

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 62/TT/2018

Coram:

Shri P. K. Pujari, Chairperson

Dr. M. K. Iyer, Member

Shri I. S. Jha, Member

Date of Order: 7.3.2019

In the matter of:

Approval under Regulation 86 of CERC (Conduct of Business) Regulations, 1999 and CERC (Terms and Conditions of Tariff) Regulations, 2014 for determination of Transmission Tariff from COD to 31.03.2019 for Asset-I: 400 kV D/C Kishenpur- New Wanpoh Line alongwith associated bays at both ends under "Northern Region System Strengthening Scheme XVI" in Northern Region.

And in the matter of:

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

.....Petitioner

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Vidyut Marg, Jaipur – 302005.
2. Ajmer Vidyut Vitran Nigam Limited,
132 KV, GSS RVPNL Sub-Station Building,
Caligiri Road, Malviya Nagar,
Jaipur- 302017 .
3. Jaipur Vidyut Vitran Nigam Limited,
132 KV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar, Jaipur - 302017.
4. Jodhpur Vidyut Vitran Nigam Limited,
132 KV, GSS RVPNL
Sub- Station Building,
Caligiri Road, Malviya Nagar, Jaipur - 302017.



5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan Kumar House Complex,
Building-II, Shimla-171004.
6. Punjab State Electricity Board,
Thermal Shed Tia,
Near 22 Phatak, Patiala-147001.
7. Haryana Power Purchase Centre Shakti Bhawan,
Sector-6, Panchkula (Haryana)- 134 109.
8. Power Development Department,
Government of Jammu & Kashmir,
Mini Secretariat, Jammu.
9. Uttar Pradesh Power Corporation Limited,
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.

.....Respondents

The following were present:

For Petitioner: Shri S. K. Venkatesan, PGCIL
Shri S. S. Raju, PGCIL

For Respondents: Shri R.B. Sharma, Advocate, BRPL
Shri Mohit Mudgal , Advocate, BRPL

ORDER

The present petition has been filed by the petitioner, Power Grid Corporation of India Ltd. (PGCIL) seeking approval of transmission tariff for the Asset: 400 kV D/C Kishenpur - New Wanpoh Line alongwith associated bays at both ends (hereinafter referred to as "the Asset") under "Northern Region System Strengthening Scheme XVI" in Northern Region (hereinafter referred to as "transmission system") for 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations").

2. The petitioner has made the following prayers:-

- i) Approve the Transmission Tariff for the tariff block 2014-19 for the asset covered under this petition.
- ii) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred / projected to be incurred and allow the cost overrun.
- iii) Allow tariff up to 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 of CERC (Terms and Conditions of tariff) Regulations,2014 for purpose of inclusion in the POC charges.
- iv) Condone the delay in completion of subject assets on merit of the same being out of the control of Petitioner in line with CERC Regulations'2014 12(2)(i)



“uncontrollable factors”

- v) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided under clause 25 of the Tariff Regulations 2014.
- vi) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition.
- vii) Allow the petitioner to bill and recover License fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.
- viii) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the respondents.
- ix) Allow to approach the Hon'ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike from 01.01.2017 onwards
- x) Allow the petitioner to bill and recover GST on Transmission charges separately from the respondents, if GST on Transmission of electricity is withdrawn from the exempted (negative) list at any time in future. Further any taxes and duties including cess, etc. imposed by any Statutory/Govt./Municipal Authorities shall be allowed to be recovered from the beneficiaries.

and pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

3. The Investment Approval (IA) for implementation of “Northern Region System Strengthening Scheme XVI (NRSS-XVI)” was accorded by Board of Directors of the petitioner vide Memorandum dated 6th July 2010 at an estimated cost of ₹75264 lakh including Interest During Construction (IDC) of ₹6331 lakh based on 1st Quarter 2010 price level. Further, the Revised Cost Estimate-II (RCE-II) of the project was approved by Board of Directors of the petitioner vide Memorandum dated 31st March 2017 at an estimated cost of ₹75794 lakh including IDC of ₹12622 lakh based on October 2016 price level.



4. The system strengthening scheme in Northern Region (NR) was discussed and agreed in 23rd Standing Committee Meeting dated 16.02.2008 and 8th NRPC meeting dated 25.04.2008. The details of the transmission elements covered under the transmission system are broadly as follows:-

Transmission Lines:

- (i) LILO of both circuits of Kishenpur - Wagoora 400 KV D/C line at New Wanpoh.
- (ii) **Kishenpur-New Wanpoh 400 KV D/C Line**

Sub-Stations:

- (i) New 2x315 MVA (7x105 MVA Single Phase Units considered), 400/220 KV New Wanpoh Substation.
- (ii) Extension of 400/220 KV Kishenpur sub-station.

Reactive Compenstaion:

- (i) 1x125 MVAR bus reactor at New Wanpoh.

5. The status of assets under the transmission system submitted by the petitioner, are as below:-

Sl. No	Name of Asset	COD	Petition No.
1	Asset-I: 400 kV D/C Kishenpur- New Wanpoh Line alongwith associated bays at both ends	31.07.2017	Current petition
2	400/220 KV 315 MVA ICT-II along with associated bays at New Wanpoh S/s	03.07.2014	111/TT/2013
3	400 KV 125 MVAR Bus Reactor along with associated bays at New Wanpoh S/s	16.06.2014	111/TT/2013
4	LILO of both circuits of Kishenpur-Wagoora 400 KV D/C line at New Wanpoh and 400/220 KV 315 MVA ICT-I along with associated bays at New-Wanpoh S/s	01.10.2013	34/TT/2013



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

Particulars	(₹ in lakh)	
	Asset-I	
	2017-18 (pro-rata)	2018-19
Depreciation	1861.75	2890.59
Interest on Loan	2083.42	3025.42
Return on Equity	2093.27	3250.45
Interest on Working Capital	144.63	219.89
O&M Expenses	248.57	383.67
Total	6431.64	9770.02

