	1138.82

**COMBINED ASSET II - DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO FOR
2009-14**

(₹ in lakh)

Particulars	Interest Rate (%)	Loan deployed as on COD	Additions during the tariff period	Total
BOND XXIV-DOCO-	9.95	544.00	0.00	544.00
BOND XXVII-DOCO-	9.47	5600.00	0.00	5600.00
BOND XXVIII-DOCO-	9.33	4100.00	0.00	4100.00
BOND XXIX-DOCO-	9.20	641.00	0.00	641.00
BOND XXX-DOCO-	8.80	626.00	0.00	626.00
BOND XXXI-DOCO-	8.90	869.00	0.00	869.00
BOND XXXIII-DOCO-	8.64	139.00	0.00	139.00
BOND-XXXIV-ADDCAP FOR 2011-2012 Add Cap-	8.84	0.00	162.11	162.11
BOND-XXXIV-DOCO-	8.84	303.89	0.00	303.89
BOND XXXVI-ADDCAP FOR 2011-2012 Add Cap-	9.35	0.00	60.00	60.00
BOND XXXVII-ADDCAP FOR 2011-2012 Add Cap-	9.25	0.00	135.12	135.12
Total		12822.89	357.23	13180.12

**COMBINED ASSET II - WEIGHTED AVERAGE RATE OF INTEREST ON LOAN DURING
2009-14 TARIFF PERIOD**

(₹ in lakh)

Particulars	2011-12	2012-13	2013-14
Gross Opening Loan	12822.89	13180.12	13180.12
Cumulative Repayments of Loans upto Previous Year	45.33	557.33	1464.42
Net Loans Opening	12777.56	12622.79	11715.70
Add: Draw(s) during the Year	357.23	0.00	0.00
Less: Repayments of Loan during the year	512.00	907.09	1031.68
Net Closing Loan	12622.79	11715.70	10684.02
Average Net Loan	12700.18	12169.25	11199.86
Rate of Interest on Loan (%)	9.3275	9.3163	9.3101
Interest on Loan	1184.61	1133.73	1042.71

Annexure – 2

DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO FOR 2014-19

(₹ in lakh)

Particulars	Interest Rate (%)	Loan deployed as on 1.4.2014	Additions during the tariff period	Total
BOND XXIV-DOCO-	9.95	544.00	0.00	544.00
BOND XXVII-DOCO-	9.47	5600.00	0.00	5600.00
BOND XXVIII-DOCO-	9.33	4100.00	0.00	4100.00
BOND XXIX-DOCO-	9.20	641.00	0.00	641.00
BOND XXX-DOCO-	8.80	626.00	0.00	626.00
BOND XXXI-DOCO-	8.90	869.00	0.00	869.00
BOND XXXIII-DOCO-	8.64	139.00	0.00	139.00
BOND-XXXIV-ADDCAP FOR 2011-2012 Add Cap-	8.84	162.11	0.00	162.11
BOND-XXXIV-DOCO-	8.84	303.89	0.00	303.89
BOND XXXVI-ADDCAP FOR 2011-2012 Add Cap-	9.35	60.00	0.00	60.00
BOND XXXVII-ADDCAP FOR 2011-2012 Add Cap-	9.25	135.12	0.00	135.12
Total		13180.12	0.00	13180.12

WEIGHTED AVERAGE RATE OF INTEREST ON LOAN DURING 2014-19 TARIFF PERIOD

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Opening Loan	13180.12	13180.12	13180.12	13180.12	13180.12
Cumulative Repayments of Loans upto Previous Year	2496.10	3578.19	4671.54	5768.89	6866.24
Net Loans Opening	10684.02	9601.93	8508.58	7411.23	6313.88
Add: Draw(s) during the Year	0.00	0.00	0.00	0.00	0.00
Less: Repayments of Loan during the year	1082.09	1093.35	1097.35	1097.35	1097.35
Net Closing Loan	9601.93	8508.58	7411.23	6313.88	5216.53
Average Net Loan	10142.98	9055.26	7959.91	6862.56	5765.21
Rate of Interest on Loan (%)	9.3066%	9.3038%	9.3002%	9.2954%	9.2889%
Interest on Loan	943.97	842.48	740.28	637.90	535.52