

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 193/TT/2019**

**Coram:**

**Shri P. K. Pujari, Chairperson  
Shri I. S. Jha, Member  
Shri Arun Goyal, Member  
Shri P. K. Singh, Member**

**Date of Order: 28.02.2022**

**In the matter of:**

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for determination of transmission tariff from COD to 31.3.2019 in respect of **Asset-I:** 400 kV D/C Alipurduar-Punatsangchun Transmission Line along with associated bays at Alipurduar Sub-station and **Asset-II:** 02 number of 220 kV bays at Alipurduar Sub-station under the transmission system associated with "Transmission system for development of pooling station in Northern part of West Bengal and transfer of power from Bhutan to NR/WR".

**And in the matter of:**

Power Grid Corporation of India Limited,  
"Saudamini", Plot No. 2, Sector-29,  
Gurgaon – 122001, Haryana.

**....Petitioner**

**Vs.**

1. Bihar State Electricity Board,  
(Bihar State Holding Company Limited),  
Vidyut Bhavan, Bailey Road,  
Patna – 800001.
2. West Bengal State Electricity Distribution Company Limited,  
Bidyut Bhawan, Bidhan Nagar,  
Block DJ, Sector-II, Salt Lake City,  
Calcutta – 700091.



3. Grid Corporation of Orissa Limited,  
Shahid Nagar,  
Bhubaneswar – 751007.
4. Damodar Valley Corporation,  
DVC Tower, Maniktala,  
Civic Centre, VIP Road,  
Calcutta – 700054.
5. Power Department,  
Government of Sikkim,  
Gangtok – 737101.
6. Jharkhand State Electricity Board,  
In front of Main Secretariat,  
Doranda,  
Ranchi – 834002.
7. North Bihar Power Distribution Company Limited,  
Vidyut Bhawan, Bailey Road,  
Patna, Bihar- 800001
8. South Bihar Power Distribution Company Limited,  
Vidyut Bhawan, Bailey Road,  
Patna, Bihar- 800001

...Respondent(s)

**For Petitioner** : Ms. Swapna Seshadri, Advocate, PGCIL  
Shri Aditya H. Dubey, Advocate, PGCIL  
Shri S. S. Raju, PGCIL  
Shri D.K. Biswal, PGCIL  
Shri Ved Prakash Rastogi, PGCIL  
Shri Amit Yadav, PGCIL

**For Respondents** : Ms. Rohini Prasad, Advocate, BSPHCL

### **ORDER**

The Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, has filed the instant petition for determination of tariff for the period from the date of commercial operation (COD) to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014



(hereinafter referred to as “the 2014 Tariff Regulations”) in respect of the following transmission assets under “Transmission system for development of pooling station in Northern part of West Bengal and transfer of power from Bhutan to NR/WR” (hereinafter referred to as “the transmission project”):

**Asset-I:** 400 kV D/C Alipurduar- Punatsangchun alongwith associated bays at Alipurduar Pooling station (India Portion); and

**Asset-II:** 02 number of 220 kV bays at Alipurduar Pooling station.

2. The Petitioner has made the following prayers in this petition:

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

*2) Invoke the provision of regulation - 4(3)(ii) of CERC (Terms and Conditions of Tariff) Regulations’ 2014 and Regulation – 24 of CERC (Conduct of Business) Regulations’ 1999 for approval of DOCO of Asset-I as 29.03.2018 and Asset-II as 01.03.2018.*

*3) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation projected to be incurred.*

*4) Allow the Petitioner to approach Hon’ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19.*

*5) Allow tariff upto 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 CERC (Terms and Conditions of tariff) Regulations, 2014 for purpose of inclusion in the PoC charges.*

*6) 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.*

*7) 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.*

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

*9) Allow the petitioner to bill and recover GST on Transmission charges separately from the respondents, if GST on Transmission of electricity is withdrawn from the exempted (negative) list at any time in future. Further any taxes and duties including cess, etc. imposed by any Statutory/Govt./Municipal Authorities shall be allowed to be recovered from the beneficiaries.*

*10) 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.*

*11) Allow the Petitioner to bill and recover Service tax on Transmission Charges separately from the respondents, if at any time service tax on transmission is withdrawn from negative list at any time in future. Further, any taxes and duties including cess etc. imposed by any statutory/Govt/municipal authorities shall be allowed to be recovered from the beneficiaries.*

*12) Allow the petitioner to bill Tariff from DOCO and also the petitioner may be allowed to submit revised Certificate and tariff Forms (as per the Relevant Regulation) based on actual COD, if any.*

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

### **Background**

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

a. The Investment Approval (IA) for implementation of the transmission project was accorded by Board of Directors of the Petitioner company vide Memorandum No. C/CP/Sikkim Generation Projects- Part-C dated 15.4.2010 with an estimated cost of ₹440457 lakh including Interest During Construction (IDC) of ₹38338 lakh based on 4<sup>th</sup> Quarter, 2009 price level. Further, Revised Cost Estimate (RCE) of the transmission project was approved by Board of



Directors of the Petitioner vide Memorandum No. C/CP/PA1617-03-0AD-RCE018 dated 30.3.2017 with an estimated cost of ₹513501 lakh including IDC of ₹50601 lakh based on October 2016 price level.