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

Particulars	(₹ in lakh)	
	Asset-I	
	2017-18 (pro-rata)	2018-19
Maintenance Spares	55.70	57.55
O&M expenses	30.95	31.97
Receivables	1601.45	1628.34
Total	1688.10	1717.86
Interest	144.63	219.89
Rate of Interest	12.80%	12.80%

8. Annual Fixed Charges under the first proviso to Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the PoC charges were granted vide order dated 15.10.2018 .
9. 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. BSES Rajdhani Power Limited (BRPL), Respondent No. 12, has filed reply vide affidavit dated 11.09.2018. BRPL has raised issues of Cost Over-run, TSA, Delay reason, CPM, PERT, DPR, initial spare, wage revision,



reimbursement of expenditure towards filing fee, license fee etc. The petitioner has filed rejoinder dated 14.09.2018 to the reply of BRPL. UP Power corporation limited (UPPCL), Respondent No. 09, has filed reply vide affidavit dated 19.03.2018. UPPCL has raised issues of time over-run, Cost Over-run, initial spare, add-cap, rate of interest on loan etc. The petitioner has filed rejoinder dated 14.09.2018 to the reply of UPPCL. The objections raised by the respondents and the clarifications given by the petitioner are addressed in the relevant paragraphs of this order.

10. Commission had sought replies to certain queries vide order dated 15.10.2018, which were replied to by the petitioner vide affidavit dated 29.10.2018. This order has been issued after considering the submissions of the petitioner in the original petition and subsequent additional information vide affidavits dated 20.02.2018, 21.03.2018, 11.09.2018, 14.09.2018 and 29.10.2018 and respondent's affidavits dated 11.09.2018 and 19.03.2018.

Commercial Operation Date (COD)

11. The petitioner has claimed date of commercial operation of Asset-I as 31.7.2017. In support of COD, petitioner has submitted self-declaration of COD letter dated 12.8.2017, CEA certificate dated 30.4.2016 and 20.4.2017 under regulation 43 of CEA (Measures relating to safety and Electric Supply) Regulations, 2010, RLDC certificate dated 21.8.2017 in accordance with Regulation 6.3.A(5) of CERC (Indian Electricity Grid Code) and CMD Certificate required under Grid Code. Accordingly, taking into consideration these certificates, the COD of the asset is approved as 31.7.2017 and has been considered for the purpose of tariff computation from COD till 31.3.2019.



Capital Cost

12. Clause (1) and Clause (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) Capitalized 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.

13. The details of apportioned approved cost, capital cost as on the date of commercial operation and estimated additional capital expenditure incurred or projected to be incurred during 2017-18 and 2018-19 along with estimated completion cost for the asset covered in the petition as claimed



by the petitioner and considered for the purpose of computation of tariff are as under:-

(₹in lakh)

Apportioned Approved Cost(FR)	Apportioned Approved Cost (As per RCE-II)	Cost as on COD	Estimated additional capital expenditure		Estimated Completion Cost as on 31.03.2019
			2017-18	2018-19	
53126.60	57293.14	52915.15	1793.30	1196.65	55905.10

14. We have considered the submissions of the petitioner. It is observed that the petitioner has submitted the Revised Cost Estimate-II (RCE-II) and that the estimated completion cost, as on 31.03.2019, claimed for the Asset is within the RCE-II.

Cost Over-Run/Variation

15. The apportioned approved cost of the asset as per FR of the project is ₹53127 lakh and as per RCE-II is ₹57293 lakh against which the estimated completion cost of the asset as on 31.03.2019 is ₹55905 lakh. Hence, there is no cost overrun in case of the asset covered in instant petition. However, there is cost variation in RCE-II as compared with apportioned approved cost. The petitioner has submitted the following reasons of cost variation along with Form-5:

- (i) Increase of about ₹3569 lakh in the costs associated with Preliminary Investigation, Right of Way, forest clearance, PTCC, general civil works etc. and is as per actual.
- (ii) Increase of ₹2332 lakh in the cost of tower steel is due to change in route of portion of line from Multicircuit to D/C at Pir-Panjaj which resulted in quantity variation and also there is price variation based on price quoted by the bidder in competitive bidding.



- (iii) Decrease of ₹783 lakh in the cost of Conductor is due to price variation based on price quoted by the bidder in competitive bidding. Decrease of ₹534 lakh in Insulator cost is due to quantity variation as some of the insulator were diverted from other projects.
- (iv) Increase of ₹431 lakh in transmission line spare cost and is as per site requirement and price quoted by the bidder in competitive bidding.
- (v) Decrease of ₹5026 lakh in Erection, Stringing & Civil works cost including cost of foundation of Transmission line and is as per actual site condition and low price quoted in competitive bidding.
- (vi) Decrease of ₹1741 lakh in taxes and duties of transmission line material and is on actual basis.
- (vii) Decrease of ₹973 lakh in establishment cost and Increase of ₹6738 lakh in IDC is on actual basis
- (viii) There is increase/decrease in award cost received in competitive bidding compared to initial estimates (FR cost).

16. We have considered the submissions of the petitioner. The total estimated completion cost of the asset is within the revised apportioned approved cost of the asset. We are of the view that cost variation in RCE-II as compared with apportioned approved cost is mainly due to increase in costs of preliminary investigation, Right of Way, forest clearance, PTCC, general civil works , increase in tonnage of tower steel due to change in route of portion of line from Multi-circuit to D/C at Pir- Panjal which resulted in quantity variation and the reduction in cost is mainly because of prevailing market condition which were beyond the control of the petitioner.

Time over-run

17. As per the investment approval, the schedule completion date was within 36 months from the date of investment approval. The date of Investment Approval was 2.7.2010. Hence, the commissioning schedule comes to 1.7.2013, against which the subject asset has been commissioned and



declared under commercial operation w.e.f. 31.7.2017 with a delay of 49 months approximately.

