

बिहार ग्रिड कम्पनी लिमिटेड

(संयुक्त उपक्रम बिहार स्टेट पावर (होल्डिंग) कं० लि० एवं पावरग्रिड)

BIHAR GRID COMPANY LIMITED

(Joint Venture of Bihar State Power (Holding) Co. Ltd. & POWERGRID)



द्वितीय तल, अलंकार प्लेस, बोरिंग रोड, पटना-800 001, दूरभाष : 0612-2530477 (कार्यालय)
2nd Floor, Alankar Place, Boring Road, Patna- 800 001, Tel. : 0612-2530477 (Off.), E-mail : bihargrid@gmail.com

CIN : U40100BR2013PLC019722

Ref: JV/PT/BG/COMML/TARIFF PETITION-FY 24-25/156

Date: 27/11/2024

To,

The Secretary,
Bihar Electricity Regulatory Commission,
Ground Floor, Vidyut Bhawan-II,
Bailey Road, Patna-800001.

Sub: Filing of the Petition for True-up of FY 2023-24 & Annual Performance Review (APR) for FY 2024-25 under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2021 and approval of Business Plan, Determination of Annual Revenue Requirement (ARR) for the FY 2025-26 to FY 2027-28 and Determination of Transmission Tariff for the FY 2025-26 under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2024 for Bihar Grid Company Limited (BGCL), Patna.

Respected Sir,

Enclosed herewith please find 06 copies of Tariff Petition of the projects under Ph- IV (Part 1 of 2), Ph- IV (Part 2 of 2) & Ph- IV (Part 2 Supplementary) for True-up of FY 2023-24 & Annual Performance Review (APR) for FY 2024-25 under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2021, and Determination of Annual Revenue Requirement (ARR) for the FY 2025-26 to FY 2027-28 along with Determination of Transmission Tariff for the FY 2025-26 under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2024, for Bihar Grid Company Limited (BGCL), Patna.

Also, please find enclosed herewith the Fees for Business Plan & Determination of tariff for Transmission of Electricity under provision of clause (b) of sub section (1) of Section 62 of Act of total **Rs 20 Lakh**. The details are as under:-

S N	Nature of Application	UTR No	Date	Amount
1.	Approval of Business Plan Cl. 35b	SBIN324332002784	27.11.2024	Rs 1000000/-
2.	Determination of Tariff (ARR) Cl. 2a	SBIN224332925124	27.11.2024	Rs 1000000/-

The transaction details copy, and affidavit of the undersigned is enclosed for ready reference. Also, condonation for the delay is submitted along with Affidavit may kindly be granted for acceptance of petition.

We respectfully pray the Hon'ble Commission to admit the Tariff Petition of BGCL and do the needful.

Thanking you,

Yours faithfully,

(Rajesh)

Sr. GM (O&M/Comml)

Enclosure:

1. Six Copies of Tariff Petition.
2. 01 Nos CD for soft copy of Tariff Petition.



IN THE MATTER OF

Filing of the Petition for True-up of FY 2023-24 & Annual Performance Review (APR) for FY 2024-25 under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2021, and approval of Business Plan along with Determination of Annual Revenue Requirement (ARR) for the FY 2025-26 to FY 2027-28 & Determination of Transmission Tariff for the FY 2025-26 and under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2024 along with the other guidelines and directions issued by the Bihar Electricity Regulatory Commission from time to time and under Section 61, 62, 64 and 86 of the Electricity Act, 2003 read with the relevant guidelines.

AND

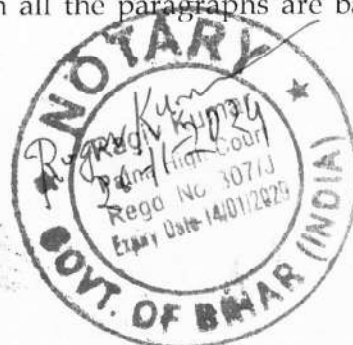
IN THE MATTER OF

BIHAR GRID COMPANY LIMITED (hereinafter referred to as "BGCL" or "Petitioner" which shall mean for the purpose of this Petition, the Licensee), having its registered office at 2nd Floor, Alankar Place, Boring Road, Patna - 800001.

AFFIDAVIT

I, Rajesh S/o Sh. Brahmadeo Prasad, 58 years of age, working as Sr. GM (O&M/Commercial) in the Bihar Grid Company Limited having its registered office at 2nd Floor, Alankar Place, Boring Road, Patna-800001, do solemnly affirm and declare as under: -

1. I am Sr. GM (O&M/Commercial) in the Bihar Grid Company Limited (Petitioner), and I am authorized to swear the affidavit on behalf of the Petitioner.
2. The Statement made in all the paragraphs are based on information and I believe them to be true.



