



Reply to the objections and suggestions of BIA during the Public Hearing on 6th February, 2017

- 1. As per Regulations there are prescribed formats in which details of Tariff Petition have to be filed. However, no formats have been completed and submitted by the licensee in violation of regulation.**

BSPTCL clarifies that it has submitted the prescribed formats along with the Tariff Petition for FY 2017-18 submitted on 30 November, 2016.

- 2. The monthly costs of the transmission licensee is allowed as a pass through in the tariff of discoms and thus, ultimately the burden of this transmission tariff is borne by the consumers. However, as the direct consumers of the Transmission companies are the Discoms i.e. NBPDC and SBPDCL, they should have appeared in the tariff hearing and submitted their suggestions.**

The comment pertains to Discoms, and BSPTCL has no opinion on the same. However, it may be noted that the transmission tariff is approved by the Hon'ble Commission after due prudence check, which protects the consumer interest.

- 3. As per Regulations the Transmission company is allowed to realised its entire monthly ARR only if its network is available for use continuously. To determine the same, the percentage of availability of network should have been filed, which has not been done.**

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.

- 4. It seems that the projected capacity of the transmission network of BSPTCL is about 4000 MW. If the Discoms are not able to use the same to evacuate 4000 MW, even then the entire fixed monthly ARR will be payable by them. However, we urge the Hon'ble Commission to allow them to pass on cost only in proportion to the actual power evacuated. Common consumers should not be penalised for failure of the Discoms to adequately use the transmission network.**

The query pertains to Discoms. The transmission network has to cater to the peak demand in the system, and BSPTCL is accordingly setting up the transmission network. Further,



BSPTCL is entitled to recovery of the monthly transmission charge, irrespective of the units actually handled by the system, as the transmission ARR is in the form of a rental payable, irrespective of actual usage.

5. **The Transmission Company has not disclosed the expected units of energy likely to be transported through their network. They have also not disclosed the transmission cost per unit and the comparison of the same with previous years.**

NBPDCL and SBPDCL in their respective Petitions, have projected power purchase of 12,270 MU and 17,828 MU 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 for FY 2017-18 works out as follows:

Table 1: 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
Transmission Charges per kWh (for representation purposes)	Rs./kWh	0.32

6. **It seems that several crucial/documents are still to be submitted by the Licensee. However, public hearing has been completed today. As the Hon'ble Commission has always tried to ensure wide public participation, we suggest that all the details submitted after hearing and affecting revenue adversely may not be taken into account for tariff fixation.**

BSPTCL submits that its Tariff Petition along with the replies to the additional queries raised by the Hon'ble Commission and replies given to the same has been uploaded on its website.

7. **BSPTCL has requested for revision of T&D Losses to 4.93%. In the same petition, they also claim that with modernization and expansion of network, losses would come down.**



Thus, their request for revision of T&D Losses should be allowed, rather they should be asked to reduce it by 0.5% every year.

BSPTCL submits that during the Public Hearing it was contended that the Petitioner in its previous MYT Petition for true 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 2: 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 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 3: 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%



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8. **The actual commissioning of capital assets in FY 2015-16 is only about 79 crores against projection of about 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. BERC may determine the actual progress of projects before approving the commissioning schedule. Given the past track record, the projections does not seem achievable.**

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.

9. **In the past fixation of ARR for FY 2015-16 and FY 2016-17, the Transmission company has requested for treating BRGF grant as loan. However, this demand was not accepted by the Hon'ble Commission and the amount was taken as grant. As it is a settled principle of law that during review and truing up, the principles and norms fixed in ARR determination is followed, this BRGF grant, or for that matter any other grant, cannot be treated as loan or equity. Even for subsequent years, we request the Hon'ble Commission not to allow diversion of grant to Loan or equity as it is not in public interest.**

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. 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.



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- 10. As per Table 4.12, the rate of depreciation has been increased from 3.36% to 5.133% without any reason or explanation. Also changing last years projections, entire grant amount has been shown zero. This has lead to depreciation increasing manifold in all the years. We request BERC to kindly disallow this.**

The Hon'ble Commission in the Review Order dated 12 July, 2016 had accepted the error apparent in computation of depreciation in the MYT Order dated 21 March, 2016. Based on the revised methodology approved by the Hon'ble Commission, the depreciation rate for FY 2015-16 has been derived as 5.133%. The Petitioner has also clarified the approach in the Tariff Petition filed on 30 November, 2016.

As regards grant, the Petitioner has treated only addition of grant during the year as zero. The rationale for adopting such methodology has been explained in the Petition. The State Govt. is providing funds to BSPTCL as equity and Regulation 71 of BERC Tariff Regulations, 2007 allows equity infusion only upto 30%, therefore, the Petitioner has considered a normative funding pattern of 70:30 (Debt and Equity).

- 11. As per table 4.13 rate of interest has also been changed from 7.15% to 10.56%. This may be disallowed by the Hon'ble Commission**

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 truing up of FY 2014-15. The relevant excerpts 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 truing 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 is also attaching the letter of the State Govt. 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.