Reasons of time over-run

18. The petitioner has submitted the following reasons for delay in commissioning of the asset:

(i) Forest and Wildlife Clearance:-

a) Major part of the line is traversing through hilly and tedious terrain which has posed challenges in routing the transmission line over Pir - Panjaal with very high altitudes, extremely rugged mountains, and tough climatic conditions. During Survey of the Transmission Line, efforts were made to through the line without any wild life involvement as well as with minimum Forest involvement. Out of total line length of 135.02 km, forest area covers around 48.32 sq km and wildlife covers around 0.51 sq km. A large length of transmission line is passing through forest and wildlife for which approval and tree cutting took considerable time and has lead to overall delay in commissioning of the asset.

b) In 28th Standing Committee on Transmission System Planning of Northern Region held on 23rd February, 2010; Power Development Department (PDD) of Jammu and Kashmir (J&K) agreed, in principle, to provide corridor for 400 kV Kishenpur - New Wanpoh D/C line for crossing Pir-Panjaal mountain range by dismantling their existing 132 kV line section (approximately 8 km). However, the decision to construct 400 kV D/C line or Multi-circuit line for crossing Pir - Panjal, was to be taken as per the outcome of discussion with Government of J&K. Further in 29th Standing



Committee on Transmission System Planning of Northern Region held on 29th December, 2010, the Chief Engineer PDD informed that Government of J&K had agreed, in-principle, for the proposal of providing Multi - circuit line in Pir- Panjal area with a provision of 2 nos. of 220 kV circuits for J&K. However, PDD of Government of J&K vide letter dated 16.4.2011 refused to provide their 132 kV corridor. Since, this refusal came at a later stage after Investment Approval of the said line, the final route finalization for forest stretch also got delayed.

- c) The 48.32 sq km of forest stretch covers around 222.28 Hactare of forest land passing through Jammu, Udhampur, Batote, Ramban & Anantnag division and 0.51 sq km of wildlife reserve covers around 2.35 Hactare in Chakore reserve in Chenab Division. Total number of trees, poles and saplings involved in these divisions were around 8234. The forest department was approached for work vide letter dated 18.1.2011. Final Order by J&K Government cabinet was released on 17.5.2013 for using forest land which further required approval from the Wildlife Division. The case of wildlife was discussed in various standard committee meeting of wildlife and further passed by CEC (Central Empowered Committee) and the Hon'ble Supreme Court of India. Final approval of wildlife was accorded on 30.10.2015. Subsequent to final order, tree felling process was carried out in all the five Forest Divisions which was completed by 21.2.2017 after final payment was made as requested by J&K State Forest Corporation vide letter dated 21.2.2017. Since large no of trees were involved in this division with rough terrain, tree cutting took considerable time. The total time taken for forest and wildlife clearances with approval of tree cutting in these areas



was around 61 months. Chronology of events pertaining to above events is summarized below:

Sl. no	HINDRANCE / COMMUNICATION	DATE	From	To
1	MoM 28 th SCM	23.2.2010	Extract of minute	
2	MoM 29 th SCM	29.12.2010	Extract of minute	
3	Permission of work in Forest Land	18.1.2011	GM, Projects , NR-II	CCF
4	Permission of work in Forest Land	28.1.2011	CCF	GM, Projects , NR-II
5	Regarding Forest Proposal	8.2.2011	Manager, TL Batote	CCF
6	Proposal Map/ Intend reply from FCA	12.2.2011	CCF	DFO
7	Joint Inspection Letter to Range officer, Batote	1.3.2011	DFO Batote	Range officer , Batote
8	PDD letter	16.4.2011	Under Secretary	ED, Powergrid
9	query raised in Forest Case	4.5.2012	CF, Chenab Circle	DFO, Ramban
10	Handing over of compartment 46 and 47 banihal to wildlife from forest	17.7.2012	Range officer, Banihal	Range officer wildlife, Rambanbatote
11	Proposal forwarded for diversion of land after handing over charge from forest to wildlife for Chakore Reserve coming under wildlife	28.7.2012	DFO Ramban	CF, Doda
12	Letter regarding fresh proposal for wildlife or the same submitted before valid	6.8.2012	CM, New Wanpoh	Chief Wildlife Warden, Srinagar
13	Joint Inspection Letter to DFO, Ramban	8.8.2012	Range officer, Batote	DFO, Ramban
14	Proposal for Line crossing through Jawahar tunnel Conservation	9.8.2012	Chief Wildlife Warden, Srinagar	CF, Wildlife Jammu
15	Proposal of forest case for Ramban & Banihal	28.9.2012	DFO, Ramban	CF, Doda
16	Proposal forwarded for wildlife clearance	30.8.2012	CCF	Chief Wildlife Warden, J&K
17	Proposal to allow use of land in anantag District by PGCIL	3.9.2012	CF, Warden Srinagar	CF, Wildlife, Kashmir
18	Wildlife area in Kishanpur - New Wanpoh Line	19.9.2012	CF, Jammu	CWW, Srinagar
19	Proposal for diversion of Land	5.10.2012	CF, Doda	CCF
20	Proposal for Jammu, Udhampur & Batote	27.11.2012	CCF, Jammu	Pr. CCF
21	Regarding statutory Forest Clearance	23.1.2013	CM, TLO Batote	CCF, Jammu
22	75th Forest Advisory Committee Meeting MOM	30.3.2013	To all members	CCF, Member Secretary
23	Inspection report	26.4.2013	Wildlife warden, Kistwar	CF, Wildlife Kistwar
24	Govt. order for use of forest	17.5.2013	Civil secretariat	