21 NOV 2024 26-11-2024

3. The Petition has been prepared in accordance with the provision of Section 94 of the Electricity Act, 2003 along with provisions contained in Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2021, Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2024 and Bihar Electricity Regulatory Commission (Conduct of Business) Regulations, 2005.
4. The Petitioner seeks condonation of delay in filing of the tariff Petition for FY 2025-26. The Petitioner respectfully submits that the preparation of the tariff petition has been delayed due to the awaited publication of the BERC (Multi Year Transmission Tariff & SLDC Charges) Regulations, 2024. Additionally, the festive season and associated holidays in the State of Bihar have further contributed to the delay, with regular office work resuming only from November 11, 2024. Petitioner has sought liberty by way of Letter no. JV/PT/BG/COMM/TARIFF/696 dated 04th November, 2024, to file the Petition by 30th November, 2024, which is 15 days from the due date of 15th November, allowed as per the Regulation 11.3 of the BERC (Multi Year Transmission Tariff & SLDC Charges) Regulations, 2024. Copy of the said Letter is annexed as **Annexure A**. The Petitioner requests the Hon'ble Commission to admit the Petition and pass a suitable Order.
5. BGCL along with the Petition has submitted the relevant data and information to the extent applicable and would make available any further information/additional data required by the Bihar Electricity Regulatory Commission during the course of the proceedings.

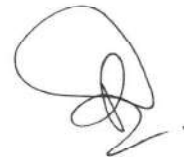


DEPONENT

VERIFICATION

I the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Patna on 26 day of November, 2024



DEPONENT



sworn by
who is identity by Shri B. Singh
Advocate solemnly affirmed and
declared before me
Rajiv Kumar
26-11-2024
Rajiv Kumar
Reg. No. 307
Public Advocate,
Patna High Court, Patna

I identify the Deponent with me
Signed & sealed in my presence.

Binderwan Singh
26/11/2024
PH

e-Court Fee

Sl No. 2902 Date: 26-11-2024

[illegible]

e-PayOrder Details

e-PayOrder Details

e-PayOrder Number CNADHXPDX6

Debit Status Success

Date27-Nov-2024

PAYBIHAR ELECTRICITY REGULATORY COMMIS

RUPEES (in words)Ten Lakhs only

Rs. 10,00,000.00

ACCOUNT NO00000040835024785

STATE BANK OF INDIA

BORING ROAD

Om Prakash

MAKER

DIWAKAR PRASAD

Authorizer 1

PRABHAT KUMAR

Authorizer 2

CNADHXPDX6

Counterfoil DescriptionDetermination of Tariff of Transm

Transaction TypeNEFT Funds transfer

GSTIN Number--

Debit Account Details

Account No.	Branch	Amount
00000040835024785	BORING ROAD	10,00,000.00

Credit Account Details

Beneficiary Name/Account No.	Bank/Branch/IFSCCode	Amount	Credit Status	UTR No.
BIHAR ELECTRICITY REGULATORY COMMIS/110048159651	BSEB EXTN COUNTER ,PATNA/BSEB EXTN COUNTER ,PATNA/CNRB0008531	10,00,000.00	Credited to Beneficiary Account	SBIN224332925124

e-PayOrder Details

e-PayOrder Details

e-PayOrder Number CNADHXTAR8

Debit Status Success

Date27-Nov-2024

PAYBIHAR ELECTRICITY REGULATORY COMMIS

RUPEES (in words)Ten Lakhs only

Rs. 10,00,000.00

ACCOUNT NO00000040835024785

STATE BANK OF INDIA
BORING ROAD

Om Prakash
MAKER

PRABHAT
KUMAR
Authorizer 1

DIWAKAR
PRASAD
Authorizer 2

CNADHXTAR8

Counterfoil DescriptionApproval of Business Plan

Transaction TypeNEFT Funds transfer

GSTIN Number--

Debit Account Details

Account No.	Branch	Amount
00000040835024785	BORING ROAD	10,00,000.00

Credit Account Details

Beneficiary Name/Account No.	Bank/Branch/IFSCCode	Amount	Credit Status	UTR No.
BIHAR ELECTRICITY REGULATORY COMMIS/110048159651	BSEB EXTN COUNTER ,PATNA/BSEB EXTN COUNTER ,PATNA/CNRB0008531	10,00,000.00	Credited to Beneficiary Account	SBIN324332002784

BEFORE THE
HON'BLE BIHAR ELECTRICITY REGULATORY COMMISSION
VIDYUT BHAWAN -II, PATNA

Petition
For
True - up for FY 2023-24,
Annual Performance Review (APR) for FY 2024-25,
Approval of Business Plan
along with
Determination of Annual Revenue Requirement (ARR) for the FY 2025-26 to FY
2027-28, and
Determination of Transmission Tariff for the FY 2025-26
For
Bihar Grid Company Limited
(BGCL)
Patna



