

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 113/TT/2019

Coram :

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

Date of Order: 31 .01.2021

In the matter of

Approval under Regulation-86 of CERC (Conduct of Business) Regulations, 1999 and CERC (Terms and Conditions of Tariff) Regulations, 2014 for determination of Transmission tariff from COD to 31.3.2019 for **Asset 1:** Banaskantha-Chittorgarh 765 kV D/C line along with associated bays and 240 MVAR Switchable Line reactors at both ends, 765/400 kV Banaskantha (New) Substation along with 765/400 KV ICT -1 & 2, 765 kV, 330 MVAR Bus reactor & 400 kV, 125 MVAR Bus reactor along with bays and **Asset 2:** Banskantha - Sankhari 400 kV D/C line along with associated bays at both ends under "Green Energy Corridors-Inter State Transmission Scheme (ISTS) Part-B".

And in the matter of

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

.... Petitioner

Versus

1. Madhya Pradesh Power Management Company Ltd. (MPPMCL)
Shakti Bhawan, Rampur,
Jabalpur - 482 008
2. Madhya Pradesh Power Transmission Company Ltd.
Shakti Bhawan, Rampur,
Jabalpur - 482 008
3. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Ltd.
3/54, Press Complex, Agra-Bombay Road,
Indore-452 008
4. Maharashtra State Electricity Distribution Company Ltd.
Hongkong Bank Building, 3rd Floor, M.G. Road, Fort,
Mumbai-400 001.



5. Maharashtra State Electricity Transmission Co. Ltd.
Prakashganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai-400 051.
6. Gujarat Urja Vikas Nigam Ltd.
Sardar Patel Vidyut Bhawan, Race Course Road,
Vadodara - 390 007
7. Gujarat Energy Transmission Corporation Limited
Sardar Patel Vidyut Bhawan, Race Course Road,
Vadodara - 390 007
8. Electricity Department,
Government of Goa, Vidyut Bhawan,
Panaji, Near Mandvi Hotel, Goa - 403 001
9. Electricity Department,
Administration of Daman & Diu,
Daman - 396 210
10. Electricity Department,
Administration of Dadra Nagar Haveli
U.T., Silvassa - 396 230
11. Chhattisgarh State Electricity Board
P.O. Sunder Nagar, Dangania, Raipur
Chhattisgarh-492 013
12. Chhattisgarh State Power Transmission Co. Ltd.
Office of The Executive Director (C&P)
State Load Despatch Building, Dangania,
Raipur – 492 013
13. Chhattisgarh State Power Distribution Co. Ltd.
PO Sunder Nagar, Dangania,
Raipur – 492 013

...Respondents

Parties present:

For Petitioner: Shri S. S. Raju, PGCIL
Shri Zafrul Hasan, PGCIL
Shri A. K. Verma, PGCIL
Shri B. Dash, PGCIL
Shri V. P. Rastogi, PGCIL

For Respondent: None

ORDER

The present petition has been filed by the Petitioner, Power Grid Corporation of India Ltd. ("PGCIL") for determination of tariff for **Asset 1: Banaskantha-**



Chittorgarh 765 kV D/C line along with associated bays and 240 MVAR Switchable Line reactors at both ends, 765/400 kV Banaskantha (New) Substation along with 765/400 KV ICT -1 & 2, 765 kV, 330 MVAr Bus reactor & 400 kV, 125 MVAr Bus reactor along with bays and **Asset 2:** Banskantha - Sankhari 400 kV D/C line along with associated bays at both ends under “Green Energy Corridors-Inter State Transmission Scheme (ISTS) Part-B” (hereinafter referred as “the transmission project”) for 2014-19 tariff period under 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:

- “1) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred.*
- 2) Approve the Transmission Tariff for the tariff block 2014-19 block for the assets covered under this petition.*
- 3) Tariff may be allowed on the estimated completion cost.*
- 4) Allow the Petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided under clause: 25 of the Tariff Regulations, 2014.*
- 5) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, expenditure on publishing of notices in newspapers in terms of Regulation: 52 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition.*
- 6) Allow the Petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation: 52 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.*
- 7) Allow the Petitioner to recover FERV on the foreign loans deployed as provided under clause 50 of the Tariff Regulations, 2014.*
- 8) Allow 90% of the Annual Fixed Charges as tariff in accordance with clause 7 (i) of Regulation 7 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for purpose of inclusion in the PoC charges.*
- 9) Allow the Petitioner to bill Tariff from actual DOCO.*



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

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

Background

3. The Investment Approval (hereinafter referred to as "IA") for implementation of assets under the transmission project was accorded by the Board of Directors of the Petitioner in 313th meeting held on 17.4.2015 for ₹370561.00 lakh including IDC of ₹19994.00 lakh based on December, 2014 price level (communicated vide Memorandum No. C/CP/ GEC:ISTS Part B dated 22.4.2015).

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

5. The scope of work as per Investment Approval under the transmission project is as follows:

Transmission Line

- (i) Banaskantha – Chittorgarh (New) 765 kV D/c line – 285 km
- (ii) Chittorgarh (New) – Ajmer (New) 765 kV D/c line line – 199 km
- (iii) Banaskantha – Sankhari 400 kV D/c Line – 26 km

Substation

a) 765/400/220 kV Banaskantha Substation (New)

765kV

- (i) Line Bays : 2 nos.
- (ii) Transformer bays : 2 nos.
- (iii) 1500MVA, 765/400kV transformer : 2 nos.
- (iv) 330 MVAR Switchable Line reactor bays : 2 nos.



- (v) Bus reactor bay : 1 no.
- (vi) 330 MVAR Bus reactor : 1 no.
- (vii) 330 MVAR Switchable Line reactors : 2 nos.

400kV

- (i) Line Bays : 2 nos.
- (ii) Transformer bays : 4 nos.
- (iii) 500MVA, 400/220kV transformer : 2 nos.
- (iv) Bus reactor bay : 1 no.
- (v) 125MVAR Bus reactor : 1 no.

220kV

- (i) Transformer bays : 2 nos.
- (ii) Transfer couple bay : 1 no.
- (iii) Bus reactor bay : 1 no.

b) 765/400kV Chittorgarh (New) Substation Extn.

765kV

- (i) Line Bays : 4 nos.
- (ii) 240 MVAR Switchable Line reactor : 4 nos.

c) 765/400kV Ajmer (New) Substation Extn.

765kV

- (i) Line Bays : 2 nos.
- (ii) 240 MVAR Switchable Line reactor : 2 nos.

d) 400/220kV Sankhari (GETCO) Substation Extn.*

400kV

- (i) Line Bays : 2 nos.