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

**Transmission Lines**

- i) LILO of Bishwanath Chariali–Agra HVDC line at new pooling station in Alipurduar for parallel operation of the HVDC station.
- ii) LILO of Bongaigaon–Siliguri 400 kV D/C line (quad) (under Pvt. Sector) at new pooling station in Alipurduar.
- iii) LILO of Tala–Siliguri 400 kV D/C line at new pooling station in Alipurduar
- iv) Punatsangchu-I (Generation Project in Bhutan) – Alipurduar 400 kV D/C with HTLS conductor (India Portion)
- v) LILO of Birpara–Salakati 220 kV D/C line at new pooling station in Alipurduar
- vi) Earth Electrode line at new pooling station in Alipurduar
- vii) Earth Electrode line at Agra end

**Sub-stations**

- i) New 2x315 MVA, 400/220 kV AC and 3000 MW,  $\pm$  800 kV HVDC Sub-station at new pooling station in Alipurduar.
- ii) Extension of  $\pm$  800 kV HVDC Sub-station at Agra with 3000 MW module.

c. Modification in Original Scope of the Project

- i. During the meeting of Standing Committee on Power System Planning in Eastern Region held on 20.9.2010, it was discussed and agreed that the Petitioner would provide 2 numbers of additional 220 kV line bays in 400/220 kV Alipurduar (Petitioner's) Sub-station for termination of 220 kV line from Alipurduar (WBSETCL) 132 kV being upgraded to 220 kV. The



same was also ratified in the 16<sup>th</sup> meeting of TCC/ ERPC held on 17.12.2010/18.12.2010.

- ii. As agreed and discussed during the meeting of Standing Committee meeting for Power System Planning in Eastern Region held on 2.5.2014, implementation of LILO of Tala–Siliguri 400 kV D/C line at Alipurduar was dropped due to slow progress of future generation projects in NER and Bhutan. Accordingly, LILO of Tala–Siliguri 400 kV D/C line at Alipurduar along with associated 4 number 400 kV line bays at Alipurduar has been deleted from the scope of works of the subject project.
- iii. Further, as decided during the meeting of Standing Committee on Power System Planning in Northern region held on 30.5.2009, quad moose conductor has been used for Punatsangchu–I– Alipurduar 400 kV D/C line (India portion) in place of HTLS (twin) conductor.
- iv. Accordingly, the scope under the transmission project has undergone a change during implementation due to above reasons and the scope of the project has been rectified/ revised in RCE dated 30.3.2017 as follows:

**Transmission Lines**

- i) LILO of Bishwanath Chariali–Agra HVDC line at new pooling station in Alipurduar for parallel operation of the HVDC station.
- ii) LILO of Bongaigaon–Siliguri 400 kV D/C line (quad) (under Pvt. Sector) at new pooling station in Alipurduar.
- iii) Punatsangchu-I (Generation Project in Bhutan)–Alipurduar 400 kV D/C with quad moose conductor (India Portion)
- iv) LILO of Birpara–Salakati 220 kV D/C line at new pooling station in Alipurduar
- v) Earth Electrode line at new pooling station in Alipurduar



vi) Earth Electrode line at Agra end

### **Sub-stations**

i) New 2x315 MVA, 400/220 kV AC and 3000 MW,  $\pm 800$  kV HVDC Sub-station at new pooling station in Alipurduar.

ii) Extension of  $\pm 800$  kV HVDC Sub-station at Agra with 3000 MW module.

iii) Additional 02 numbers of 220 kV bays at 400/220 kV Alipurduar Sub-station.

### **Reactive Compensation**

i) 2x125 MVAR Bus Reactor at 400 kV bus of Alipurduar Sub-station.

### **Deletion of element from the original scope of the Project**

i) The Petitioner has submitted that the element LILO of Tala-Siliguri 400 kV D/C line at new pooling station in Alipurduar along with associated bays at Alipurduar was deleted from the scope of work and the same has been discussed and agreed in the 1<sup>st</sup> meeting of Standing Committee for Power System planning in Eastern Region held on 2.5.2014 at NRPC, New Delhi.

4. The details of Petitions under which the assets of transmission project are covered are as follows:

Sl. No	Asset No.	Asset Name	Actual/ Proposed COD	Remarks
1	<b>Asset-A</b> (Asset-I & Asset-II)	$\pm 800$ kV 3000 MW HVDC POLE-III and LILO of Bishwanath Chariali–Agra HVDC line for parallel operation of the HVDC station at Alipurduar and Earth electrode station and Earth Electrode line at Alipurduar and Agra end and $\pm 800$ kV 3000 MW HVDC POLE-IV at Alipurduar and Agra	21.9.2017 (Actual)	Covered under Petition No. 198/TT/2017



2	<b>Asset-B</b> (Asset-III to VIII)	LILO of Bongaigaon–Binaguri (Siliguri) 400 kV D/C line (quad), LILO of Birpara-Salakati 220 kV D/C line, 315 MVA 400/220 kV ICT-I & II and 125 MVA 400 kV Bus Reactor-I & II alongwith associated bays at Alipurduar HVDC station	21.9.2017 (Actual)	
3	<b>Asset-I</b>	400 kV D/C Alipurduar-Punatsangchun along with associated bays at Alipurduar Pooling station (Indian Portion)	29.3.2018 (Proposed)	Covered under the instant petition
4	<b>Asset-II</b>	02 number of 220 kV bays at Alipurduar Sub-station	1.3.2018 (Proposed)	

5. The Petitioner, during the course of hearing dated 2.11.2021, has submitted that the actual power started flowing through Asset-I on 1.7.2019, which falls under the 2019 Tariff Regulations. Accordingly, the Petitioner would file a separate petition with respect to Asset-I in accordance with 2019 Tariff Regulations and prayed that tariff for only Asset-II may be granted in the instant petition and liberty may be given to the Petitioner to file a fresh petition as per the 2019 Tariff Regulations in respect of Asset-I. In light of the submissions of the Petitioner, the Commission vide RoP dated 2.11.2021 granted liberty to the Petitioner to file a separate petition for Asset-I in accordance with the 2019 Tariff Regulations.