Bihar Grid

2nd Floor, Alankar Place,
Boring Road,
Patna - 800 001
November 27, 2024

BEFORE, THE BIHAR ELECTRICITY REGULATORY COMMISSION,

IN THE MATTER OF

Filing of the Petition for True-up of FY 2023-24 & Annual Performance Review (APR) for FY 2024-25 under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2021 and approval of Business Plan, Determination of Annual Revenue Requirement (ARR) for the FY 2025-26 to FY 2027-28 and Determination of Transmission Tariff for the FY 2025-26 and under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2024 along with the other guidelines and directions issued by the Bihar Electricity Regulatory Commission from time to time and under Section 61, 62, 64 and 86 of the Electricity Act, 2003 read with the relevant guidelines.

AND

IN THE MATTER OF

BIHAR GRID COMPANY LIMITED (hereinafter referred to as “BGCL” or “Petitioner” which shall mean for the purpose of this Petition, the Licensee), having its registered office at 2nd Floor, Alankar Place, Boring Road, Patna - 800001.

The Petitioner respectfully submits as under:

1. BGCL is filing the Petition for True-up of FY 2023-24 and Annual Performance Review (APR) for FY 2024-25 under Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2021, and approval of Business Plan, Determination of Annual Revenue Requirement (ARR) for the FY 2025-26 to FY 2027-28 and Determination of Transmission Tariff for the FY 2025-26 and under Bihar Electricity Regulatory Commission



(Multi Year Transmission Tariff and SLDC Charges) Regulations, 2024 along with procedures outlined in the respective governing Regulations thereof.

2. This Petition has been prepared in accordance with the Section 61, 62 and 64 of the Electricity Act, 2003 along with provisions contained in Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2021, Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2024, and Bihar Electricity Regulatory Commission (Conduct of Business) Regulations 2005.
3. BGCL along with this Petition is submitting the Tariff Formats (**Annexure B** of the Petition) with relevant data and information to the extent applicable and would make available any further information/additional data required by the Bihar Electricity Regulatory Commission during the course of the proceedings.

Date: November 27th, 2024



Rajesh
GM (O&M/Commercial)

CONTENTS

1	Background.....	1
1.1	Development of Intra State Transmission Network	1
1.2	Formation of BGCL	1
1.3	Transmission License for BGCL	2
1.4	Current Projects entrusted with BGCL	2
1.5	Main Functions and Duties of BGCL	2
2	Regulatory Background	4
3	True - Up for 2023-24	9
3.1	Background	9
3.2	Performance of Transmission System - Transmission Availability Factor (TAF) and Transmission Loss.....	9
3.3	Capital Expenditure and Capitalisation.....	10
3.4	Schedule of Capitalization	12
3.5	Gross Fixed Assets	13
3.6	Depreciation	14
3.7	Interest on Loan Capital and Finance Charges	15
3.8	Operations and Maintenance Expenses	16
3.8.1	Employee Expenses.....	19
3.8.2	Repairs & Maintenance (R&M) Expenses	20
3.8.3	Administration and General (A&G) Expenses	21
3.9	Return on Equity	21
3.10	Interest on Working Capital	23
3.11	Gain/ Loss Sharing	24
3.12	Non- Tariff Income.....	25
3.13	Income from Other Business.....	27

3.14	Annual Transmission Charges/ ARR for True up of 2023-24	28
4	Annual Performance Review for FY 2024-25.....	31
4.1	Introduction	31
4.2	Performance of Transmission System	31
4.2.1	Transmission System Availability	31
4.2.2	Transmission Losses	31
4.2.3	Transformer Failure Rate	32
4.3	Schedule of Capitalization	32
4.4	Capitalization.....	34
4.5	Funding of Capitalization	35
4.6	Gross Fixed Assets	35
4.7	Depreciation	35
4.8	Interest on Loan Capital and Finance Charges	37
4.9	Operations and Maintenance Expenses	39
4.9.1	Employee Expenses.....	40
4.9.2	Repair and Maintenance Expenses	42
4.9.3	Administrative and General Expenses	43
4.10	Return on Equity	44
4.11	Interest on Working Capital	45
4.12	Non- Tariff Income.....	46
4.13	Income from Other Business.....	46
4.14	Annual Revenue Requirement for the FY 2024-25	47
5	BUSINESS PLAN FOR THE CONTROL PERIOD FY 2025-26 TO FY 2027-28	49
5.1	Introduction	49
5.2	Business Plan of BGCL for Control Period FY 2025-26 to FY 2027-28	49
5.3	Key Objectives	49
5.4	Capital Investment Plan	50