	land		forest dept.	
25	Payment for Forest clearance ramban	24.6.2013	CCF	CAO
26	Invitation for 6th Meeting of Standing Committee of SBWL	22.7.2013	GM, Powergrid	Secretary, SBWL
27	Addendum: Use of Forest Land for Non Forest Purposes.	26.8.2013	Commissioner /Secretary to Govt. J&K Forest	
28	Minutes of 6th Meeting of Standing Committee of SBWL held on 25.7.2013, Case forwarded to NBWL	22.10.2013	Minutes	
29	Felling of Forest Trees	6.11.2013	Project Manager, TL Batote	DFO, Batote, Ramban, Udhampur, Jammu
30	Proposal for line passing through Wildlife area	2.12.2013	Chief wildlife warden, Jammu	Commissioner/sec. Govt. of J&K Forest Dep't.
31	Proposal for Chakore Reserve	6.1.2014	Under Secretary to JK Govt. Forest Dept.	Inspector General of forest (Wildlife)
32	Proposal Documents for Chakore Reserve	29. 1.2014	DIG Forest (WL)	CWW, Jammu
33	Proposal Documents for Chakore Reserve	4.2.2014	Wildlife warden	Chief Engineer, New Wanpoh, PGCIL
34	Reply to Chief wildlife warden Jammu for copy of Proposal Documents for Chakore Reserve	6.2.2014	Project Manager, Batote T/L Office	DIG Forest (WL)
35	Case listed before the CEC Committee & Notice for Hearing	21.4.2014	Chairman, PCB, Prin. CCF, Jammu Chief Wildlife warden	Deputy Secretary, Forest Depptt.
36	Request for Felling of Forest Trees on top level priority	9.5.2014	Dy. Manager, Kishenpur, PGCIL	DFO, Ramban
37	Joint inspection and request for requisite paper for ownership of section	13.6.2014	Tehsildar, Udhampur	
38	Recommendation of CEC in application no1381	2.7.2014	Member Secretary, CEC	Registrar, Supreme Court of India,
39	Request for requisite paper for ownership of a section	24.7.2014	Dy. Manager, Powergrid	DFO, Batote
40	Invitation for 31st Meeting of Standing Committee of NBWL	8.8.2014	Wildlife Warden	Chief Engineer, New Wanpoh
41	Nishandehi of Nathatop Forest	9.8.2014	DFO, Batote	Asst. Commissioner, Udhampur
42	31st meeting minutes regarding proposal recommendation	13.8.2014	Minutes	
43	Batote Forest approval for 350 Trees	18.9.2014	DFO Batote	Project Manager, PGCIL



44	Payment for 22/Batote Compartment	20.10.2014	Chief Manager, T/L Batote	DFO Batote
45	Acknowledgment of payment receipt	28.10.2014	DFO, Batote Forest Division	CM, Powergrid
46	Regarding recommendation of wildlife proposal for chakore reserve by Supreme Court	3.12.2014	CM, TLC, Batote	Prl. CCF, Jammu
47	List of trees for felling	9.12.2014	DFO, Jammu	CF, Jammu
48	Technical Sanction of Trees in Batote forest Division	26.12.2014	CF Jammu	Govt. Order
49	Marking List of trees	1.1.2015	CF, Jammu (East Circle)	CF, Jammu
50	Administrative approval for Udhampur & Batote Forest Area	4.2.2015	CCF, Jammu	Govt. Order
51	Withdrawing of technical sanction of Udhampur and batote forest area	11.2.2015	CF, Jammu	CCF, Jammu
52	Wildlife clearance for 2.3506 Ha. Chakore Reserve	25.2.2015	Chief Wildlife warden, Srinagar/Jammu	Secretary to J&K Govt. Forest Dept.
53	Revised marking of trees in Ramban Forest division	8.4.2015	DFO, Ramban	Range officer, Ramban/Banihal
54	Wildlife clearance for 2.3506 Ha. Chakore Reserve	13.4.2015	Nodal Officer, (FCA)	Prl. Secretary to Govt. J&K Forest Dep't.
55	Technical Sanction Batote 22a/Btt	6.7.2015	CF, Srinagar	Govt. Order
56	Administrative approval for Batote & Ramban Forest Area	9.7.2015	CF, Chenab Circle	CF, Srinagar
57	Administrative approval for Batote comptt. No 22a/Btt	28.7.2015	Office order, CCF Jammu	
58	Administrative approval for Batote Forest Area	13.8.2015	Office order, CCF Jammu	
59	Felling of remaining trees in Batote forest Division	20.8.2015	Chief Manager, T/L Batote	Div Mgr. SFC Ramban
60	Chakore wildlife letter for deposit of amount	27.8.2015	CCF	ED, NR-II
61	Technical Sanction for removal of marked trees in Ramban area	29.8.2015	CF, Srinagar	Govt. Order
62	Letter to Div. Mgr. Forest Division Ramban for payment & felling of trees there off	8.9.2015	Manager, TL Batote	Div Mgr. SFC Ramban
63	Administrative approval for Ramban Forest Area	19.9.2015	CCF, Jammu	Govt. Order
64	Request to Issue of Sanction order for Chakore Reserve	15.10.2015	CCF, Srinagar	Prin. Secretary to JK Govt. Forest Dept.
65	Letter to Chief Conv. Officer for felling of marked trees	15.10.2015	ED, NR-II	CCF. Srinagar
66	Final Approval of Wildlife Proposals	30.10.2015	Secretary to J&K Govt. Forest Dep't.	Govt. order
67	Letter for deposit of payments for felling of trees	16.11.2015	Chief Manager, T/L Batote	Div Mgr. SFC Ramban



68	Felling of Trees bill	17.11.2015	Div Mgr. SFC Ramban	Chief Manager, T/L Batote
69	Supplementary felling of trees	30.11.2015	Chief Manager, T/L Batote	Nodal Officer, Jammu
70	Felling of trees in Ramban District	21.12.2015	Div. Manager, SFC Ramban/Batote	CM, TLO Batote
71	Diversion of forest land instruction to DFO	22.12.2015	Administrative officer, CCF' office, Jammu	CF, Jammu & Doda
72	Supplementary felling of trees in Batote Division	31.12.2015	DFO, Ramban	Range officer Ramban, Banihal
73	Felling of conifer trees in Private and Govt. Land	1.4.2016	CM, TLO Batote	DC, Ramban
74	Diversion of Forest Land and supplementary felling of trees	28.4.2016	Range officer, Batote	DFO, Batote
75	Diversion of Land & Supplementary felling of trees in Batote division	25.5.2016	DFO, Batote Forest Division	CF, Doda
76	Use of forestry land for non-forestry purpose	21.8.2016		Principal CCF, J&K
77	Additional marking list of trees in Doda Division	24.8.2016	DFO, Ramban	CF, Doda
78	Additional Marking List of trees in Banhal & Ramban	6.9.2016	CF, Doda	CCF, Jammu
79	Supplementary administrative approval	02.12.2016	CCF, Jammu	Govt. Order
80	letter from General Manager J&K State forest Corporation regarding Additional Tree felling charges	31.12.2016	GM, J&K SFC, Jammu	Chief Manager, TL Batote
81	Release of Payments to JKSF	21.2.2017	Div Mgr, J&K SFC, Ramban	Asset, Gen Mgr., T/L Batote