6. The Respondents are distribution licensees, power departments and transmission utilities, who are procuring transmission services from the Petitioner, mainly beneficiaries of the Eastern Region.

7. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been





received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Bihar State Power (Holding) Company Limited (BSPHCL) i.e. Respondent No.1 has filed reply vide affidavit dated 8.11.2021 and has raised issues of delay in trial operation of Asset-II, computation of capital cost to be done after prudence check, filing fees, sharing of transmission charges etc. In response, the Petitioner has filed rejoinder vide affidavit dated 10.12.2021. The issues raised by the Respondent and the clarifications given by the Petitioner are considered in the relevant portions of this order.

8. The hearing in this matter was held on 2.11.2021 through video conference and the order was reserved.

9. This order is issued considering the Petitioner's submissions in the main petition vide affidavit dated 13.2.2019, affidavits dated 4.5.2020, 23.9.2020, and 28.10.2021, BSPHCL's reply vide affidavit dated 8.11.2021 and the Petitioner's rejoinder vide affidavit dated 10.12.2021.

10. Having heard the learned counsels of the Petitioner and the Respondent, BSPHCL, and having perused the material on record, we proceed to dispose of the petition.

#### **DETERMINATION OF ANNUAL FIXED CHARGES FOR 2014-19 TARIFF PERIOD**

11. The details of transmission charges claimed by the Petitioner for 2014-19 tariff period in respect of Asset-II is as follows:



(₹ in lakh)		
Particulars	2017-18 (Pro-rata for 31 days)	2018-19
Depreciation	1.31	30.82
Interest on Loan	1.68	37.64
Return on Equity	1.58	37.48
Interest on working capital	0.50	7.22
O&M Expenses	7.76	96.20
<b>Total</b>	<b>12.83</b>	<b>209.36</b>

12. The details of the Interest on Working Capital (IWC) claimed by the Petitioner in respect of Asset-II for 2014-19 period is as follows:

(₹ in lakh)		
Particulars	2017-18 (Pro rata for 31 days)	2018-19
O&M Expenses	7.76	8.02
Maintenance Spares	13.97	14.43
Receivables	25.66	34.89
<b>Total</b>	<b>47.39</b>	<b>57.34</b>
Rate of Interest (in %)	12.60	12.60
<b>Pro-rate Interest on Working Capital</b>	<b>0.50</b>	<b>7.22</b>

#### **Commercial Operation Date (“COD”)**

13. The Petitioner has claimed COD of Asset-II as 1.3.2018 in accordance with proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations.

14. The Petitioner has submitted that Asset-II was put under commercial operation on 1.3.2018 but the same could not be put to regular service due to delay on part of WBSETCL in execution of the downstream system.

15. During the course of hearing dated 2.11.2021, the Petitioner submitted that the downstream system has achieved COD on 6.6.2018.

16. The Commission directed WBSETCL to file its reply particularly on the Petitioner's prayer for approval of COD of Asset-II under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations due to delay in COD of the downstream system under



the scope of WBSETCL. However, despite several opportunities and notices, WBSETCL has not filed any reply.

17. BSPHCL has submitted that as Asset-II has already achieved commercial operation prior to the filing of the tariff petition, COD may be determined accordingly. BSPHCL has further submitted that from the documents annexed along with the petition, the downstream system under the scope of WBSETCL is stated to be complete and is due to be charged after tree trimming. However, as on 30.6.2018 it was stated as commissioned on 31.5.2018. BSPHCL has further submitted that the Petitioner has failed to explain the time gap between the approval for energization and commencement of successful trial operation. As per approval dated 5.1.2018, the date and time of energization for commencement of successful trial operation was on 27.2.2018 (on no load basis). Finally, the date and time of energization for commencement of successful trial operation was stated as 6.6.2018 in the certificate of completion of trial operation of transmission element dated 3.7.2018. BSPHCL has further submitted that the Petitioner has not made any submission regarding any Implementation Agreement signed with WBSETCL.

18. In response, the Petitioner has reiterated its submission that the delay in putting the instant asset to regular service was solely on account of the delay in commissioning of downstream system to be implemented by WBSETCL. The Petitioner has further submitted that the construction work of Alipurduar-Alipurduar transmission line is being held up on account of acute RoW issues as is clear from various CEA monthly progress reports. While the Petitioner made its best efforts to match COD of Asset-II with that of the downstream system under scope of



WBSETCL, it was not feasible for the Petitioner to delay the commissioning of the line anymore on account of various contractual obligations.

19. We have considered the submissions of the Petitioner and BSPHCL. Regulation 4(3) of the 2014 Tariff Regulations provides as follows:

***“4. Date of Commercial Operation:*** *The date of commercial operation of a generating station or unit or block thereof a transmission system or element thereof shall be determined as under:*

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*(3) Date of Commercial operation in relation to a transmission system shall mean the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from sending end to receiving end:*

*Provided that:*

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

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

20. In support of COD of Asset-II, the Petitioner has submitted CEA Energization Certificate dated 5.1.2018 under Regulation 43 of CEA (Measures Related to Safety and Electricity Supply) Regulations, 2010; “No-load” RLDC Charging Certificate dated 1.8.2018; self-declaration COD letter dated 4.9.2018; and CMD Certificate as required under the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010.



21. Taking into consideration the “No-load” RLDC Charging Certificate, CEA Energization Certificate, self-declaration COD letter and CMD Certificate submitted by the Petitioner, COD of Asset-II is approved as 1.3.2018 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations.