5.5	Rate of Interest on Loan.....	50
5.6	Rate of Return on Equity	51
5.7	Operation and Maintenance Expenses.....	51
5.8	Depreciation	60
5.9	Interest on Working Capital	61
5.10	Performance Target.....	63
5.11	Non-Tariff Income.....	63
5.12	Income from Other Business.....	63
5.13	Annual Revenue Requirement	63
6	Annual Revenue Requirement for the FY 2025-26 to FY 2027-28.....	66
6.1	Introduction	66
6.2	Performance of Transmission System	66
6.2.1	Availability of Transmission System	66
6.2.2	Transformer Failure Rate	66
6.3	Schedule of Capitalization	66
6.4	Capitalization.....	67
6.5	Gross Fixed Assets	68
6.6	Funding of Capitalization	68
6.7	Depreciation	68
6.8	Interest on Loan Capital and Finance Charges	69
6.9	Operations and Maintenance Expenses	70
6.9.1	Employee Expenses.....	70
6.9.2	Repair and Maintenance Expenses.....	71
6.9.3	Administrative and General Expenses	72
6.10	Return on Equity	74
6.11	Interest on Working Capital	75
6.12	Non- Tariff Income.....	76

6.13	Income from Other Business.....	76
6.14	Annual Revenue requirement for FY 2025-26 to FY 2027-28	76
6.15	Revenue Gap/Surplus and Transmission Tariff determination for FY 2025-26 77	
7	Compliance of Directives	79
8	Prayers to the Hon'ble Commission	84
	List of Annexures	86

TABLE INDEX

Table 1 - Development of Intra State Transmission Network	1
Table 2 – Scheme wise Capital Expenditure and Capitalisation.....	10
Table 3 – CWIP statement for the FY 2023-24	11
Table 4 – Details of Assets Capitalized during the FY 2023-24 (Part 1 of 2).....	12
Table 5 - Details of Assets Capitalized during the FY 2023-24 (Part 2 of 2)	12
Table 6 - Gross Fixed Assets for the FY 2023-24	13
Table 7 – Computation of Weighted average Rate of Depreciation	15
Table 8 - BGCL claim of Depreciation for the FY 2023-24.....	15
Table 9 – BGCL claim of Interest on Loan for the FY 2023-24	16
Table 10 – Actual O&M and Gross GFA for the period FY 2018-23	17
Table 11 - BGCL claim of Employee Expenses for the FY 2023-24	20
Table 12 – BGCL claim of Repairs & Maintenance (R&M) Expenses for FY 2023-24 ..	20
Table 13 – BGCL claim of Administration and General (A&G) Expenses for the FY 2023-24	21
Table 14 - BGCL claim of Return on Equity for the FY 2023-24	22
Table 15 – Computation of Rate of Interest on Working Capital for the FY 2023-24..	23
Table 16 - BGCL claim of Interest on Working Capital for the FY 2023-24	24
Table 17 - Gain/ Loss Sharing for the FY 2023-24.....	25
Table 18 – BGCL submission of Non- Tariff Income for the FY 2023-24	26
Table 19: Sharing of Gain of Other Business for FY 2023-24.....	27
Table 20 – BGCL claim of ARR for True up of FY 2023-24	28
Table 21 – BGCL estimate of Asset Capitalization for the FY 2024-25 Phase IV (Part 1 of 2).....	32
Table 22 - BGCL estimate of Asset Capitalization for the FY 2024-25 Phase IV (Part 2 of 2).....	32
Table 23 - BGCL estimate of Asset Capitalization for the FY 2024-25 Phase IV (Supplementary).....	33
Table 24 – BGCL claim of CWIP Statement for the FY 2024-25.....	34
Table 25 – BGCL claim of Gross Fixed Assets for the FY 2024-25.....	35
Table 26 – BGCL claim of Depreciation for the FY 2024-25	36