(ii) ROW and Court Cases:-

- a) There were continuous ROW issues and court cases at various locations which started from April, 2013 and continued till October, 2016. Major disturbed locations were Tower location 73,74,75 and 76 for which letters were written by petitioner's representative to various authorities such as Tehsildar, SDM, Deputy Commissioner etc. requesting for administrative measure to carry out the work. Also there were court cases which further delayed the execution of the asset. Court case was filed by Bidya Ram of Tehsil Sana on 28.6.2013 for which the judgment was issued on 30.9.2015. Further case was filed by Mohan Singh Jamwal and Chursingh



on 29.12.2015 and 5.6.2015 respectively for which the orders were issued on 8.9.2016 and 18.1.2016 respectively.

- b) The ROW issue had started from 2013, because work could not be started in Banihal before the finalization of route in Pir- Panjal. PDD refused to follow the originally envisaged 132 kV corridor after which a new route was surveyed which was further diverted by SASE (Snow and Avalanche Study Establishment), a Ministry of Defence establishment in Pir- Panjal. The final route could only be finalized in late 2012 and only after that the work could be started at Banihal and other places.
- c) Further, the ROW issue at four locations in Banihal, which is prone to extreme winter conditions like sub-zero temperature, heavy snowfall and avalanches, was resolved in October, 2016. The work could be restarted thereafter in April, 2017 after the winter. Also, two of the towers were special towers viz DD+18 which took time to erect and the whole work was done manually as no machinery could reach these hilly sites. The chronology of event is as under:-

Sl. No.	HINDRANCE / COMMUNICATION	Date	From	To
1	Request for administrative measures at Tower Loc-68/0 to 77/0	6.4.2013	CM, Powergrid	Tehsildar, Banihal
2	Demand of high compensation from land owners	17.4.2013	CM, Powergrid	Deputy Commissioner, Udhampur
3	Request to expedite the land acquisition cases.	14.5.2013	CM, Powergrid	Land collector, Narwal
4	Land acquisition in Udhampur district	28.5.2013	Deputy manager , Powergrid	The collector land acquistaion, Udhampur
5	RoW problem in banihal area	17.6.2013	CM, Powergrid	The SDM, Banihal
6	Regarding Inordinate delay in the construction activities	18.2.2014	CM, Powergrid	The wing commander
7	RoW problem in banihal area	12.3.2014	CM, Powergrid	The tehsildar, Ramban



8	Row Problem in village Kembal Danga	19.5.2014	Deputy manager , Powergrid	The assistant commissioner (Revenue), Udhampur
9	Regarding preparation of Revenue paper	24.6.2014	CM, Powergrid	The SDM, Banihal
10	Regarding release of land acquisition payment	5.9.2014	Deputy manager , Powergrid	The collector land acquisition, Udhampur
11	Payment of compensation	15.9.2014	The collector, Land Acquisition, Jammu	The tehsildar, Udhampur
12	Regarding construction activities stopped	22.10.2014	The ED, Jammu	The Deputy Commissioner, Jammu
13	Request for administrative measures for location under village Tethar	19.11.2014	CM, Powergrid	Deputy Commissioner, Ramban
14	Request for joint visit of revenue and forest officials	23.12.2014	CM, Powergrid	The assistant commissioner (Revenue), Udhampur
15	Regarding RoW issue in village Mansar, Udhampur	17.4.2015	CM, Powergrid	The Addl. DM, Udhampur
16	Request for Private negotiation meeting to solve the issue	17.4.2015	CM, Powergrid	Divisional Commissioner , Udhampur
17	RoW problem in Banihal	28.4.2015	CM, Powergrid	Deputy Commissioner , Udhampur & Jammu
18	Request for administrative measures for location under village Tethar	5.5.2015	ED, Powergrid	Divisional Commissioner , Jammu
19	Request for administrative measures for location under village Tethar	19.6.2015	ED, Powergrid	Divisional Commissioner , Jammu
20	Request for administrative measures for 4 Nos. pending location at Tethar	18.8.2015	CM, Powergrid	Deputy Commissioner, Ramban
21	Request for administrative measure for Row at LoC-73,74,75,76	18.8.2015	AGM, Powergrid	DC, Jammu
22	To sort the RoW issue	21.8.2015	DC, Jammu	DC, Ramban
23	Request for administrative measures at Row locations	31.8.2015	CM, Powergrid	Deputy Commissioner, Ramban
24	Request for administrative measures at Row locations	4.9.2015	Manager, Powergrid	Asst. Commissioner Rev., Ramban
25	Request for administrative measures at Row locations	27.10.2015	CM, Powergrid	DC, Ramban
26	Request for administrative measures at Row locations	27.11.2015	CM, Powergrid grid	SDM, Banihal
27	Request for administrative measures at Row locations	30.12.2015	CM, Powergrid	DC, Ramban