** NOTE: Bay extension work at these Substations to be carried out by GETCO on deposit work basis for POWERGRID.*

Reactive Compensation

a) Bus Reactor

- (i) 1x330 MVAR (765 kV) and 1x125 MVAR (400 kV) at 765/400/220 kV Banaskantha substation.

b) Line Reactors

- (i) 240 MVAR Switchable Line reactors at both ends of Banaskantha-Chittorgarh 765 kV D/C line.
- (ii) 240 MVAR Switchable Line reactors at both end of Chittorgarh - Ajmer 765 kV D/C Line.



6. The details of petitions filed by the Petitioner under the transmission project are as under:

S.N.	Name of Asset	Petition No.
1	Asset-I: Chittorgarh – Ajmer 765 KV D/C line along with associated bays and 240 MVAR Switchable Line reactors at both end	244/TT/2018. (order dated 25.4.2019)
2	Asset 1: Banaskantha-Chittorgarh 765 kV D/C line along with associated bays and 240 MVAR Switchable Line reactors at both ends, 765/400 kV Banaskantha (New) S/S along with 765/400 KV ICT -1 & 2, 765 kV, 330 MVAr Bus reactor & 400 kV, 125 MVAr Bus reactor along with bays	Covered under instant petition.
3	Asset 2: Banaskantha-Sankhari 400 kV D/C line along with associated bays at both ends	

7. The Petitioner had initially filed the instant petition claiming anticipated COD for the assets. However, vide affidavit dated 10.2.2020, the Petitioner has claimed the actual COD for the instant assets and the same is summarized as under:-

Asset claimed at the time of filing of instant petition	COD claimed at the time of filing of instant petition	Asset claimed vide affidavit dated 10.2.2020	COD claimed (Actual)
Asset 1: Banaskantha - Chittorgarh 765 kV D/C line along with associated bays and 240 MVAR Switchable Line reactors at both ends, 765/400 kV Banaskantha (New) S/S along with 765/400 KV ICT -1 & 2, 765 kV, 330 MVAr Bus reactor & 400 kV, 125 MVAr Bus Reactor along with bays	15.2.2019 (Anticipated)	Asset 1: 765 kV Banaskantha - Chittorgarh D/C line alongwith 2 nos. 330 MVAR, 765 kV Switchable Line Reactors at Banaskantha SS & 2 nos. 240 MVAR, 765 kV Switchable Line Reactors at Chittorgarh SS with associated line bays at both ends, 400 kV Banaskantha - Sankhari D/C line with associated bays at 765/400 kV Banaskantha SS & 400 kV Sankhari (GETCO) SS, 2 nos. 1500 MVA, 765/400 kV ICTs along with associated 765 kV and 400 kV transformer bays and 1 no. 765 kV, 330 MVAR Bus Reactor along with associated bay at Banaskantha SS	2.3.2019 (Actual)
Asset 2: Baskantha - Sankhari 400 kV D/C line along with associated bays at both ends	15.2.2019 (Anticipated)	Asset 2: 1 no. 400 kV, 125 MVAR Bus Reactor along with associated bay at Banaskantha SS	29.3.2019 (Actual)



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

Particulars	(₹ in lakh)	
	Asset-1 2018-19	Asset-2 2018-19
Depreciation	794.94	0.70
Interest on Loan	343.31	0.29
Return on Equity	862.06	0.79
Interest on Working Capital	49.38	0.07
O&M Expenses	157.94	0.56
Total	2207.63	2.41

9. The details of the Interest on Working Capital (IWC) claimed by the Petitioner are as under:

Particulars	(₹ in lakh)	
	Asset-I 2018-19	Asset-II 2018-19
Maintenance Spares	288.14	10.31
O&M Expenses	160.08	5.73
Receivables	4476.47	48.87
Total	4924.69	64.91
Rate of Interest	12.20%	12.20%
Interest on working Capital	49.38	0.07

10. The Petitioner has served a copy of the petition upon the respondents and notice of this tariff application has 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 notices published by the Petitioner under Section 64 of the Electricity Act, 2003. Respondent No.1, Madhya Pradesh Power Management Company Ltd. ("MPPMCL") has filed its reply vide affidavit dated 24.4.2019. The Petitioner vide affidavit dated 22.6.2020 has filed its rejoinder to the reply filed by MPPMCL.

11. The hearing in this matter was held on 29.6.2020 through video conference and the order was reserved.



12. This order is issued considering the submissions made by the Petitioner in the petition dated 14.2.2019; submissions of the Petitioner *vide* affidavits dated 5.2.2020, 10.2.2020, 24.3.2020, 16.7.2020; MPPMCL's reply *vide* affidavit dated 24.4.2019; and rejoinder of the Petitioner *vide* affidavit dated 22.6.2020.

13. Having heard the representatives of the Petitioner present at the hearing and having perused the material on record, we proceed to dispose of the petition.

Date of Commercial Operation (COD)

14. The Petitioner has claimed the actual COD for the instant asset, as per the following details:

S. N.	Name of Asset	Claimed COD
1	Asset 1: 765 kV Banaskantha - Chittorgarh D/C line alongwith 2 nos. 330 MVAR, 765 kV Switchable Line Reactors at Banaskantha SS & 2 nos. 240 MVAR, 765 kV Switchable Line Reactors at Chittorgarh SS with associated line bays at both ends, 400 kV Banaskantha - Sankhari D/C line with associated bays at 765/400 kV Banaskantha SS & 400 kV Sankhari (GETCO) SS, 2 nos. 1500 MVA, 765/400 kV ICTs along with associated 765 kV and 400 kV transformer bays and 1 no. 765 kV, 330 MVAR Bus Reactor along with associated bay at Banaskantha SS	2.3.2019 (actual)
2	Asset 2: 1 no. 400 kV, 125 MVAR Bus Reactor along with associated bay at Banaskantha SS	29.3.2019 (actual)

15. In support of COD of the instant assets, the Petitioner has submitted CEA energisation certificates dated 13.12.2018, 17.12.2018, 18.12.2018, 24.12.2018 and 19.2.2019 under Regulation 43 of CEA (measures relating to Safety and Electric Supply) Regulations, 2010, RLDC Certificates dated 1.4.2019, 8.4.2019 and two certificates dated 5.4.2019 and also CMD Certificate as required under the Grid Code.

16. Taking into consideration the CEA Energisation Certificate, RLDC Certificate and CMD Certificate, the COD for Asset-1 and Asset-2 is approved as 2.3.2019 and 29.3.2019 respectively.