Table 27 – BGCL claim of Interest on Loan for the FY 2024-25	38
Table 28 – Computation of Average CPI (past 3 years)	41
Table 29 – BGCL claim of Employee Expenses for the FY 2024-25.....	41
Table 30 – Computation of Average % factor (R&M expenses to GFA)	42
Table 31 – BGCL claim of Repair and Maintenance Expenses for the FY 2024-25	42
Table 32 - Computation of Average WPI and CPI in 60:40 ratio (past 3 years).....	43
Table 33 – BGCL claim of Administrative and General Expenses for the FY 2024-25	44
Table 34 – BGCL claim of Return on Equity for the FY 2024-25	45
Table 35 – BGCL claim of Interest on Working Capital for the FY 2024-25	46
Table 36 – BGCL claim of ARR for the APR of FY 2024-25.....	47
Table 37: Computation of Base Norm for Employee Expense	55
Table 38: Computation of K_b for R&M Expenses	56
Table 39: Bifurcation of A&G Expenses towards Bay & Personal	57
Table 40: Categorization of A&G Expenses for FY 2023-24	58
Table 41: Categorization of A&G Expenses for FY 2022-23	58
Table 42: Categorization of A&G Expenses for FY 2021-22	59
Table 43: Computation of Base Norm for A&G Expenses	59
Table 44: BGCL estimate of Performance Targets for the Control Period FY 2025-28	63
Table 45 – BGCL estimate of Asset Capitalization for the FY 2025-26 Phase IV (Part 1 of 2).....	67
Table 46 - BGCL estimate of Asset Capitalization for the FY 2025-26 Phase IV (Part 2 of 2).....	67
Table 47 – BGCL claim of CWIP Statement for the FY 2025-26 to FY 2027-28.....	67
Table 48 – BGCL estimate of Gross Fixed Assets for the period FY 2025-26 to FY 2027-28.....	68
Table 49 – BGCL estimate of Depreciation for the period FY 2025-26 to FY 2027-28..	69
Table 50 – BGCL estimate of Interest on Loan for the period FY 2025-26 to FY 2027-28	69
Table 51 – Computation of Average CPI (past 3 years)	70
Table 52 – BGCL estimate of Employee Expenses for the period FY 2024-25	71
Table 53 - Computation of Average % factor (R&M expenses to GFA).....	72

Table 54 – BGCL estimate of Repair and Maintenance Expenses for the period FY 2025-26 to FY 2027-28.....	72
Table 55 - Computation of Average WPI (past 3 years).....	73
Table 56 - BGCL estimate of Administrative and General Expenses for the period FY 2025-26 to FY 2027-28	73
Table 57 – BGCL estimate of Return on Equity for the period FY 2025-26 to FY 2027-28	74
Table 58 – BGCL estimate of Interest on Working Capital for the period FY 2025-26 to FY 2027-28	75
Table 59 – BGCL estimate of Annual Revenue requirement for FY 2025-26 to FY 2027-28.....	77
Table 60 – True up Revenue Surplus including Carrying Cost	78
Table 61 – BGCL claim of Transmission Charges for the FY 2025-26.....	78
Table 62 – BGCL submission to Directives.....	79

1 Background

1.1 Development of Intra State Transmission Network

Considering the rapid load growth and the upcoming generating stations in the State of Bihar, a comprehensive study was carried out by POWERGRID in 2011-12 in association with the then Bihar State Electricity Board (BSEB) and Central Electricity Authority (CEA). As per the study, transmission and system strengthening schemes were planned and categorised in following three parts:

Table 1 - Development of Intra State Transmission Network

Part	Scheme Details
1	Bihar Sub-Transmission Phase-II extension scheme
2a	Strengthening scheme: Phase-1: Schemes identified for year 2012-13, 2013-14 and 2014-15 under Phase-III
2b	Strengthening Scheme: Phase-2: Schemes identified for year 2015-16 & additional strengthening for year 2016-17 under Phase-IV
3	Generation Linked Scheme: Transmission System for evacuation of power from Lakhisarai, Pirpainti and Buxar generation projects (identified for year 2016-17) under Phase-V

1.2 Formation of BGCL

In order to develop the aforesaid Intra-State Transmission System in the State of Bihar, Bihar State Power Holding Company Limited (BSP(H)CL) and Power Grid Corporation of India Limited (POWERGRID) formed a 50:50 Joint Venture Company in the name of Bihar Grid Company Limited (BGCL) on January 4, 2013 under the provisions of the Companies Act, 1956.



1.3 Transmission License for BGCL

The Transmission Licence was issued to BGCL on June 21, 2013 vide Letter No. BERC/Case No.7/2013-792-01-Tr.L. The Hon'ble Commission while granting the approval of transmission license in Case No. 7 of 2013 directed as follows:

"Therefore, the application of the Bihar Grid Company Limited for grant of licence to the applicant BGCL for transmission of electricity as a transmission licensee in the State of Bihar is approved. After compliance of conditions laid down in the Regulations 13, 14 and 15 of BERC (Licencing for Transmission of Electricity) Regulations, 2007 by the Bihar Grid Company Limited, the Commission would issue the Licence. The BGCL shall pay the initial and annual licence fee to the Bihar Electricity Regulatory Commission in accordance with BERC (Fees, Fines and Charges) Regulations, 2006.

The licence shall be issued for 25 (twenty five) years with effect from the date of issue of the licence. Bihar Grid Company Limited shall submit requisite documents as specified in Regulations 13, 15 and 16 of the BERC (Licencing for Transmission of Electricity) Regulations, 2007. Bihar Grid Company Limited shall abide by all terms and conditions of the licence and any other terms and conditions which Commission considers necessary to remove the difficulty in giving effect to any of the provision of the BERC (Licencing for Transmission of Electricity) Regulations, 2007."