28	Request for administrative measures at Row locations	30.12.2015	CM, Powergrid	DC,Ramban
29	Request for administrative measures at Row locations	6.2.2016	CM, Powergrid	SDM,Banihal
30	Request for administrative measures at Row locations	26.3.2016	CM, Powergrid	Tehsildar,Banihal
31	Request for administrative measures at Row locations	28.4.2016	CM, Powergrid	SDM,Banihal
32	Request to direct SHO for security	15.5.2016	CM, Powergrid	Tehsildar,Banihal
33	For deployment of Police	31.5.2016	Addl. DC, Ramban	SP,Ramban
34	Request for administrative measures	10.6.2016	CM, POWERGRID	Tehsildar,Banihal
35	For deployment of Police including CRPF	27.6.2016	Addl. DC, Ramban	SP,Ramban
36	Request for administrative measures	14.10.2016	Asst GM, Powergrid	SDM,Banihal
37	Row at LoC-73/0 to 76/0	17.10.2016	Asst GM, Powergrid ID	Asst. Commissioner Rev.,Ramban
38	Row at LoC-73/0 to 76/0	17.10.2016	Asst GM, Powergrid	Asst. Commissioner Rev.,Ramban

Court cases

Sl. No	Court Case	Start date	End date
1	Court Case by Inhabitants of Sahan	7.7.2012	25.9.2012
2	Court Case at Sana Ramban by Bidya Ram S/o Masu	28.6.2013	30.9.2015
3	Court Case at Sana Ramban by Chur Singh and Others	5.6.2015	18.1.2016
4	Court Case at by Mohan Singh Jamwal and others	29.12.2015	8.9.2016

19. BRPL, Respondent No. 12, has made submissions vide affidavit dated 11.9.2018. BRPL has submitted that time overrun is entirely attributable to the slackness of the petitioner in the project management for which petitioner is solely responsible and that the petitioner has also not submitted CPM & PERT Chart. In response, petitioner, vide affidavit dated 14.9.2018, has submitted CPM & PERT Chart and further submitted the detailed explanation of schedule vs actual as below:

Sl. No.	Activity	Schedule		Actual		Remarks, if any
		From	To	From	To	
1	Investment approval by board	-		2.7.2010		
2	LoA	2.8.10	2.8.10	26.7.10	26.7.10	No delay/within schedule
3	Supplies	29.11.10	29.11.12	10.12.10	27.5.17	This activity is not critical.
4	Forest	8.10.10	10.10.11	8.2.11	2.12.16	Initially J&K agreed to



	clearance					provide corridor for 400 kV Kishenpur-New Wanpoh D/c line for crossing Pir Panjal mountain range by dismantling their existing 132 kV line section (about 7-8km). But at later stage Power development department (PDD), Govt. of J&K refused to provide their 132kV corridor. Since PDD refused to provide the corridor at the later stage after Investment approval of the said line, the final route finalization for forest stretch also got delayed and first letter for Permission of work in Forest Land was communicated vide letter dated 18.1.2011.
5	Foundation	31.12.10	1.1.13	27.1.11	27.3.17	There is delay on account of forest & wildlife clearance and ROW issue.
6	Tower Erection	3.3.11	25.3.13	10.5.11	20.7.17	
7	Stringing	1.7.11	29.05.13	6.1.12	25.7.17	
8	Testing & Commissioning	30.5.13	1.7.13	25.7.17	29.7.17	

20. We have considered the submissions made by the petitioner and respondents. The delay of 49 months in commissioning is mainly because of forest & wildlife clearance and ROW issue at various locations and due to Court cases. After investment approval dated 2.7.2010, LOA was issued on 26.7.2010 i.e. before the scheduled date of 2.8.2010. Thus, there is no delay on part of LOA. Further, in the 28th SCM and 29th SCM held on 23.2.2010 and 29.12.2010 respectively, PDD J&K agreed to provide corridor for 400 kV Kishenpur - New Wanpoh D/C line for crossing Pir - Panjal mountain range by dismantling their existing 132 kV line section and accordingly, permission of work in Forest Land was communicated vide letter dated 18.1.2011. However, at a later stage, PDD vide letter dated 16.4.2011 refused to provide their 132 kV corridor, which resulted in delay



of the final route finalization for forest stretch. Thus, the variation in time period from 29.12.2010 to 21.2.2017 (63 months 24 days, excluding 10 months timeline as per MOEF guidelines) was due to forest & wildlife clearance which was beyond the control of the petitioner. Further, delay due to ROW issues from 6.4.2013 to 17.10.2016 (42 months 12 days) and due to Court cases from 7.7.2012 to 8.9.2016 (50 months 2 days) are subsumed in time duration of forest & wildlife clearance and were also beyond the control of the petitioner. The summary of facts as discussed above is given hereunder:

Sl. No.	Reason for time over-run	Duration	Period	Remarks
1	Forest & wildlife clearance	29.12.2010 to 21.2.2017	63 months 24 days	excluding 10 months timeline as per MOEF guidelines
2	Row issues	6.4.2013 to 17.10.2016	–	Time period from 6.4.2013 to 17.10.2016 (42 months 12 days) subsumed in S.no-1
3	Court cases	7.7.2012 to 8.9.2016	–	Time period from 7.7. 2012 to 8.9.2016 (50 months 2 days) subsumed in s.no-1
4	Total delay incurred due to various factors such as Forest & wildlife clearance, Row issues and court cases.		63 months 24 days	
5	Total delay corresponding to the Asset		49 months	.

The total delay incurred due to various factors such as forest & wildlife clearance, ROW issues and court cases is of 63 months 24 days, while there has been delay of 49 months in commissioning the asset under consideration. Accordingly, the delay of 49 months is condoned.