22. We have taken note of the fact that despite several opportunities and notices, WBSETCL has not filed any reply and the associated downstream transmission line under the scope of WBSETCL was not ready on 1.3.2018.

### **Time over-run**

23. BSPHCL has submitted that there was 6-year delay in inclusion of Asset-II in RCE and the same has to be explained by the Petitioner.

24. The Petitioner has submitted that as per RCE, scheduled date of commercial operation of Asset-II was in March 2018. During meeting of the Standing Committee on Power System Planning in Eastern Region held on 20.9.2010, it was discussed and agreed that the Petitioner would provide 2 numbers of additional 220 kV line bays in 400/220 kV Alipurduar (POWERGRID) Sub-station for termination of 220 kV line from Alipurduar (WBSETCL) 132 kV being upgraded to 220 kV. The same was also ratified in the 16<sup>th</sup> meeting of TCC/ ERPC held on 17.12.2010 and 18.12.2010. Pursuant to the agreement of the Eastern Region constituents, the Petitioner modified the scope of the subject project to include these 02 Numbers 220 kV Bays in March 2018. Subsequent to the approval by the Board of the Petitioner company, the Petitioner took up the implementation of these 02 Numbers 220 kV bays for which the contracts for execution were awarded and the same were ready for intended use



w.e.f. 1.3.2018. i.e., within a period of 11 month from the date of IA (i.e., RCE).

Hence, there is no time over-run in COD of Asset-II.

### **Capital Cost**

25. Regulations 9(1) and 9(2) of the 2014 Tariff Regulations provide as follows:

**“Capital Cost:** (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;
- (bi) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period shall form part of the capital cost.
- (c) Increase in cost in contract packages as approved by the Commission;
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;
- (e) capitalised Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;
- (f) expenditure on account of additional capitalization and de-capitalisation determined in accordance with Regulation 14 of these regulations;
- (g) adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and
- (h) adjustment of any revenue earned by the transmission licensee by using the assets before COD.”

26. The capital cost claimed by the Petitioner based on Auditor’s Certificate dated

27.12.2018 is as follows:

(₹ in lakh)				
Apportioned Approved Cost (RCE)	Capital Cost (as on COD)	Actual/ Projected Expenditure		Capital Cost (as on 31.3.2019)
		2017-18	2018-19	
901.25	257.12	145.87	476.30	879.28



### **Cost over-run**

27. As compared to apportioned approved RCE cost of ₹901.25 lakh, the estimated completion cost is ₹879.28 lakh which is within the RCE cost. Hence, there is no cost over-run in case of Asset-II.

### **Interest during Construction ("IDC")**

28. The Petitioner has claimed IDC in respect of Asset-II and has submitted Auditor's Certificates in support of the same. The Petitioner has submitted that out of total IDC of ₹58.38 lakh, ₹50.21 lakh has been discharged up to COD. The balance IDC of ₹8.16 lakh is proposed to be discharged in 2018-19. The Petitioner has submitted computation of IDC along with year-wise details of the IDC discharged.

29. BSPHCL has submitted that IDC may be allowed only as per Regulation 11 of the 2014 Tariff Regulations as Asset-II has already been commissioned.

30. The allowable IDC has been worked out considering the information submitted by the Petitioner in respect of the Asset-II separately on cash basis. The loan details submitted in Form-9C for 2014-19 period and IDC computation sheet have been considered for the purpose of IDC calculation on cash and accrued basis.

31. Accordingly, based on the information furnished by the Petitioner, IDC considered in respect of Asset-II is as follows:

(₹ in lakh)				
IDC as per Auditor's Certificate	Entitled IDC up to COD	IDC as on COD disallowed due to computation difference	Un-discharged portion of entitled IDC as on COD	IDC allowed on cash basis on COD
A	B	C=(A-B)	D	E=(B-D)
58.38	56.57	1.81	7.90	48.67



### **Incidental Expenditure during Construction (“IEDC”)**

32. The Petitioner has claimed IEDC of ₹13.33 lakh in respect of Asset-II and has submitted Auditor's Certificate in support of the same. The Petitioner has also submitted that entire IEDC has been discharged as on COD. Accordingly, IEDC is allowed as has been claimed by the Petitioner.

### **Initial Spares**

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

***“(d) Transmission System***

*Transmission line: 1.00%*

*Transmission sub-station (Green Field): 4.00%*

*Transmission sub-station (Brown Field): 6.00%*

*GIS Sub-station: 5.00%”*

34. The Petitioner has claimed Initial Spares in respect of Asset-II and prayed to allow the same as per actuals. Initial Spares claimed by the Petitioner are as follows:

Particulars	Total plant and machinery cost under Sub-station excluding IDC/IEDC, Land & civil works (A) (₹ in lakh)	Initial Spares claimed (B) (₹ in lakh)	Ceiling Limit (in %) (C)	Allowable Initial Spares worked out
				(D) = [(A-B)*C/(100-C)]
				(₹ in lakh)
Sub-station	648.57	6.50	6	41.33

35. COD and the cut-off date of Asset-II is as follows:

COD	Cut-off Date
1.3.2018	31.3.2021





36. Capital cost up to the cut-off date has been considered for computation of Initial Spares. The Petitioner's claim of Initial Spares in respect of Asset-II is within the norms specified in Regulation 13(d) of the 2014 Tariff Regulations and is allowed as follows:

Particulars	Plant & machinery cost up to cut-off date (excluding IDC and IEDC as per Auditor certificate) (A) (₹ in lakh)	Initial Spares claimed (B) (₹ in lakh)	Ceiling Limit (in %) (C)	Allowable Initial Spares worked out	Excess Initial Spares (₹ in lakh)	Initial Spares allowed (₹ in lakh)
				$D = [(A-B)*C / (100-C)]$		
Sub-station	648.57	6.50	6	41.33	0.00	6.50

### **Capital Cost as on COD**

37. Accordingly, capital cost allowed as on COD is as follows:

Capital Cost as on 1.4.2014 or COD whichever is later as per Auditor Certificate	Less: IDC as on COD due to		Less: IEDC	Capital Cost considered as on 1.4.2014/ COD whichever is later
	Computational Difference	Un-discharged IDC		
257.12	1.81	7.90	0.00	247.41

### **Additional Capital Expenditure ("ACE")**

38. The Petitioner has submitted that ACE incurred in respect of Asset-II is on account of un-discharged liability towards final payment/ withheld payment due to contractual exigencies for work executed with in cut-off date. ACE for 2018-19 period has been claimed under Regulation 14(1)(i) (Un-discharged liabilities) of the 2014 Tariff Regulations.



39. BSPHCL has submitted that ACE should only be allowed as per Regulation 14 of the 2014 Tariff Regulations along with the definition of cut-off date as provided in Regulation 3(13) of the 2014 Tariff Regulations.

40. We have considered the submissions of the Petitioner and BSPHCL. ACE claimed by the Petitioner on account of un-discharged liability towards final payment/ withheld payment is allowed under Regulation 14(1)(i) of the 2014 Tariff Regulations. The details of ACE allowed are as follows:

(₹ in lakh)

Particulars	ACE	
	2017-18	2018-19
ACE to the extent of Balance & Retention Payments	145.87	476.30
Add: IDC Discharged	0.00	7.90
Total ACE allowed	145.87	484.20

#### **Capital Cost for 2014-19 period**

41. Accordingly, capital cost considered as on 31.3.2019 for 2014-19 tariff period is as follows:

(₹ in lakh)

Capital Cost (as on COD)	ACE		Total Capital Cost (as on 31.3.2019)
	2017-18	2018-19	
247.41	145.87	484.20	877.48

#### **Debt-Equity Ratio**

42. Regulation 19(1) of the 2014 Tariff Regulations provides as follows:

**“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:

Provided that:

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



(ii) the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

(iii) any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt : equity ratio.

**Explanation.-** The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.”

43. The Petitioner has considered debt-equity ratio of 70:30 as on COD. Debt-equity ratio of 70:30 has been considered for capital cost as on COD and ACE during 2014-19 period as provided under Regulation 19 of the 2014 Tariff Regulations. The details of debt-equity ratio in respect of Asset-II as on COD and as on 31.3.2019 are as follows:

Funding	As on COD		As on 31.3.2019	
	Amount (₹ in lakh)	(in %)	Amount (₹ in lakh)	(in %)
Debt	173.18	70.00	614.24	70.00
Equity	74.22	30.00	263.24	30.00
<b>Total</b>	<b>247.41</b>	<b>100.00</b>	<b>877.48</b>	<b>100.00</b>

### **Depreciation**

44. Regulation 27 of the 2014 Tariff Regulations provides as follows:

***“Depreciation:***

*(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system including communication system or element thereof. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units or elements thereof.*

*Provided that effective date of commercial operation shall be worked out considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.*



(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.

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

*Provided that in case of hydro generating station, the salvage value shall be as provided in the agreement signed by the developers with the State Government for development of the Plant:*

*Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:*

*Provided also that any depreciation disallowed on account of lower availability of the generating station or generating unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life and the extended life.*

*Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable.*

4) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(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.

(7) The generating company or the transmission license, as the case may be, shall submit the details of proposed capital expenditure during the fag end of the project (five years before the useful life) alongwith justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure during the fag end of the project.

(8) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be



*adjusted by taking into account the depreciation recovered in tariff by the decapitalized asset during its useful services.”*

45. Regulation 3(67) of 2014 Tariff Regulations defines useful life as follows:

**“(67) ‘Useful life’** in relation to a unit of a generating station and transmission system from the COD shall mean the following, namely:

(a) Coal/Lignite based thermal generating station	25 years
(b) Gas/Liquid fuel based thermal generating station	25 years
(c) AC and DC sub-station	25 years
(d) Gas Insulated Sub-station (GIS)	25 years
(e) Hydro generating station including pumped Storage hydro generating stations	35 years
(f) Transmission line (including HVAC & HVDC)	35 years
(g) Communication system	15 years

*Provided that the useful life for AC and DC Sub-stations and GIS for which Notice Inviting Tender is floated on or after 01.04.2014 shall be considered as 35 years.*

*Provided further that the extension of life of the projects beyond the completion of their useful life shall be decided by the Commission.”*

46. Depreciation has been allowed as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. Depreciation has been allowed considering capital expenditure as on 1.4.2014 and approved ACE during 2014-19 tariff period. The Gross Block during 2014-19 tariff period has been depreciated at weighted average rate of depreciation (WAROD) and working of WAROD is given in Annexure-1. Depreciation for 2014-19 period is allowed in respect of Asset-II as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations as follows:

(₹ in lakh)			
	Particulars	2017-18 (Pro rata for 31 days)	2018-19
A	Opening Gross Block	247.41	393.28
B	ACE	145.87	484.20
C	Closing Gross Block (A+B)	393.28	877.48
D	Average Gross Block (A+C)/2	320.34	635.38
E	Average Gross Block (90% depreciable assets)	320.34	635.38
F	Average Gross Block (100% depreciable assets)	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	288.31	571.84