Capital Cost

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

“(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of determination of tariff for existing and new projects”

(2) The Capital Cost of a new project shall include the following:

(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;

(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;

(c) Increase in cost in contract packages as approved by the Commission;

(d) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;

(e) Capitalised Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;

(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with Regulation 14 of these regulations;

(g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and

(h) Adjustment of any revenue earned by the transmission licensee by using the assets before COD.”

18. The Petitioner vide affidavit dated 10.2.2020 and 22.6.2020 has claimed following capital cost as on COD and additional capital expenditure (ACE) projected to be incurred, in respect of the instant assets and submitted Auditor's Certificates dated 7.2.2020 and 18.8.2019 in support of the same.

(₹ in lakh)

Asset	Apportioned Approved Capital Cost (FR)	Expenditure up to COD	Projected ACE				Estimated Completion Cost
			2018-19	2019-20	2020-21	2021-22	
Asset- 1	244849.78	187089.56	2324.23	24846.59	6256.30	500.00	221016.68
Asset- 2		1617.84	-	273.49	-	-	1891.33

19. The Commission vide RoP of the hearing dated 29.6.2020 directed the Petitioner to provide the legible copy of the Auditor Certificates for the instant petition. In response, the Petitioner vide affidavit dated 16.7.2020 again furnished exactly the same copies of illegible Auditor Certificates. Such lapses are not



expected from the Petitioner. However, taking into consideration the fact that tariff for only 30 days and 3 days respectively in respect of Asset-1 and Asset-2 has been claimed in the instant petition, we have dealt the capital cost in line with Tariff Forms, IDC statement and Auditor Certificates (whatever information could be gathered from the illegible copy).

Cost Over-run

20. The Petitioner has submitted that against the apportioned approved capital cost of ₹ 244849.78 lakh, the estimated completion cost is ₹ 222908.01 lakh. Thus, there is no cost overrun. The Petitioner further submitted that since the estimated completion cost of both the assets under the instant petition is within the apportioned approved capital cost as per FR, it may be allowed full cost and tariff as claimed under the instant petition. The Petitioner has submitted the following reasons of cost variation.

Asset-1:

(i) Substation Equipment (Decrease of amount ₹3061 lakh)

(a) The quantity of switchgear equipment has changed due to deletion of 400/220 kV ICTs with associated bay and 220 kV downstream bays resulting in lower actual/ anticipated cost which was considered in FR. There is also cost variation in the cost of substation equipment due to lower/ higher cost received in competitive bidding.

(b) For procurement, open competitive bidding route is followed by providing equal opportunity to all eligible firms, lowest possible market prices for required product/ services is obtained and contracts are awarded on the basis of lowest evaluated eligible bidder. The best competitive bid prices against tenders may happen to be lower or higher than the cost estimate depending upon prevailing market conditions.

(c) The packages under sub-station comprise of a large no. of items. In



the bidding process, bids are received from multiple parties quoting different rates for various BOQ items under the said package. Lowest bidder can be arrived at/ evaluated on overall basis only. Hence, item-wise unit prices in contracts and its variation over unit rate considered in FR estimates are beyond the control of the petitioner.

(ii) Civil works (Decrease of amount ₹841 lakh)

(a) The FR estimation under the subject head was done as per normative data. However, during detailed engineering, actual requirement has decreased resulting in lower actual/ anticipated cost.

(iii) IDC (Decrease of amount ₹3211 lakh)

(a) During estimation for FR, IDC was considered based on anticipatory phasing considering interest rate @10.5 %. The actual IDC accrued up to anticipated COD has been considered in the petition based on actual/ anticipated infusion of funds.

(iv) IEDC (Decrease of amount ₹50.07 lakh)

(a) During FR estimation, IEDC and contingency were considered @5% and 3% of project cost respectively. The actual amount of IEDC has been claimed in the subject petition.

(v) Transmission line material (Increase of amount ₹1168 lakh)

(a) Transmission line length, type of various towers and foundations in the DPR were estimated on the basis of walk-over/ preliminary survey. However, during execution, the line length has increased from 285 km (envisaged in FR) to 357.826 km (as per actual). This has resulted in increase in the quantity of tower-steel to the extent of 850 MT. Further, the quantity of other transmission line material like conductor, earth-wire, insulators, concreting and reinforcement etc. has also increased significantly as per actual requirements. Further, the cost has also increased due to higher awarded cost received in competitive bidding.



(vi) Tree and crop, Forest, tower footing and corridor compensation (Increase of amount ₹11243 lakh)

(a) The Actual crop compensation has increased as per the assessment done by revenue authorities and as per forest compensation including afforestation and other charges as compared to estimated FR cost.

Asset-2:

(i) Transmission line material (decrease of amount ₹130 lakh)

(a) Transmission line length, type of various towers and foundations in the DPR were estimated on the basis of walk-over/ preliminary survey. However, during execution, line length has increased from 26 km (envisaged in FR) to 21.705 km (as per actual). This has resulted in decrease in the quantity of tower-steel to the extent of 95.64 MT. Further, the quantity of other transmission line material like conductor, earth wire, insulators, concreting and reinforcement etc. has also decreased significantly as per actual requirements. Further, the cost has also decreased due to higher awarded cost received in competitive bidding.

(ii) Civil works (Decrease of amount ₹132 lakh)

(a) FR estimation under the subject head was done as per normative data. However, during detailed engineering, actual requirement has decreased resulting in lower actual/ anticipated cost.

(iii) Substation Equipment (Decrease of amount ₹162 lakh)

(a) In spite of there being is no change in the numbers of equipment, the variation in the cost is due to lower/ higher cost received in competitive bidding. For procurement, open competitive bidding route is followed by providing equal opportunity to all eligible firms, lowest possible market prices for required product/ services is obtained and contracts are awarded on the basis of lowest evaluated eligible bidder. The best competitive bid prices against tenders may happen to be lower or higher than the cost estimate depending upon prevailing market conditions.

(b) Packages under sub-station comprise of a large no. of items and the same are awarded through open competitive bidding. In the said bidding



process, bids are received from multiple parties quoting different rates for various BOQ items under the said package. Further, lowest bidder can be arrived at/ evaluated on overall basis only. Hence, item-wise unit prices in contracts and its variation over unit rate considered in FR estimates are beyond the control of the Petitioner.

(iv) IDC (Decrease of amount of ₹152 lakh)

(a) During estimation for FR, IDC was considered based on anticipatory phasing considering interest rate @10.5 %. The actual IDC accrued up to anticipated DOCO has been considered in the petition based on actual/ anticipated infusion of funds.