Incidental Expenditure During Construction (IEDC) & Interest During Construction (IDC)



21. The petitioner has claimed IEDC of ₹2520.32 lakh for the asset. The petitioner has claimed IEDC as on COD, which is within the percentage on hard cost as indicated in the abstract cost estimate. In the instant petition, less than 5% of hard cost is indicated as IEDC in the abstract cost estimate. Hence, the entire IEDC claimed by the petitioner is allowed.
22. The petitioner has claimed IDC of ₹11216.42 lakh for the asset. The petitioner has submitted the statement showing discharge of IDC liability as on COD. However, in the Statement showing IDC discharged up to COD, the petitioner has not indicated the floating rate of interest of SBI loans deployed. The IDC on cash basis up to the COD has been worked out on the basis of the loan details given in the Statement showing discharge of IDC and Form-9C for the asset. The petitioner is directed to submit information on interest rates, corresponding to the quarterly loans as depicted in the Statement showing IDC discharged up to COD, at the time of truing-up. Further, the petitioner has submitted that there is no default in the payment of interest.
23. Following assumptions have been made to work out the IDC on cash basis as on COD in the instant case:
- A. Rate of Interest for all the SBI loans having floating rate of interests has been considered as 8.90% i.e. for loans of SBI (2013-14) (Q1), SBI (2014-15) (Q1), SBI (2015-16) (Q2), SBI (2015-16) (Q4), SBI (2016-17) (Q4) and 7.95% for SBI (2017-2018) (Q1).
- B. Dates of drawl of all the SBI loans have been considered as mid of the respective quarters to simplify the IDC working.



24. The IDC claimed and considered as on COD and summary of discharge of IDC liability up to COD and thereafter for the purpose of tariff determination subject to revision at the time of truing up is as below:

(₹ in lakhs)

IDC claimed as per certificate	IDC considered as on COD	IDC Discharged upto COD	IDC Discharged in 2017-18	IDC Discharged in 2018-19
11216.42	11216.42	10019.36	1086.80	110.26

25. The balance portion of IDC discharged after COD has been considered in additional capital expenditure. The allowed/capitalized IDC shall be reviewed at the time of truing up, on submission of details regarding floating Interest rates of SBI loans.

Initial spares

26. Regulation 13(d) of the 2014 Tariff Regulations provides that initial spares shall be capitalized as a percentage of plant and machinery cost upto cut-off date, subject to following ceiling norms:-

“(d) Transmission System Transmission line: 1.00%
Transmission sub-station (Green Field): 4.00%
Transmission sub-station (Brown Field): 6.00%”

27. The petitioner has claimed ₹717.25 lakh as initial spares for the asset corresponding to Transmission Line. Detailed calculation of excess Initial spares claimed in respect of the above mentioned asset has been deducted



to arrive at the Capital Cost considered for the purpose of tariff in the present petition, is as below:

(₹ in lakhs)

Sl. No.	Plant & Machinery Cost as on cut-off date	Total capital after IDC/IEDC deduction	Spares claimed	Proportionate Spares claimed	Ceiling limit	Spares worked out	Excess claimed
	a	b	c	$d=b*c/a$	e	$f=((b-d)*e)/(100-e)\%$	
1	40845.68	40845.68	717.25	717.25	1.00%	405.34	311.91

28. Further, the petitioner, vide affidavit dated 29.10.2018, has submitted that the petitioner has discharged Initial Spare as on COD is ₹645.52 lakh. Hence, it is presumed that the total allowable Initial Spare of ₹405.34 lakh, as indicated above, would have been discharged as on COD.

29. The following capital cost as on COD, after taking into account the allowable IEDC, IDC and initial spares, is considered for the computation of tariff for the asset :-

(₹ in lakh)

Capital Cost Claimed as on COD	Less: IDC disallowed (Excess claim)	Less: IDC disallowed (Un-discharged)	Less: Excess Initial spare	Capital Cost considered as on COD
52915.15	0.00	1197.06	311.91	51406.18

Additional Capital Expenditure (ACE)

30. 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) Un-discharged 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 13;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
- (v) Change in Law or compliance of any existing law:

Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.”

31. Clause (13) of Regulation 3 of the 2014 Tariff Regulations defines “cut-off” date as under:-

“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 the year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation”.

32. The cut-off date for the instant asset is 31.3.2020.

The petitioner, vide Auditor Certificate dated 8.12.2017, has claimed estimated Additional Capital Expenditure (ACE) projected to be incurred ₹1793.30 lakhs and ₹1196.65 lakh for year 2017-18 and 2018-19 respectively. Further the petitioner has claimed the entire ACE under Regulation 14(1).

In addition, the petitioner has also claimed the discharge of IDC and initial spare liability during 2017-18 & 2018-19 in respect of the asset.



Accordingly, the ACE claimed by the petitioner and allowed up to 31.03.2019 is summarized in the table below:-

(₹ in lakh)		
	2017-18	2018-19
Claimed	1793.30	1196.65
Allowed**	2880.09	1306.92

**Discharged IDC and initial spare added in the respective year add cap.

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

(₹ in lakh)			
Expenditure up to COD	2017-18	2018-19	Total Estimated Completion Cost up to 31.3.2019
51406.18	2880.09	1306.92	55593.19

Debt-Equity Ratio

34. This has been dealt with in line with Clause 1 and 5 of Regulation 19 of the 2014 Tariff Regulations.
35. The petitioner has claimed debt: equity ratio of 70:30 as on the date of commercial operation. Debt: equity ratio of 70:30 is considered as provided in Regulation 19 of the 2014 Tariff Regulations. The details of debt- equity ratio in respect of the Asset as on the date of commercial operation and as on 31.3.2019 are as under:-

(₹ in lakh)				
Particular	Asset			
	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	35,984.32	70.00	38915.23	70.00
Equity	15,421.85	30.00	16677.96	30.00
Total	51406.18	100.00	55593.19	100.00



Return on Equity

36. This has been dealt with in line with Clause (1) and (2) of Regulation 24 and Clause (2) of Regulation 25 of the 2014 Tariff Regulations.
37. The petitioner has submitted that it is liable to pay income tax at MAT rate, the RoE has been calculated @ 19.610% after grossing up the RoE with MAT rate of 20.961% as provided under Regulation 25(2)(i) of the 2014 Tariff Regulations. As per Regulation 25(3) of the 2014 Tariff Regulations, the grossed up rate of RoE at the end of the financial year shall be trued up based on actual tax paid together with any additional tax demand including interest thereon duly adjusted for any refund of tax including interest received from the IT authorities pertaining to the 2014-19 period on actual gross income of any financial year.
38. We have considered the submissions made by the petitioner and respondent. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of return on equity with the effective tax rate for the purpose of return on equity. It further provides that in case the generating company or transmission licensee is paying Minimum Alternative Tax (MAT), the MAT rate including surcharge and cess will be considered for the grossing up of return on equity. Accordingly, the MAT rate applicable during 2013-14 has been considered for the purpose of return on equity, which shall be trued up with actual tax rate in accordance with Regulation 25 (3) of the 2014 Tariff Regulations. Accordingly, the RoE allowed is as follows:-