1.4 Current Projects entrusted with BGCL

While it was initially envisaged that BGCL should undertake the development of transmission and system strengthening schemes as identified above, however, works under Part-1 and Part-2 (a) were undertaken by BSPTCL on priority basis. Therefore, BGCL is implementing works under Part-2 (b) of the above-mentioned schemes and Detailed Project Report (DPR) for the same has been approved by the Hon'ble Commission vide Order dated January 4, 2014 and July 22, 2015 in Case No. 20 of 2013 and Case No. 14 of 2015, respectively.

1.5 Main Functions and Duties of BGCL

The main functions and duties of BGCL are as follows:



- a) To undertake planning and coordination activities in regard to Intra-State Transmission, works connected with the inter-State Transmission System in the State of Bihar, to introduce open access in transmission on payment of transmission charges. To ensure development of an efficient, coordinated and economical system of Intra-State Transmission lines for smooth flow of electricity from a generating station to load centres and to provide non-discriminatory open access as per requirement. Other functions as may be assigned to the company by law or otherwise by Government or Government Authority concerning the operation of the Power System.
- b) To plan, acquire, develop, establish, built, take over, erect, lay, operate, run, manage, renovate, modernize, electrical transmission lines and/or networks through various voltage lines and associated sub-stations, including cables, wires, meters, computers and materials connected with transmission, ancillary services, telecommunication and tele-metering equipment etc.
- c) To make available the entire transmission capacity of the Project to BSP(H)CL on a commercial basis subject to the conditions laid down in the Inter-State Transmission Services Agreement (ITSA).
- d) To derive its revenue by recovery of transmission charges from transmission system users. The Company shall be primarily in the business of transmission of electricity and it shall be vested with the transmission assets, interest in property, rights and liabilities. The Company shall act as a Transmission Licensee under the Provisions of Section 14 of the Electricity Act, 2003.
- e) To define its own 'Safety policy ' keeping in view the motto of ' ZERO ACCIDENT GOAL'.



2 Regulatory Background

- Based on the study carried out jointly by CEA, Power Grid, and the then BSEB, business plan for suitable transmission network to meet load growth as estimated in 18th EPS, had been prepared under phase-IV part-2 scheme comprising of Part 1 of 2 and Part 2 of 2.
- Accordingly, BGCL had filed its Business plan of Rs. 1699.36 Crore under phase IV (part 1 of 2) of the projects under 12th five-year plan under domestic funding. Vide Order dated 04.01.2014, the Hon'ble Commission in Case No. 20/ 2013 has accorded approval to the Business Plan filed by the Petitioner for Part 1 of 2. The approved project cost was Rs. 1699.36 Crore with debt: equity ratio of 70:30.
- Further, BGCL sought approval of the Revised Cost Estimate (RCE - 1) pertaining to Part 1 of 2 by way of ARR Petition for the FY 2017-18. Hon'ble Commission vide Order dated 09.03.2017 in Case No. 49 of 2016 approved the RCE -1 to the extent of Rs. 1833.23 Crore (from Rs. 1699.36 Crore).
- Further, BGCL sought approval of cost estimate pertaining to Part 2 of 2 by way of Petition for Approval in Business plan of BGCL for control period from FY 2015-16 to FY 2017-18. Hon'ble Commission vide Order dated 28.07.2017 in Case No. 05 of 2016 approved the cost estimate to the extent of Rs.1688.36 Crore.
- Further, BGCL sought approval of the Revised Cost Estimate (RCE - 2) pertaining to Part 1 of 2 by way of Petition for Approval of REC-2 of Capital Investment Plan of Phase-IV Part-1 Scheme of BGCL. Hon'ble Commission vide Order dated 28.01.2020 gave in-principal approval to the RCE -2 of Part 1 of 2 to the tune of Rs. 2091.89 Crore, subject to furnishing the following information during the true up:



- The actual cost incurred, actual date of start of work, actual COD and scheduled completion period
 - Detailed justification along-with supporting documents for change in cost with comparison to original project cost Rs. 1699.36 crore showing deviation amount attributable to each factor contributing into deviation i.e Government Taxes & duties, change in scope of work etc.
 - Calculation sheet of IDC from the date of infusion of debt fund upto Scheduled Date / Actual Date of Commercial operation showing amount of loan & amount of capex actually attributed/allocated to each substations & transmission lines
 - Details of IEDC from the zero date to Scheduled Date / Actual Date of Commercial operation.
- Further, BGCL had filed petition for determination of Tariff for FY 2021-22 however, during the course of proceedings, due to want of certain documents, Hon'ble Commission had not approved the Capex for part 1 of 2 and the same was restricted to Rs. 1459.97Cr. (hard cost) based on the LOA awarded hard cost at that time. BGCL, aggrieved by the said order of Hon'ble Commission preferred a Review of the said Order however, BGCL's plea was not accepted before the Hon'ble Commission. Thereafter, left with no choice, BGCL had to prefer an Appeal before the Hon'ble APTEL against the Hon'ble Commission's Order dated 12.03.2021, which is pending adjudication before the Hon'ble APTEL.
 - Further, BGCL filed a Review Petition against the Hon'ble Commission's Order dated 25.03.2022 in regard to disallowance of Capex and Capitalization of Part 1 of 2 in the truing up of 2019-20 and FY 2020-21. BGCL provided all the information sought by the Hon'ble Commission vide Order dated 28.01.2020. Hon'ble Commission vide Order dated 11.11.2022 in Case No. 15 of 2022