(v) IEDC (Decrease of amount of ₹133 lakh)

(a) During FR estimation, IEDC and contingency were considered @5% and 3% of project cost respectively. The actual amount of IEDC has been claimed in the subject petition.

(vi) Tree and crop, Forest, tower footing and corridor compensation (increase of amount ₹850 lakh)

(a) The Actual crop compensation has increased as per the assessment done by revenue authorities and as per forest compensation including afforestation and other charges as compared to estimated FR cost.

21. Respondent, MPPMCL in their submission have requested the Commission to make a prudence check on capital cost while calculating the allowable initial spares as the amounts mentioned in the certificate given by the Auditor do not match fully.

22. In response, the Petitioner vide its rejoinder dated 22.6.2020 has submitted that against the apportioned approved cost (FR) of ₹244849.78 lakh, the actual expenditure up to COD is ₹188707.40 lakh and estimated completion cost is ₹222908.01 lakh. There is no cost overrun.



23. We have considered the submissions of the Petitioner and Respondents and noted that against the total apportioned approved cost as per FR in respect of instant asset, the estimated completion cost including additional capitalisation is within the FR apportioned approved cost.

Time over-run

24. As per the Investment Approval dated 17.4.2015, the scheduled commissioning date of the transmission project was 36 months. Accordingly, the Commissioning Schedule comes to 17.4.2018 against which the instant assets were put into commercial operation as per following details:

Assets	Scheduled Date of Completion (SCOD)	COD (Actual)	Delay (in Days)
1	17.4.2018	2.3.2019	319
2		29.3.2019	346

25. The Petitioner has submitted that the assets covered in the instant petition are delayed mainly due to severe ROW issues and delay in getting clearance from Railways. The Petitioner has submitted chronology of events along with the following details to substantiate its claims:

a) Delay on account of RoW issues

(i) It encountered severe ROW problems at various locations mainly in Udaipur, Aravali, Mehsana, Sabarkantha and Banaskantha districts. The tower foundation and subsequent activities were hindered by villagers at many tower locations. The tower foundation and erection work were obstructed by landowners at some locations and construction of line could not be taken up due to higher compensation demanded by the landowners. The Petitioner also had to file court cases at 8 (eight) locations and construction work was interrupted till the issuance of orders.

(ii) It tried to resolve the said RoW issues amicably through persuasion. However, in most of the cases, the Petitioner had to take up the matter with top officials of the State Government for resolving the same. Construction of the



said line was also monitored at PMO, Govt. of India level through PRAGATI (Pro-Active Governance and Timely Implementation).

b) Delay on account of getting NOC from Railway

(i) During construction of transmission line, the same was to cross railway lines in some stretch for which permission from Ministry of Railways was required at the time of stringing works. The application for granting permission was given on 10.5.2016. However, the required permission was issued on 10.8.2018.

26. The Petitioner has prayed that the said unintentional/ uncontrollable delay in commissioning of the assets may be condoned and full tariff may be allowed.

27. The Respondent, MPPMCL has submitted that the exact date of commissioning has not been mentioned by the Petitioner. The Petitioner in its petition has anticipated the COD as 15.2.2019. Actual date of commissioning be asked with relevant documents from the Petitioner before deciding the issuer of time overrun.

28. As regards reasons of delay, MPPMCL has submitted the following:

Delay on account of ROW issue

(i) The Petitioner has submitted chronology of events from 07.09.2016 to 27.10.2018. As per details submitted, the last effort was made by the Petitioner on 27.10.2018, but has not given any details after 27.10.2018. The chronology of events submitted comprises of details of several locations. The Petitioner may be asked to submit the location-wise details so that it can be ascertained at which locations how much delay was caused due to late permission. This will make it clear that how much time has been elapsed location-wise between application, permission granted and execution done. The manner in which the Petitioner has provided information is inadequate and improper and MPPMCL is unable to offer comments on the issue at present.

Delay on account of getting NOC from Railways



(ii) It has been mentioned that the application for grant of approval for overhead railway crossing was given to DRM, Ajmer on 10.05.2016 while the permission was granted on 10.08.2018. No documents have been submitted as regards efforts made during this period by the Petitioner. Similar is the case for application submitted on 07.03.2017 and permission granted on 05.07.2018. It has been alleged that the delay was purely due to delay in permission by Railways. However, the Petitioner has taken credit of doing a good job even after that. Submission of no document showing correspondence between the Petitioner and the railways in support of Petitioner's statement makes the whole story doubtful and it appears that the carelessness on part of the Petitioner is being hidden under the ambit of permission by Railways.

(iii) Railways may not be responsible for delay in permission and it might be a case of non-submission of complete application to the Railways by the Petitioner in time. Though the project was approved on 17.04.2015, the first effort for taking permission for first location was made on 10.05.2016 and thereafter for second on 07.03.2017 only. Had the application been submitted just after investment approval i.e. in time, this delay could have been avoided.

29. In response, the Petitioner vide its rejoinder dated 22.6.2020 reiterated its submissions made in the petition regarding time overrun due to severe ROW and delay due to Railway clearance and further submitted additional documentary evidence such as letter dated 1.9.2019 from Deputy Collector, Idar regarding Land Rate Finalisation of Vadali and Idar Taluka for land compensation payments and letter dated 19.2.2019 from Deputy Collector, Arvalli Modasa regarding land rate finalisation of Biloda Tehsil for land compensation payments in support of time overrun up to 19.2.2019.

30. We have gone through the submissions of the Petitioner and Respondent and noted that against the scheduled commercial operation date of 17.4.2018, Asset-1 and Asset-2 were put into commercial operation in 2.3.2019 and 29.3.2019 with a delay of about 319 days and 346 days respectively.



31. It is observed from the chronology of events that the petitioner encountered ROW issues between 7.9.2016 to 19.2.2019 for about 895 days at various locations mainly in Udaipur, Aravali, Mehsana, Sabarkantha and Banaskantha districts, thus affecting execution of 765 kV Banaskantha-Chittorgarh line and 400 kV Banaskantha- Sankari line. This delay caused by ROW issues was thus beyond the control of Petitioner. The ROW issue was resolved on 19.2.2019 which is about 308 days beyond the SCOD of 17.4.2018. After resolving the ROW issues on 19.2.2019, the Petitioner completed the remaining activities and Asset-1 and Asset-2 were declared under commercial operation on 2.3.2019 and 29.3.2019 respectively.