H	Depreciable value of IT equipment and software	0.00	0.00
I	Total Depreciable Value (G+H)	288.31	571.84
J	Weighted Average Rate of Depreciation (WAROD) (in %)	4.89	4.84
K	Lapsed Life (Year)	0.00	0.00
L	Balance useful life at the beginning of the year (Year)	25.00	25.00
<b>M</b>	<b>Depreciation during the year (D*J)</b>	<b>1.33</b>	<b>30.74</b>
N	Cumulative depreciation at the end of year	1.33	32.06
O	Remaining Depreciable Value	286.98	539.78

47. The details of depreciation claimed by the Petitioner in the instant petition and allowed vide this order is as follows:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Claimed by the Petitioner	1.31	30.82
Allowed in this order	1.33	30.74

### **Interest on Loan (“IoL”)**

48. The Petitioner has claimed IoL in accordance with Regulation 26(5) and Regulation 26(6) of 2014 Tariff Regulations as follows:

***“Interest on loan capital:***

.....

*“(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.”*

49. BSPHCL has submitted that the claim of IoL may be allowed only as per Regulation 26 of the 2014 Tariff Regulations. BSPHCL has further submitted that nothing in the 2014 Tariff Regulations permit the change in interest rate due to



floating rate of interest applicable, if any, to be adjusted/ claimed over the tariff period of 5 years directly from/ with the beneficiaries.

50. The Petitioner has claimed IoL based on actual interest rates for each year during 2014-19 period. We have considered the submissions of the Petitioner and, accordingly, calculated IoL based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. IoL has been worked out as detailed below:

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

51. The details of IoL as calculated are as follows:

Particulars	(₹ in lakh)	
	2017-18 (Pro rata for 31 days)	2018-19
Gross Normative Loan	173.18	275.29
Cumulative Repayments up to Previous Year	0.00	1.33
Net Loan-Opening	173.18	273.96
Addition due to ACE	102.11	338.94
Repayment during the year	1.33	30.74
Net Loan-Closing	273.96	582.17
Average Loan	223.57	428.07
Weighted Average Rate of Interest on Loan (in %)	8.971	8.770
<b>Interest on Loan</b>	<b>1.70</b>	<b>37.54</b>

52. The details of IoL claimed by the Petitioner in the instant petition and allowed vide this order is as follows:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Claimed by the Petitioner	1.68	37.64
Allowed in this order	1.70	37.54





## **Return on Equity ("RoE")**

53. The Petitioner is entitled to RoE in respect of Asset-II in terms of Regulation 24 and Regulation 25 of the 2014 Tariff Regulations.

**"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 and run of the river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage:

Provided that:

(i) in case of projects commissioned on or after 1st April, 2014, an additional return of 0.50 % shall be allowed, if such projects are completed within the timeline specified in Appendix-I:

(ii) the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever:

(iii) additional RoE of 0.50% may be allowed if any element of the transmission project is completed within the specified timeline and it is certified by the Regional Power Committee/National Power Committee that commissioning of the particular element will benefit the system operation in the regional/national grid:

(iv) the rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system:

(v) as and when any of the above requirements are found lacking in a generating station based on the report submitted by the respective RLDC, RoE shall be reduced by 1% for the period for which the deficiency continues:

(vi) additional RoE shall not be admissible for transmission line having length of less than 50 kilometers."

## **25 Tax on Return on Equity:**

(1) The base rate of return on equity as allowed by the Commission under Regulation 24 shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in the respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax income on other income stream (i.e., income of non generation or non transmission business, as the case may be) shall not be considered for the calculation of "effective tax rate".

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

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$





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.

**Illustration.-**

(i) In case of the generating company or the transmission licensee paying Minimum Alternate Tax (MAT) @ 20.96% including surcharge and cess:

Rate of return on equity =  $15.50/(1-0.2096) = 19.610\%$

(ii) In case of generating company or the transmission licensee paying normal corporate tax including surcharge and cess:

(a) Estimated Gross Income from generation or transmission business for FY 2014-15 is Rs 1000 crore.

(b) Estimated Advance Tax for the year on above is Rs 240 crore

(c) Effective Tax Rate for the year 2014-15 = Rs 240 Crore/Rs 1000 Crore = 24%

(d) Rate of return on equity =  $15.50/(1-0.24) = 20.395\%$

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year 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 income tax authorities pertaining to the tariff period 2014-15 to 2018-19 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/DICs as the case may be on year to year basis.”

54. The Petitioner has submitted that it is liable to pay income tax at MAT rates and has claimed the following effective tax rates for 2014-19 tariff period:

Year	Claimed effective tax (in %)	Grossed up RoE (in %) [(Base Rate)/(1-t)]
2014-15	21.018	19.624
2015-16	21.382	19.715
2016-17	21.338	19.704
2017-18	21.337	19.704
2018-19	21.549	19.757



55. BSPHCL has submitted that the claim of RoE may be allowed only as per the 2014 Tariff Regulations.

56. The Commission, vide order dated 27.4.2020 in Petition No. 274/TT/2019, had arrived at the effective tax rate for the Petitioner based on the notified MAT rates and the same is given in the table below:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Base rate of RoE (in %)	Grossed up RoE (in %) [(Base Rate)/(1-t)]
2014-15	20.961	15.50	19.610
2015-16	21.342	15.50	19.705
2016-17	21.342	15.50	19.705
2017-18	21.342	15.50	19.705
2018-19	21.549	15.50	19.758

57. MAT rates are considered for the purpose of grossing up of the rate of RoE for truing up of the tariff of 2014-19 period in terms of the provisions of the 2014 Tariff Regulations.