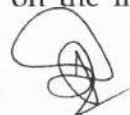


directed that the requisite information as above be submitted by the Petitioner during the time of Tariff proceedings for the FY 2023-24.

- By virtue of said observation, the Petitioner was of the firm view that the deviation in Capital Cost pertaining to Part 1 of 2 would be admitted at the time of Tariff determination during the FY 2023-24. Under such apprehension, the Petitioner by way of Additional Submissions placed on record the requisite documents/ justification during the course of Tariff proceedings for the FY 2023-24. However, the Hon'ble Commission has not admitted the variation in Capital Cost owing to the matter being sub-judice before APTEL (against Tariff Order dated 12.03.2021 for FY 2021-22 bearing Appeal ref. Appeal No. 382 of 2023, DFR No. 145 of 2022, IA No. 1755 of 2022 and IA No. 603 of 2022).
- Owing to the financial injury on the Licensee due to the disallowance in Capital Cost & significant amount of dues from the Holding Company, amounting to Rs. 499 Crore as of 31.03.2024, and aggrieved by the observations made by the Hon'ble Commission in the Tariff Order dated 25.3.2023 for FY 2023-24, the Petitioner has filed an Appeal before APTEL (bearing Appeal no. 500 of 2023 and DFR No. 252 of 2023).

In view of the above pending matters, BGCL respectfully prays before the Hon'ble Commission that the earlier disallowed Capital Cost towards Part 1 of 2 (ref Tariff Order dated 12.03.2021 and Tariff Order dated 25.03.2022) be considered for the consideration of opening Capital Cost for the FY 2023-24. To facilitate the prudence check by the Hon'ble Commission, the Petitioner is placing the documents/ justification in support of Capital Cost for Part 1 of 2 before the Hon'ble Commission. A copy of the same is provided as **Annexure C**.

The Hon'ble Commission is sincerely requested to consider the Capital Cost as claimed by the Petitioner pertaining to Part 1 of 2 based on the information/



documents provided under Annexure C while determining the True up of FY 2023-24, APR for FY 2024-25 and ARR for FY 2025-26 to FY 2027-28.



TRUE-UP of ARR
for the FY 2023-24



3 True - Up for 2023-24

3.1 Background

The Hon'ble Commission in the Order dated 21.03.2023 has approved ARR for FY 2023-24 to the tune of Rs. 517.16 Crore. Further, in the Order dated 01.03.2024, the Hon'ble Commission has approved Rs. 457.26 Crore while conducting the Review of Annual Performance for the FY 2023-24. The Petitioner herein, submits the claim towards each and every item of the ARR before this Hon'ble Commission for conducting the True-up for the period FY 2023-24 in accordance with the Regulatory provisions and the principles. The following considerations have been made by the Petitioner for the True up for FY 2023-24:

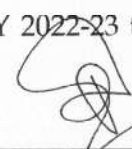
- a. Opening Value of GFA for FY 2023-24 are considered as respective closing values for FY 2022-23 (as claimed by the Petitioner in the Tariff Petition for FY 2024-25 minus GFA amounting to Rs. 67.82 crore as mentioned under table 4.3 in Hon'ble Commission's Order dated 01.03.2024).
- b. As far as the Additions to GFA is concerned, it is submitted that the claim of Capitalization during the FY 2023-24 is equal to capitalization reflecting in the Books of Accounts.
- c. Expense items of ARR are calculated based on the normative parameters in line with the principles of Tariff Regulations, 2021.

Details of the claims under various elements of the Annual Revenue Requirement (ARR) for the True-up for FY 2023-24 is explained in the subsequent sections.

3.2 Performance of Transmission System - Transmission Availability Factor (TAF) and Transmission Loss

The Tariff Regulations 2021 stipulate the Normative Transmission System Availability Factor (NATAF) of 98% for the control period FY 2022-23 to FY 2024-25. The Petitioner submits that the Annual Transmission Availability of the BGCL system for the FY 2023-24 is 98.13%.