32. This time taken to resolve ROW issues had a cascading effect on the execution of the line. The overall delay of Asset-1 and Asset-2 comes to 319 days and 346 days respectively. Therefore, the time over-run of 319 and 346 days due to hindrance caused by ROW issues is beyond the control of the Petitioner and is condoned in terms of Regulation 12(2) of the 2014 Tariff Regulations. The other issue of delay due to Railway clearance is subsumed in the delay due to ROW issues and, therefore, the same is not being deliberated.

Interest During Construction (IDC)

33. The Petitioner has claimed Interest During Construction (IDC) of Rs.8455.24 lakh and Rs.187.53 lakh for Asset-1 and Asset-2 respectively. The Commission vide RoP of the hearing dated 29.6.2020 directed the petitioner to furnish interest rate, conversion rate, amount of loan and drawl date details for foreign loans (KFW) for the instant assets. In response, the Petitioner has submitted the detail of IDC (interest + other financial charges) allocated to the instant assets and has also submitted the following:



(i) The Petitioner avails loans periodically after pooling the fund requirement of all the transmission projects which are under different stages of construction. Fund requirement for all the on-going transmission projects are anticipated for next two to three months and accordingly funds are raised through Domestic Borrowings (Bonds/CP/Bank Loans) or Borrowing in Foreign Currency-ECB (Through World Bank, Asian Development Bank etc.).

(ii) As per policy of the Petitioner company, out of total loans taken for the pooled requirement of all the construction transmission projects, loans are earmarked, to a particular project/ element based on actual fund out-flow for that particular project/ element. Interest (IDC - Interest during construction) paid on such loan (taken for pooled requirement of transmission projects under construction) is allocated to a particular project/ element in proportion to the loan so earmarked to that project. In addition to interest on loan (IDC), other expenses covered under borrowing cost (i.e. guarantee fee, commitment charges, front end fee etc. in respect of foreign currency loan) are also allocated to individual project/ element in proportion to the loan amount earmarked to a particular project/ element.

(iii) Foreign currency loans are also contracted for a basket of projects. Loan (Foreign Currency) Agreement speaks for overall limit of the loan amount, name of foreign currency and projects for which lender (WB, ADB etc.) has agreed to fund. These loans are also availed (drawn) by the Petitioner based on actual out-flow of funds during a certain period for all transmission projects under construction covered in loan agreement. Loans get accumulated with every drawl up to the sanction limit. Such loans as well as debt service (repayment of loan and interest payment thereon) is also done in the foreign currency. Repayments of loan and payment of interest has to be released to the lender as per schedule of repayment agreed for the loan as a whole consisting of the entire basket of projects.

(iv) The total foreign currency loan drawn in first stage is allocated to different projects based on actual utilisation of loan for respective projects. Accordingly, interest and other financial charges against a particular loan is allocated to different projects in proportion to loan utilised by respective projects periodically. These interest and financial charges so allocated get



accumulated till COD of the project/ element (part of the project). In case of COD of particular element (part of the project), foreign currency loan drawn for a specific project is apportioned to the individual elements of that project in proportion to the expenses related to that element as compared to total expenses of the project (related to foreign currency loan part).

(v) Foreign currency loans are considered, in tariff forms, equivalent to INR value taking exchange rate as on COD. IDC statement shows INR value of interest paid (In foreign currency) taking amount of actual foreign currency paid multiplied by exchange rate prevailing on the day on payment of interest. INR value of undischarged interest (to be paid subsequently after COD) is shown as actual liability in foreign currency multiplied by exchange rate as on COD.

(vi) The necessity of availing the loan for pooled-fund requirement of all the on-going project, then earmarking the drawn loan amount to a particular project/ element based on the actual cash outflow for that project/ element, enforces to allocate the interest (IDC) of the entire loan to those projects/ elements to which loan amount is earmarked. IDC thus allocated to a particular project/ element is shown in the cost certificate.

(vii) This practice leads to a situation where providing details showing actual calculation of IDC for a particular project/ element is not practical.

34. IDC has been allowed considering the information submitted by the Petitioner for the individual assets separately on cash basis. The loan details submitted in Form-9C for the 2014-19 tariff period and drawl details submitted for foreign loan Kfw have been considered for the purpose of IDC calculation on cash and accrued basis. Accordingly, the IDC considered is as under:-

(₹ in lakh)						
Asset	IDC as per Auditor's certificate	IDC Admissible	Computational difference in IDC	IDC Discharged as on COD	IDC Un-discharged as on COD	IDC to be Discharged
A	B	C	D=B-C	E	F=C-E	2019-20
Asset-1	8455.24	7855.12	600.12	7147.84	707.28	707.28
Asset-2	187.53	70.75	116.78	62.19	8.56	8.56



Incidental Expenditure During Construction (IEDC)

35. The Petitioner has claimed IEDC of ₹5839.73 lakh and ₹88.94 lakh for Asset-1 and Asset-2 respectively. The Petitioner has also submitted that the entire IEDC has been discharged as on COD in respect of the instant assets. The IEDC claimed is within the percentage of hard cost as indicated in the abstract cost estimate. Hence, IEDC claimed has been allowed.

FERV

36. Auditor vide certificate dated 7.2.2020 has certified that FERV of Rs.677.75 lakhs in respect of Foreign Currency Loan drawn up to 31.3.2016 has been included in the capital cost for Asset-I. Auditor has further stated that the capital cost up to COD includes loss due to FERV up to domestic borrowing cost of Rs.3236.21 lakhs and loss due to FERV above domestic borrowing cost (from Memorandum of Accounts) of Rs.5599.60 lakhs for Asset-I. As regards Asset-II, Auditor vide certificate dated 18.8.2019 has certified that capital cost up to COD includes FERV up to domestic borrowing cost of Rs.48.34 lakhs and FERV above domestic borrowing cost (from Memorandum of Accounts) of Rs.50.67 lakhs. We understand that these adjustments have been made to arrive at historical cost which is considered for grant of tariff. The Petitioner is directed to furnish detailed working of FERV adjustments duly audited by the same auditors who have issued the present certificate at the time of true up. For the time being, we are considering same FERV as certified by Auditors in respect of two assets covered in the instant petition for working out the tariff.

