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**Reply to the queries raised by the Hon'ble Commission during the Public Hearing on 6<sup>th</sup> February, 2017**

- 1. Revised projection of Transmission Loss trajectory over FY 2016-17, FY 2017-18 and FY 2018-19, in view of the capital investments being made or Justification for the constant projection of Transmission Loss at 4.89% over the Control Period.**

BSPTCL submits that during the Public Hearing, it was contended that the Petitioner in its previous MYT Petition for truing up of FY 2014-15 and determination of ARR for FY 2016-17 to FY 2017-18 had projected a reducing loss trajectory. The Petitioner would like to clarify that in the previous Petition, it had projected a Trajectory of 5.11% from FY 2015-16 to FY 2018-19 based on actual Transmission Losses for FY 2014-15. The same can be verified from page number 97 of BSPTCL's Tariff Order issued by the Hon'ble Commission on 21 March, 2016.

BSPTCL further submits that based on the approach adopted while filing previous Tariff Petition, in its Petition, it had projected Transmission Loss trajectory of 4.89%, which is lower than the previous level of 5.11%. The Petitioner has also compared the Transmission Losses with that prevailing in its neighbouring States, viz., Uttar Pradesh and Jharkhand, as filed by Licensees in their respective Petitions.

**Table 1: Transmission Loss in neighbouring States (%)**

Particulars	Bihar	Uttar Pradesh	Jharkhand
Transmission Loss (FY 2015-16)	4.89%	3.67%	5.00%

Further, BSPTCL submits that in order to increase the reliability of power supply at 132 kV, it has created two sources for routing power and this has added to increase in losses. As BSPTCL is incurring heavy capex for building up its network and is increasing the number of 400 kV Transmission lines, Transmission losses are expected to reduce to approx. 4% over the next 3-4 years. Accordingly, BSPTCL projects the revised trajectory of Transmission Losses as shown in the Table below:



**Table 2: Revised Transmission Loss Trajectory (%)**

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Transmission Loss	4.89%	4.80%	4.65%	4.50%	4.25%	4.00%

## 2. Transmission System Availability in FY 2015-16

BSPTCL submits that in FY 2015-16, its Transmission System Availability was 99.91% for 132 kV system and 99.86% for 220 kV system.

## 3. Status of 33 kV Metering

The Petitioner submits that at present none of the meters are owned by BSPTCL and the Transmission Company relies on the meter installed by PGCIL, NBPDC and SBPDCL for the purpose of energy accounting. As the metering scheme submitted to CEA has been approved, BSPTCL would start installing its own meters once the scheme is sanctioned by the management. Further, BSPTCL is trying to obtain PSDF funding for the metering scheme. Based on the existing meters, the energy input and output and transmission loss is assessed for FY 2015-16 and FY 2016-17.

## 4. Copies of monthly invoices sent to NBPDC and SBPDCL for each month of FY 2015-16 along with any Supplementary Invoices

The copies of invoices sent to NBPDC and SBPDCL for each month of FY 2015-16 have been attached as **Annexure I**.

## 5. Per unit Transmission charge in FY 2017-18 for representation purpose

NBPDC and SBPDCL in their respective Petitions have projected 12,270 MU and 17,828 MU to be purchased in FY 2017-18. BGCL, which is the second intra-State Transmission Licensee, has filed its Tariff Petition where it has projected ARR of Rs. 207.52 Crore for FY 2017-18. Based on projected quantum of power purchase and ARR of BGCL and BSPTCL, the per unit transmission charge for the State of Bihar works out as follows:



**Table 3: Per Unit Transmission Charge (Rs/kWh)**

Particulars	UoM	FY 2017-18
ARR of BSPTCL	Rs. Crore	742.65
ARR of BGCL	Rs. Crore	207.52
Total Transmission ARR	Rs. Crore	950.17
Total Quantum of Power Purchase	MU	30098
<b>Transmission Charges per kWh (for representation purposes)</b>	<b>Rs./kWh</b>	<b>0.32</b>

6. **The actual commissioning of capital assets in FY 2015-16 is only about Rs.79 crores against projection of about Rs. 927 Crores, an achievement of merely 8.5%. The revised projections for FY 2016-17 is Rs. 1256 Crore and for FY 2017-18 is Rs. 1632 Crores. How feasible are the projections?**

BSPTCL submits that in FY 2015-16, assets more than Rs. 79.36 Crore may have got capitalised. However, the same may not have been recorded in the Audited accounts of FY 2015-16, primarily as the Completion Certificate from the circle office may not have been received by the time books of accounts were closed for FY 2015-16. Besides, on occasions it has been observed that despite completing more than 90-95% work, asset may not have been completed for the reasons not attributed to the Petitioner.