58. Accordingly, RoE allowed in respect of Asset-II is as follows:

Particulars	(₹ in lakh)	
	2017-18 (Pro rata for 31 days)	2018-19
Opening Equity	74.22	117.98
Addition due to ACE	43.76	145.26
Closing Equity	117.98	263.24
Average Equity	96.10	190.61
Return on Equity (Base Rate) (in %)	15.500	15.500
Tax Rate applicable (in %)	21.342	21.549
Rate of Return on Equity (Pre-tax)	19.705	19.758
<b>Return on Equity (Pre-tax)</b>	<b>1.61</b>	<b>37.66</b>

59. The details of RoE claimed by the Petitioner in the instant petition and allowed vide this order is as follows:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Claimed by the Petitioner	1.58	37.48
Allowed in this order	1.61	37.66



### **Operation and Maintenance Expenses (“O&M Expenses”)**

60. Regulation 29(3) specifies the norms for O&M Expenses for transmission system as follows:

#### **“(3) Transmission system**

(a) The following normative operation and maintenance expenses shall be admissible for the transmission system:

<b>Norms for sub-stations (in Rs Lakh per bay</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
765 kV	84.42	87.22	90.12	93.11.	96.20
400 kV	60.30	62.30	64.37	66.51	68.71
220 kV	42.21	43.61	45.06	46.55	48.10
132 kV and above	30.15	31.15	32.18	33.25	34.36
400 kV Gas Insulated Substation	51.54	53.25	55.02	56.84	58.73
<b>Norms for AC and HVDC lines (in Rs Lakh per km)</b>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.707	0.731	0.755	0.780	0.806
Single Circuit (Bundled Conductor with four sub-conductors)	0.606	0.627	0.647	0.669	0.691
Single Circuit (Twin & Triple Conductor)	0.404	0.418	0.432	0.446	0.461
Single Circuit (Single Conductor)	0.202	0.209	0.216	0.223	0.230
Double Circuit (Bundled conductor with four or more sub-conductors)	1.062	1.097	1.133	1.171	1.210
Double Circuit (Twin & Triple Conductor)	0.707	0.731	0.755	0.780	0.806
Double Circuit (Single Conductor)	0.303	0.313	0.324	0.334	0.346
Multi Circuit (Bundled conductor with four or more sub-conductors)	1.863	1.925	1.989	2.055	2.123
Multi Circuit (Twin & Triple Conductor)	1.240	1.282	1.324	1.368	1.413
<b>Norms for HVDC Stations</b>					
HVDC Back-to-back stations (Rs. Lakh per 500 MW)	578	627	679	736	797



Rihand-Dadri HVDC bi-pole scheme (Rs. Lakh)	1511	1637	1774	1922	2082
Talcher- Kolar HVDC bi-pole scheme (Rs. Lakh)	1173	1271	1378	1493	1617
Balia-Bhiwadi HVDC bi-pole scheme (Rs. Lakh)	1537	1666	1805	1955	2119

*Provided that operation and maintenance expenses for new HVDC bi-pole scheme for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expense for 2000 MW, Talcher-Kolar HVDC bi-pole scheme for the respective year:*

*Provided further that the O&M expenses norms for HVDC bi-pole line shall be considered as Single Circuit quad AC line.*

*(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of bays and kms of line length with the applicable norms for the operation and maintenance expenses per bay and per km respectively.*

*(c) The operation and maintenance expenses of communication system forming part of inter-state transmission system shall be derived on the basis of the actual O&M expenses for the period of 2008-09 to 2012-13 based on audited accounts excluding abnormal variations if any after prudence check by the Commission. The normalised O&M expenses after prudence check, for the years 2008-09 to 2012-13 shall be escalated at the rate of 3.02% for computing base year expenses for FY 2012-13 and 2013-14 and at the rate of 3.32% for escalation from 2014-15 onwards.”*

61. BSPHCL has submitted that the claim of O&M expenses may be allowed only as per the 2014 Tariff Regulations.

62. The details of O&M Expenses claimed by the Petitioner in respect of Asset-II for the purpose of tariff are as follows:

Sl. No.	220 kV Sub-station bay	
1	220 kV Line Bay-I	
2	220 kV Line Bay-II	
O&M Expenses		
	2017-18	2018-19
Sub-station		
220 kV		
Number of bays	2	2
Total O&M Expense (₹ in lakh)	7.76	96.20



63. As per Regulation 29(3) of the 2014 Tariff Regulations, the norms specified in respect of the elements covered in Asset-II are as follows:

Element	UoM	Norms for 2017-18	Norms for 2018-19
220 kV Sub-station	₹ lakh/bay	46.55	48.10

64. The Petitioner has further 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.

65. We have considered the submissions of Petitioner. We are of the view that O&M Expenses have been worked out as per the O&M Expenses norms specified in the 2014 Tariff Regulations. As regards the impact of wage revision, any application filed by the Petitioner in this regard will be dealt in accordance with the appropriate provisions of the 2014 Tariff Regulations.

66. O&M Expenses allowed under Regulation 29(3) of the 2014 Tariff Regulations are as follows:

(₹ in lakh)		
Details	2017-18 Pro-rata for 31 days	2018-19
2 Numbers of 220 kV Sub-station bays	7.91	96.20

67. Accordingly, O&M Expenses claimed by the Petitioner in the instant petition and allowed vide this order are as follows:

(₹ in lakh)		
Particulars	2017-18	2018-19
Claimed by the Petitioner	7.76	96.20
Allowed in this order	7.91	96.20



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

68. The Petitioner is entitled to claim IWC as per Regulation 28(1)(c) of the 2014 Tariff Regulations. Regulation 28(1)(c) and Regulation 3(5) of the 2014 Tariff Regulations specifies as follows:

**“28. Interest on Working Capital:** (1) The working capital shall cover:

(a)XXXXX

(b)XXXXX

(c)Hydro generating station including pumped storage hydro electric generating station and transmission system including communication system:

(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

(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2014 or as on 1st April of the year during the tariff period 2014-15 to 2018-19 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later.