Initial Spares

37. This has been dealt in line with Regulation 13 of the 2014 Tariff Regulations. The Petitioner has claimed initial spares for the instant transmission assets. The



Petitioner vide affidavit dated 24.3.2020, has submitted details of year-wise capitalisation and initial spares discharged up to COD and the same is summarised as under:-

(₹ in lakh)					
Asset	Element	Total spares as per auditor certificate (₹ in lakh)	Discharged upto DOCO (₹ in lakh)	Discharged during 2018-19 (₹ in lakh)	Discharged during 2019-20 (₹ in lakh)
1	Transmission Line	1447.00	660.03	3.07	783.90
	Substation Greenfield (AIS)-	1381.12	563.03	78.38	739.71
	PLCC	37.52	17.97	0.00	19.55
2	Substation Greenfield (AIS)-	61.19	26.10	0.00	35.09

38. The Respondent, MPPMCL vide reply dated 24.4.2019 has submitted that the initial spares claimed for Asset-2 are beyond the limit as specified in the Regulations. Therefore, it has requested that initial spares may be allowed as per limit prescribed in the 2014 Tariff Regulations after prudence check. In response, the Petitioner vide rejoinder dated 22.6.2020 has submitted that the spares are within limit as per Regulation 13(d) of the 2014 Tariff Regulations.

39. We have considered the submissions made by the Petitioner and the Respondent. The initial spares are allowed for the purpose of tariff calculation after considering the Plant and Machinery cost excluding IDC, IEDC and Land expenses up to 31.3.2019. The initial spares allowed are subject to true up and are as under:

(₹ in lakh)									
Asset	Element	Plant and Machinery Cost up to 31.3.2019 (excluding IDC and IEDC, land cost and cost of civil works) (₹ in lakh)	Initial spares claimed (₹ in lakh)	Norms as per the 2014 Tariff Regulations (%)	Initial spares allowed (₹ in lakh)	Excess Initial spares (₹ in lakh)	Initial spares discharged as on COD (₹ in lakh)	Year-wise discharges of Initial spares (₹ in lakh)	
								2018-19	2019-20
								1	Transmission Line



Asset	Element	Plant and Machinery Cost up to 31.3.2019 (excluding IDC and IEDC, land cost and cost of civil works) (₹ in lakh)	Initial spares claimed (₹ in lakh)	Norms as per the 2014 Tariff Regulations (%)	Initial spares allowed (₹ in lakh)	Excess Initial spares (₹ in lakh)	Initial spares discharged as on COD (₹ in lakh)	Year-wise discharges of Initial spares (₹ in lakh)	
								2018-19	2019-20
									Substation (AIS)-Greenfield
	Communication system	746.59	37.52	3.5%	25.72	11.80	17.97	0.00	7.75
2	Substation (AIS)-Greenfield	1278.92	61.19	4%	50.74	10.45	26.10	0.00	24.64

Capital cost as on COD

40. Accordingly, the capital cost allowed as on COD under Regulation 9(2) of the 2014 Tariff Regulations is summarized as under:

(₹ in lakh)

Asset	Capital Cost as on COD as per Auditor's Certificate	Less: IDC disallowed as on COD due to		Less: Initial spares disallowed due to		Capital Cost considered as on COD
		Computational difference	Un-discharged	Excess	Un-discharged	
1	187089.56	600.12	707.28	209.33	1415.28	184157.55
2	1617.84	116.78	8.56	10.45	24.64	1457.41

Additional Capital Expenditure (ACE)

41. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cut-off date in respect of the instant assets is 31.03.2022. The Petitioner has claimed following additional capital expenditure for instant assets:

(₹ in lakh)

Asset	Additional Capital Expenditure in FY			
	2018-19	2019-20	2020-21	2021-22
1	2324.23	24846.59	6256.30	500.00
2	-	273.49	-	-



42. The Respondent, MPPMCL, vide reply dated 24.4.2019, has submitted that the projected additional capital expenditure is mainly on account of balance/ retention payments and the details of underlying reasons for additional capitalization for subject assets are given in Form No.7. However, in Form No.7, details have not been mentioned. It has submitted that the additional capital expenditure may be allowed during true up exercise when actual ACE is provided by the Petitioner. In response, the Petitioner vide rejoinder dated 22.6.2020, has submitted that the Additional Capital Expenditure incurred/ projected to be incurred in the contextual asset is mainly on account of balance/ retention payments and hence the same may be allowed. The details of underlying reasons for additional capitalization for subject asset are given in Form-7.

43. We have considered the submissions made by the Petitioner and Respondent. Since FY 2019-20, 2020-2021 and 2021-22 fall beyond the tariff period 2014-19 and are not covered under the 2014 Tariff Regulation, the projected ACE claimed beyond 2018-19 has not been taken into consideration and the same shall be dealt during the next tariff period as per the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019. As per Form-7 submitted for Asset-1, the Petitioner has claimed ACE of Rs.2324.23 lakhs during 2018-19 and same amount of ACE has been mentioned in Form 4A and Form 10A. It is noted that the Petitioner has not indicated the discharge of initial spares of Rs.81.45 lakhs in Form 7 for Asset-1. In absence of clarity, it is presumed that discharge of Rs.81.45 lakhs towards initial spares during 2018-19 has been included in ACE claim of Rs.2324.23 for the year 2018-19. The Petitioner is directed to furnish the details of discharges towards balance & retention, IDC and initial spares at the time of true-up.



44. Accordingly, the allowed Additional Capital Expenditure is summarized as follows which is subject to true up:

Particulars	Regulation	(₹ in lakh)	
		Asset-1 2018-19	Asset-2 2018-19
ACE to the extent of Balance & Retention Payment & works deferred for execution	14 (1)(i) & 14(1)(ii)	2324.23	0.00

Capital cost for the tariff period 2014-19

45. Accordingly, the capital cost considered for the tariff period 2014-19, subject to truing up, is as follows:

Asset	(₹ in lakh)		
	Capital Cost allowed as on COD	ACE allowed in 2018-19	Capital cost allowed as on 31.3.2019
1	184157.55	2324.23	186481.78
2	1457.41	0.00	1457.41

46. Based on the above, the tariff in respect of Asset-1 from COD i.e. 2.3.2019 to 31.3.2019 (period of 30 days) and that in respect of Asset-2 from COD i.e. 29.3.2019 to 31.3.2019 (period of 3 days) is determined in subsequent paragraphs.

Debt-Equity Ratio

47. Debt Equity Ratio is considered as per Regulation 19 of the 2014 Tariff Regulations. The financial package up to COD as submitted in Form 6 has been considered to determine the debt-equity Ratio. The same has been summarised as under:

Funding	Capital Cost as on COD		Capital Cost as on 31.3.2019	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Asset-I				
Debt	132145.74	71.76	133772.71	71.74
Equity	52011.81	28.24	52709.07	28.26
Total	184157.55	100.00	186481.78	100.00
Asset-II				
Debt	1020.18	70.00	1020.18	70.00
Equity	437.22	30.00	437.22	30.00



Funding	Capital Cost as on COD		Capital Cost as on 31.3.2019	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Total	1457.41	100.00	1457.41	100.00

Return on Equity (ROE)

48. The Petitioner has submitted that ROE has been calculated at the rate of 19.61% after grossing up the ROE with MAT rate of 20.961%. The Petitioner has further submitted that the grossed-up ROE is subject to truing up based on the effective tax rate of respective financial year applicable to the Petitioner Company. However, the Petitioner vide affidavit dated 10.2.2020 has submitted the Form-8 wherein ROE has been grossed up based on the MAT Rate of 21.55%.