In such scenarios, the assets that were earlier envisaged to be capitalised in FY 2015-16 could not be capitalised. BSPTCL submits that since the assets could not be capitalised in FY 2015-16, the same would be commissioned in FY 2016-17 and FY 2017-18 along with the assets projected to be capitalised in these respective years. Therefore, BSPTCL humbly submits that even though the capitalisation proposed for FY 2016-17 and FY 2017-18 appear to be ambitious, it is confident that the same would be achieved.

**7. ADB Loan interest rate**

BSPTCL submits that the audited accounts of FY 2015-16 do not capture any interest payment on ADB Loans because of the moratorium on payments. The documentary evidence for the same was submitted as Annexure 2 to the Tariff Petition submitted on 30 November, 2016. As the moratorium period ended on 31 March, 2016, the provision for interest payment will be made in the audited accounts of FY 2016-17. Therefore, it is



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humbly prayed that while computing Interest on Loan for FY 2016-17 and FY 2017-18, the Hon'ble Commission should consider weighted average interest rate comprising of rate of interest of 10.56% on State Govt. Loans and rate of interest of 10.50% on ADB Loans, based on the loan documents submitted.

#### 8. Nature of State Govt. Loans

BSPTCL humbly submits that the State Govt. Loans of Rs. 195 crore shown in the audited accounts of FY 2015-16 are in the nature of project loans and not working capital/normative loans. The documentary evidence for the same has been attached as **Annexure II**. Therefore, BSPTCL humbly requests the Hon'ble Commission to allow actual interest rate of 10.5% applicable on State Govt. Loans.

#### 9. Details regarding BRGF

BSPTCL submits that even though the State Govt. receives the funds from the Central Govt. as grants, the same has been given to BGCL as equity. The documentary evidence against the same was submitted to the Hon'ble Commission in reply to the additional information sought. However, the same is being again submitted along with the replies as **Annexure III**. **The paragraph at serial number 2 in the letter from the State Govt. clearly states that the funds given to BSPTCL under BRGF shall be treated as equity and not grants.** BSPTCL humbly prays to the Hon'ble Commission to not treat BRGF as grants, as denying depreciation, interest on loan and return on equity due to change in funding pattern puts additional strain on BSPTCL's cash flow for an efficient operation.

The Commission had also asked BSPTCL to clarify the funds received upto now under BRGF. BSPTCL submits that out of the total fund of Rs. 9000 Crore under BRGF for the Bihar Utilities, Rs. 3905.15 Crore was received in the first tranche, out of which BSPTCL has received Rs. 1645.99 Crore. The details of the funds received under BRGF have been attached as **Annexure IV**.

In the second tranche of Rs. 5260.34 Crore, BSPTCL's share is Rs. 1209.94 Crore. As there was a delay in disbursement of funds under second tranche, the State Govt. had issued an undertaking to take loans from other sources. Against BSPTCL's share of Rs. 1209.94 Crore under second tranche, a loan of Rs. 604.97 Crore has already been sanctioned and the documentary evidence for the same has been attached as **Annexure V**.



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## 10. Consideration of 10.56% as interest rate.

BSPTCL submits that in the absence of details of loans, the Hon'ble Commission had in its Tariff Order dated 21 March, 2016 considered interest rate of 7.15% as considered for the true up of FY 2014-15. The relevant paragraph from the Order has been reproduced below:

*"BSPTCL has not provided source-wise details of loans required as per Regulation 73(1) of BERC (Terms and Conditions for Determination of Tariff) Regulations 2007. In the absence of such details, the Commission has considered the rate of interest at 7.15% for FY 2015-16 as it was considered in true up for FY 2014-15."*

While filing the Petition for true up of FY 2015-16, BSPTCL had submitted its Audited Accounts for FY 2015-16, from where based on actual loan and interest paid, interest rate of 10.56% can be arrived at. Besides, BSPTCL has attached the letter of the State Govt. as **Annexure II** which states that an interest rate of 10.5% shall be levied on State Govt. Loans.

In addition to the State Govt. Loan, BSPTCL has also taken a loan from Asian Development Bank (ADB) on which the rate of interest to be paid is 10.5%. However, as there was a moratorium period of one year on ADB loans, the same has not been considered by BSPTCL in the true up of FY 2015-16.

Therefore, based on the actual loan portfolio comprising of State Govt. loans at interest rate of 10.56%, BSPTCL has computed interest on loan for FY 2015-16.

## 11. In the absence of depreciation register, how is the depreciation computed by the Accounts department.

BSPTCL submits that in the absence of Asset Register, the accounts department computes the depreciation on block of assets. Further as ERP system is under implementation, it is expected that in next two years, BSPTCL will be in the position to compute asset wise depreciation.



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## 12. SLDC charge

Maximum Demand of 5691.40 MW for FY 2017-18 has been projected in the Tariff Petitions of NBPDC and SBPDCL. Therefore, the same has been considered as Total Transmission Capacity Contracted for FY 2017-18. Accordingly, the Operating Charges in Rs/MW/p.m. work out to **Rs. 944.41/MW/p.m.** for SLDC, Patna for FY 2017-18.