(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;”

69. IWC allowed in respect of Asset-II is as follows:

(₹ in lakh)		
Particulars	2017-18 (Pro rata for 31 days)	2018-19
Working Capital for O&M Expenses (Equivalent to one month's O&M expenses)	7.76	8.02
Working Capital for Maintenance Spares (15% of annual O&M)	13.97	14.43
Working Capital for Receivables (Equivalent to two months of annual transmission charges)	25.62	34.89
Total	47.34	57.34
Rate of Interest on working capital (in %)	12.60	12.60
<b>Interest of Working Capital</b>	<b>0.51</b>	<b>7.22</b>

70. Accordingly, IWC claimed by the Petitioner and allowed vide this order is as follows:



(₹ in lakh)		
Particulars	2017-18	2018-19
Claimed by the Petitioner	0.50	7.22
Allowed in this order	0.51	7.22

#### **Approved Annual Fixed Charges for 2014-19 Tariff Period**

71. Accordingly, Annual Fixed Charges (AFC) in respect of Asset-II for 2014-19 tariff period are as follows:

(₹ in lakh)		
Particulars	2017-18 (Pro rata for 31 days)	2018-19
Depreciation	1.33	30.74
Interest on Loan	1.70	37.54
Return on Equity	1.61	37.66
O&M Expenses	7.91	96.20
Interest on Working Capital	0.51	7.22
<b>Total</b>	<b>13.06</b>	<b>209.36</b>

#### **Filing Fee and Publication Expenses**

72. 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 has filed the details of expenditure.

73. BSPHCL has submitted that filing fees and publication expenses are the discretion of the Commission, hence, need not necessarily be allowed in all cases and nothing could be granted beyond the 2014 Tariff Regulations.

74. We have considered the submissions of the Petitioner and BSPHCL. The Petitioner shall be entitled for reimbursement of the filing fees and publication expenses, directly from the beneficiaries in accordance with Regulation 52(1) of the 2014 Tariff Regulations.



### **Licence Fee and RLDC Fees and Charges**

75. 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 and charges in accordance with Regulation 52(2)(a) of the 2014 Tariff Regulations for 2014-19 tariff period.

### **Goods and Services Tax**

76. The Petitioner has submitted that, if GST is levied at any rate and at any point of time in future on charges of transmission of electricity, the same shall be borne and additionally paid by the Respondents to the Petitioner and the same shall be charged and billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Government / Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

77. We have considered the submissions of the Petitioner. Since GST is not levied on transmission service at present, we are of the view that the Petitioner's prayer is premature.

### **Sharing of Transmission Charges**

78. The Petitioner has submitted that the downstream system under the scope of WBSETCL was not ready as on COD (1.3.2018) and was put under commercial operation only on 6.6.2018 and, therefore, Asset-II could not be put to regular service on account of non-readiness of the downstream system. The Petitioner vide affidavit dated 28.10.2021 has submitted that for the period of mismatch, WBSETCL should





be directed to pay the transmission charges and, thereafter, the recovery should be through the PoC pool.

79. BSPHCL has submitted that it cannot be burdened with the liability to bear transmission charges for the time when the line was not in regular use till the time of commissioning of the downstream system by WBSETCL.

80. We have considered the submissions of the Petitioner and BSPHCL and taken note of the fact that despite several opportunities and notices, WBSETCL has not filed any reply. COD of Asset-II has been approved under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations due to non-commissioning of the downstream system under the scope of WBSETCL. Therefore, the transmission charges for Asset-II shall be borne by WBSETCL from COD of Asset-II i.e. 1.3.2018 till 5.6.2018. With effect from 6.6.2018, the billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of the 2010 Sharing Regulations as provided in Regulation 43 of the 2014 Tariff Regulations.

81. AFC allowed in respect of Asset-II for 2014-19 period in the instant order are as follows:

Particulars	(₹ in lakh)	
	2017-18 (Pro rata for 31 days)	2018-19
AFC	13.06	209.36

82. Annexure-I given hereinafter shall form part of the order.



83. This order disposes of Petition No. 193/TT/2019 in terms of the above discussions and findings.

sd/-	sd/-	sd/-	sd/-
<b>(P. K. Singh)</b> <b>Member</b>	<b>(Arun Goyal)</b> <b>Member</b>	<b>(I. S. Jha)</b> <b>Member</b>	<b>(P. K. Pujari)</b> <b>Chairperson</b>



2014-19

Annexure-I

Determination

(₹ in lakh)

Particulars	Admitted Capital Cost as on COD (₹ in lakh)	ACE		Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Rate of Depreciation (in %)	Annual Depreciation as per Regulations	
		2017-18	2018-19			2017-18	2018-19
<b>Building</b>	31.60	66.79	93.20	191.59	3.34	2.17	4.84
<b>Sub Station</b>	215.81	79.08	391.00	685.89	5.28	13.48	25.89
<b>Total</b>	<b>247.41</b>	<b>145.87</b>	<b>484.20</b>	<b>877.48</b>		<b>15.65</b>	<b>30.74</b>
Weighted Average Rate of Depreciation (in %)						4.89	4.84
Average Gross Block (₹ in lakh)						<b>320.34</b>	<b>635.38</b>