49. We have considered the submissions made by the Petitioner. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of 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 2018-19 has been considered for the purpose of return on equity, which shall be trued up with actual tax rate in accordance with Regulation 25 (3) of the 2014 Tariff Regulations.

50. Accordingly, the ROE allowed is as follows:

Particulars	(₹ in lakh)	
	Asset-1 2018-19 (Pro-rata) (30 days)	Asset-2 2018-19 (Pro-rata) (3 days)
Net Opening Equity	52011.81	437.22
Increase in Equity due to addition during the year	697.27	0.00
Closing Equity	52709.07	437.22
Average Equity	52360.44	437.22



Particulars	Asset-1	Asset-2
	2018-19 (Pro-rata) (30 days)	2018-19 (Pro-rata) (3 days)
Return on Equity (Base Rate)	15.50%	15.50%
Tax Rate applicable	21.5488%	21.5488%
Applicable ROE Rate	19.758%	19.758%
Return on Equity for the year	850.30	0.71

Interest on Loan (IOL)

51. IOL has been calculated as per provisions of the Regulation 26 of the 2014 Tariff Regulations as detailed below:-

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

52. The Petitioner has submitted that IOL has been claimed on the basis of rate prevailing as on COD and the change in interest due to floating rate of interest applicable, if any, needs to be claimed/ adjusted over the tariff block 2014-19. We have calculated IOL on the basis of rate prevailing as on the date of commercial operation. Any change in rate of interest subsequent to the date of commercial operation will be considered at the time of truing-up. IOL is allowed considering all the loans submitted in Form-9C. The Petitioner is directed to reconcile the Gross Loan for the calculation of weighted average Rate of Interest and for the calculation of IDC, which would be reviewed at the time of truing-up.

53. The details of IoL calculated are as follows:

(₹ in lakh)



Particulars	Asset-1	Asset-2
	2018-19 (Pro-rata) (30 days)	2018-19 (Pro-rata) (3 days)
Gross Normative Loan	132145.74	1020.18
Cumulative Repayment upto previous Year	0.00	0.00
Net Loan-Opening	132145.74	1020.18
Addition due to ACE	1626.96	0.00
Repayment during the year	783.80	0.63
Net Loan-Closing	132988.90	1019.55
Average Loan	132567.32	1019.87
Weighted Average Rate of Interest on Loan	3.1078%	3.0756%
Interest on Loan	338.62	0.26

Depreciation

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

Particulars	(₹ in lakh)	
	Asset-1 2018-19 (Pro-rata) (30 days)	Asset-2 2018-19 (Pro-rata) (3 days)
Opening Gross Block	184157.55	1457.41
Additional Capitalisation	2324.23	0.00
Closing Gross Block	186481.78	1457.41
Average Gross Block	185319.66	1457.41
Weighted Average Rate of Depreciation (WAROD)	5.1459%	5.2800%
Aggregated Depreciable Value	162022.82	1311.66
Combined Depreciation during the Year	783.80	0.63
Remaining Aggregate Depreciable Value at the beginning of year	162022.82	1311.66

Operation and Maintenance Expenses (O&M Expenses)

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



(₹ in lakh)		
Asset	Particulars	2018-19 (pro-rata)
1	O&M Expenses	157.94
2		0.56

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

57. MPPMCL has submitted that the increase in the employee cost, if any, due to wage revision must be taken care by improvement in their productivity levels by the Petitioner company so that the beneficiaries are not unduly burdened over and above the provisions made in the 2014 Tariff Regulations. In response, the Petitioner has submitted that the wage revision of the employees of the Petitioner company is due w.e.f. 1.1.2017 and actual impact of wage hike which will be effective from future date has also not been factored in fixation of the normative O&M rates prescribed for the tariff block 2014-19. The scheme of wage revision applicable to CPSUs being binding on the Petitioner, it reserves the right to approach the Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike from 1.1.2017 onwards.

58. We have considered the submission of Petitioner. The O&M Expenses have been worked out as per the norms specified in the 2014 Tariff Regulations. As



regards the impact of wage revision, any application filed by the Petitioner in this regard will be dealt with in accordance with the appropriate provisions.

59. Norms for O&M expenditure have been specified under section 29(4) of the 2014 Tariff Regulation are as follows:

Element	2018-19
765 kV bays - (Rs. lakh/bays)	96.20
400 kV bays – (Rs. Lakh/bays)	68.71
Double Circuit (Bundle conductor with Two or Three Conductors) - Rs. lakh/km	0.806
Double Circuit (Bundle Conductor with four conductors) - Rs. lakh/km	1.21

60. The Petitioner has computed normative O&M Expenses as per Regulation 29(4)(a) of the 2014 Tariff Regulations. Accordingly, the allowed O&M Expenses is given below:

Asset-1	Element	(₹ in lakh)
		2018-19 (pro-rata)
Banaskantha-Chittorgarh 765 kV D/C line along with associated bays and 240 MVAR Switchable Line Reactors at both ends, 765/400 kV Banaskantha (New) Substation along with 765/400 KV ICT -1 & 2, 765 kV, 330 MVAR Bus reactor, Banskantha-Sankhari 400 kV D/C line along with associated bays at both ends.	765 kV D/C Chattisgarh – Banaskantha line (line length- 357.82 Km; no. of subconductor-6)	35.59
	400 kV D/C Banaskantha-Sankhari Line (line length- 21.705 Km; no. of subconductor-2)	1.44
	11 nos. of 765 kV bays	86.97
	6 nos. of 400 kV bays	33.88
Total O&M Expenses Allowed		157.88

Asset-2	Element	2018-19
		(pro-rata)
400 kV, 125 MVAR Bus reactor at Banaskantha along with bays	1 no. of 400 kV bay	0.56
Total O&M Expenses Allowed		0.56

Interest on Working Capital (IWC)

61. As per the 2014 Tariff Regulations, the components of the working capital and the interest thereon are discussed hereinafter:

a) Maintenance spares:



Maintenance spares @ 15% Operation and maintenance expenses specified in Regulation 29.

b) O & M expenses:

Operation and maintenance expenses have been considered for one month of the O&M expenses.

c) Receivables:

The receivables have been worked out on the basis of 2 months of annual fixed cost as worked out above.

d) Rate of interest on working capital:

As per Clause 28 (3) of the 2014 Tariff Regulations, SBI Base Rate as on 1.4.2018 (8.70%) plus 350 bps i.e. 12.20% has been considered as the rate of interest on working capital.