(₹ in lakh)



Particulars	Asset-I	
	2017-18 (pro-rata)	2018-19
Opening Equity	15421.85	16285.88
Addition due to Additional Capitalization	864.03	392.08
Closing Equity	16285.88	16677.96
Average Equity	15853.87	16481.92
Return on Equity (Base Rate)	15.50%	15.50%
MAT rate for the Financial year 2013-14	20.961%	20.961%
Rate of Return on Equity (Pre-tax)	19.610%	19.610%
Return on Equity (Pre-tax)	2078.31	3232.10

Interest on loan (IOL)

39. This has been dealt with in line with Regulation 26 of 2014 Tariff Regulations.

40. IOL has been worked out as under:-

(i) Gross amount of loan, repayment of instalments and rate of interest on actual average loan have been considered as per the petition;

(ii) The yearly repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that year; and

(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.

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

Particulars	Asset-I	
	2017-18 (pro-rata)	2018-19
Gross Normative Loan	35984.32	38000.39
Cumulative Repayment upto previous Year	0.00	1848.34
Net Loan-Opening	35984.32	36152.04
Addition due to Additional Capitalization	2016.06	914.84
Repayment during the year	1848.34	2874.12

(₹ in lakh)



Net Loan-Closing	36152.04	34192.77
Average Loan	36068.18	35172.41
Weighted Average Rate of Interest on Loan	8.5794%	8.5539%
Interest on Loan	2068.60	3008.60

Depreciation

42. This has been dealt with in line with Regulation 27 of 2014 Tariff Regulations.
43. Depreciation has been calculated annually based on Straight Line Method at the rates specified in Appendix-II to the 2014 Tariff Regulations.
44. Details of the depreciation allowed are as under:-

Particulars	(₹ in lakh)	
	Asset-I	
	2017-18 (pro-rata)	2018-19
Opening Gross Block	51406.18	54286.27
Additional Capital expenditure	2880.09	1306.92
Closing Gross Block	54286.27	55593.19
Average Gross Block	52846.22	54939.73
Rate of Depreciation	5.2321%	5.2314%
Depreciable Value	46331.64	48148.41
Remaining Depreciable Value	46331.64	46300.07
Depreciation	1848.34	2874.12

Operation and Maintenance Expenses (O&M Expenses)

45. This has been dealt with in line with Clause 29(4)(a) of 2014 Tariff Regulations.
46. The O&M Expenses claimed by the petitioner are as under:-



(₹ in lakh)

2017-18	2018-19
248.57	383.67

47. The petitioner has submitted that O&M Expenses for the tariff period 2014-19 had been arrived at 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.
48. BRPL has submitted that any increase in employee cost, if any, due to wage revision must be taken care by increasing the productivity levels of the petitioner company and the beneficiaries should not be burdened over and above the provisions in the 2014 Tariff Regulations. In response, the petitioner filed its rejoinder dated 14.9.2018 and submitted that O&M for the tariff period 2014-19 had been arrived at 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.

Analysis/Decision

49. We have considered the submissions of petitioner and the BRPL. The O&M Expenses have been worked out as per the norms specified in the 2014 Tariff Regulations. Accordingly, the O&M Expenses allowed is given as under:

(₹ in lakh)

Element	2017-18 (Pro-rata)*	2018-19
4 nos. 400 kV bays	244/365X66.51X4 =177.84	68.71X4 =274.84
400 kV D/C Kishenpur-New Wampoh line	244/365x0.780x135.02 =70.40	0.806x135.02 =108.82
Total calculated	248.24	383.66

*pro-rata has been calculated from 31.7.2017 to 31.3.2018=244 days.

Interest on Working Capital (IWC)

Rate of interest on working capital

50. As per proviso 3 of Regulation 28 of the 2014 Tariff Regulation, SBI Base Rate Plus 350 bps as on 1.04.2017 (i.e.12.60%) has been considered for the instant asset, as the rate of interest on working capital.

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

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (Pro-rata)	2018-19
Maintenance Spares	55.71	57.55



O&M expenses	30.95	31.97
Receivables	1591.87	1618.96
Total	1,678.53	1,708.48
Interest	141.38	215.27

Annual Transmission charges

52. In view of the above, the annual transmission charges being allowed for the instant asset is summarized hereunder:-

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata)	2018-19
Depreciation	1848.34	2874.12
Interest on Loan	2068.60	3008.60
Return on Equity	2078.31	3232.10
Interest on Working Capital	141.38	215.27
O&M Expenses	248.28	383.66
Total	6384.91	9713.75

Filing fee and the publication expenses

53. 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

54. The petitioner has requested 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 licence fee and RLDC fees and charges in accordance with Clause (2)(b) and (2)(a), respectively, of Regulation 52 of the 2014 Tariff Regulations.

Service Tax

55. The petitioner has sought to recover Service Tax on transmission charges separately from the respondents, if at any time service tax on transmission is withdrawn from negative list in future. We have considered the submission of the petitioner. Service tax is not levied on transmission. Further, service tax is subsumed by GST and hence petitioner's prayer is infructuous.

Goods and Services Tax

56. 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

57. The transmission charges shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations and shall be shared by the beneficiaries and long term transmission customers in Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.

58. This order disposes of Petition No. 62/TT/2018.



Sd/-
(I.S.Jha)
Member

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

Sd/-
(P. K. Pujari)
Chairperson