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

Particulars	(₹ in lakh)	
	Asset-1	Asset-2
	2018-19 (Pro-rata) (30 days)	2018-19 (Pro-rata) (3 days)
Maintenance Spares	288.13	10.22
O&M Expenses	160.07	5.68
Receivables	4419.38	45.05
Total	4867.58	60.94
Rate of Interest (%)	12.20	12.20
Interest on working Capital	48.81	0.06

Annual Transmission charges

63. Accordingly, the annual transmission charges being allowed for the instant assets are as under:

Particulars	(₹ in lakh)	
	Asset-1	Asset-2
	2018-19 (Pro-rata) (30 days)	2018-19 (Pro-rata) (3 days)
Depreciation	783.80	0.63
Interest on Loan	338.62	0.26
Return on Equity	850.30	0.71
Interest on Working Capital	48.81	0.06
O&M Expenses	157.88	0.56



Particulars	Asset-1	Asset-2
	2018-19 (Pro-rata) (30 days)	2018-19 (Pro-rata) (3 days)
Total	2179.42	2.22

Filing fee and the publication expenses

64. 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

65. The Petitioner has prayed to allow the Petitioner to bill and recover License fee and RLDC fees and charges, separately from the respondents. We are of the view that the Petitioner shall be entitled for reimbursement of license fee and RLDC fees and charges in accordance with Clause (2)(b) and (2)(a) of Regulation 52 in the 2014 Tariff Regulations.

Goods and Services Tax

66. 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

67. The Petitioner has submitted that the transmission charges of the instant assets should be recovered on monthly basis and the billing, collection and disbursement of Transmission Charges should be governed by the provisions of CERC (Sharing of Interstate Transmission Charges and Losses) Regulations, 2010.



68. The Commission vide ROP of hearing dated 29.6.2020 directed the Petitioner to submit the status of generators associated with the transmission project and status of LTA. In response, the Petitioner vide affidavit dated 16.7.2020 has submitted that the transmission project was approved in the 36th Standing Committee meeting of Power System Planning of Western Region held on 29.8.2013 at New Delhi. The transmission project was later discussed and agreed for implementation in the 24th WRPC meeting held at Goa on 9.10.2013, the instant transmission project is a system strengthening scheme. Therefore, beneficiaries are governed by All India PoC Pool mechanism.

69. Further, the Petitioner has submitted requisite details of LTAs granted with Banaskantha – Chittorgarh 765kV/ Banaskantha – Sankhari 400kV D/c lines along with details of operationalization of LTA and commissioning status of various generators associated with the instant project. Also, the Petitioner has submitted that since the instant assets are part of identified strengthening scheme viz. Green Energy Corridor Part B, the transmission charges of Asset-1 and 2 of instant petition, may be recovered through POC pool.

70. We have considered the submissions of the Petitioner. The Commission vide order dated 25.4.2019 in petition no 244/TT/2018 related to one asset of the instant project namely GEC Part B has held as under:

“92. We observe that Green Energy Corridor scheme was discussed and agreed as comprehensive ISTS strengthening scheme in 32nd standing committee meeting of Northern Region held on 31.08.2013 as well as in respective RPCs, due to urgent requirement of strengthening for Mundra UMPP/Adani Mundra generation complexes as well as short generation period of Renewables. Therefore, the transmission charges for the asset allowed in this order shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations.”

71. We observe that the the Green Energy Corridor scheme was discussed and agreed in the 36th Standing Committee meeting of Power System Planning of



Western Region held on 29.8.2013 as well as in 24th WRPC meeting held on 09.10.2013, due to urgent requirement of strengthening for Mundra UMPP/Adani Mundra generation complexes as well as short gestation period of Renewables.

72. Accordingly, the billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time as provided in Regulation 43 of 2014 Tariff Regulations.

73. This order disposes of Petition No.113/TT/2019.

Sd/
(Arun Goyal)
Member

Sd/
(I. S. Jha)
Member

Sd/
(P. K. Pujari)
Chairperson



ANNEXURE-1

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

Asset-1 (2014-19) Capital Expenditure	Admitted Capital Cost as on 1.4.2014	Projected Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations				
					2014-15	2015-16	2016-17	2017-18	2018-19
Land- Freehold	5023.67	0.00	5023.67	0.00%	-	-	-	-	0.00
Land-Lease hold	0.00	0.00	0.00	3.34%	-	-	-	-	0.00
Building, Civil Works & Colony	1030.05	20.45	1050.50	3.34%	-	-	-	-	34.75
Transmission Line	140105.45	600.21	140705.66	5.28%	-	-	-	-	7413.41
Substation	36736.53	1681.57	38418.10	5.28%	-	-	-	-	1984.08
PLCC	991.50	21.43	1012.93	6.33%	-	-	-	-	63.44
IT Equipment (Incl. Software)	270.35	0.57	270.92	15.00%	-	-	-	-	40.60
Total	184157.55	2324.23	186481.78	Total	-	-	-	-	9536.28
Average Gross Block (₹ in lakh)					-	-	-	-	185319.66
Weighted Average Rate of Depreciation (WAROD)					-	-	-	-	5.1459%



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

Asset-2 (2014-19)	Admitted Capital Cost as on 1.4.2014	Projected Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations					
					2014-15	2015-16	2016-17	2017-18	2018-19	
Capital Expenditure										
Land-Freehold	0.00	0.00	0.00	0.00%	-	-	-	-	-	0.00
Land-Lease hold	0.00	0.00	0.00	3.34%	-	-	-	-	-	0.00
Building, Civil Works & Colony	0.00	0.00	0.00	3.34%	-	-	-	-	-	0.00
Transmission Line	0.00	0.00	0.00	5.28%	-	-	-	-	-	0.00
Substation	1457.41	0.00	1457.41	5.28%	-	-	-	-	-	76.95
PLCC	0.00	0.00	0.00	6.33%	-	-	-	-	-	0.00
IT Equipment (Incl. Software)	0.00	0.00	0.00	15.00%	-	-	-	-	-	0.00
Total	1457.41	0.00	1457.41	Total	-	-	-	-	-	76.95
Average Gross Block (₹ in lakh)					-	-	-	-	-	1457.41
Weighted Average Rate of Depreciation (WAROD)					-	-	-	-	-	5.2800%