The Hon'ble Commission as per the Order dated 25.03.2022 has approved Transmission Loss trajectory to be 1.80% for the control period of FY 2022-23 to FY



2024-25. The Petitioner submits that the actual Annual Transmission Losses in the BGCL network for the FY 2023-24 is 0.94%.

The Month-wise Transmission Availability and Transmission Loss along with the incentives allowable in accordance with the Tariff Regulations 2021 is detailed out in the upcoming sections.

3.3 Capital Expenditure and Capitalisation

As explained in the preceding sections, the Hon'ble Commission vide Order dated 28.01.2020 had accorded in-principle approval of the Capital Investment Plan of Rs. 2091.88 Crore (in accordance with the Revised Cost Estimate - II proposed by the Petitioner) for Phase IV Part 1 of 2.

Furthermore, the Hon'ble Commission vide Order dated 28.07.2017 and further vide Order dated 20.03.2020 had approved Capital Investment Plan of Rs. 1688.36 Crore for Phase IV Part 2 of 2. In addition, the Hon'ble Commission vide Order dated 15.02.2019 also gave in-principle approval of the Supplementary works proposed along with Phase IV Part 2 of 2 amounting to Rs. 111.14 Crore.

The Capital Investment Plan as approved by the Hon'ble Commission w.r.t. BGCL Network is summarized below:

Table 2 – Scheme wise Capital Expenditure and Capitalisation

Particulars	Approved Cost	Remarks
Phase IV Part 1 of 2	2,091.88	Order dated 28.01.2020
Phase IV Part 2 of 2	1,688.36	Order dated 28.07.2017
Phase IV Supplementary works	111.14	Order dated 15.02.2019
Total	3,891.39	

It is submitted that the Capital expenditure along with the details of capitalisation for FY 2023-24 as per books of accounts is summarised in the CWIP statement that shall follow in subsequent paras.

The Petitioner submits that the Hon'ble Commission while approving Capitalization during the True up for FY 2019-20 observed as follows:

"4.4.25 However, considering that BGCL has already undertaken the capital cost of Rs.2,091.89 Crore, the Commission is inclined to provide BGCL a final opportunity to

provide justification of each factor of cost escalation of the works undertaken in Phase IV Part I. Hence, the Commission directs BGCL to submit detailed information and justification along with supporting documents to substantiate the amount actually incurred on each factor of deviation as elaborated in earlier section of this Order in next Truing up in which Project get completed."

Furthermore, in view of the Capital Cost under consideration before the Hon'ble Commission, the Petitioner has claimed the opening Capital Cost for the FY 2023-24 based on the closing Capital Cost claimed by the Petitioner for the True up of FY 2022-23 minus GFA amounting to Rs. 67.82 crore as mentioned under table 4.3 in Hon'ble Commission's Order dated 01.03.2024.

Summary of the CWIP statement for the FY 2023-24 is provided in the table below:

Table 3 – CWIP statement for the FY 2023-24

(in Rs Crore)

S.No.	Particulars	Approved by the Hon'ble Commission in the Order dated 21.03.2023	BGCL claim
1	Opening CWIP without IEDC and IDC		156.12
2	Opening IDC		112.01
3	Opening IEDC		17.86
4	Opening CWIP (1+2+3)	226.91	285.99
5	Capital investment during the year(without IDC and IEDC)		81.90
6	IDC addition		27.50
7	IEDC addition		6.56
8	Total (5+6+7)	95.09	115.96
9	Asset capitalisation without IDC & IEDC		100.45
10	IDC capitalised		16.38
11	IEDC capitalised		8.16
12	Total Capitalisation (9+10+11)	232.73	124.98
13	Closing CWIP without IDC and IEDC (1+5-9)		137.57
14	Closing IDC (2+6-10)		123.13
15	Closing IEDC (3+7-11)		16.26

S.No.	Particulars	Approved by the Hon'ble Commission in the Order dated 21.03.2023	BGCL claim
16	Closing CWIP (13+14+15)	89.27	276.96

The Audited Accounts of BGCL for the FY 2023-24 is annexed as **Annexure D**.

The Petitioner thereby submits before the Hon'ble Commission to approve the CWIP and Capitalization for the FY 2023-24 as per the tables above.

3.4 Schedule of Capitalization

The Petitioner submits that the Assets capitalized during FY 2023-24 in accordance with the Audited Accounts for the FY 2023-24 have been listed along with the Date of Commercial Operation in the table below:

Table 4 - Details of Assets Capitalized during the FY 2023-24 (Part 1 of 2)

S. No.	Transmission Element (Part 1 of 2)	Date of Commercial Operation
	Nil	

Table 5 - Details of Assets Capitalized during the FY 2023-24 (Part 2 of 2)

S. No.	Transmission Element (Part 2 of 2)	Date of Commercial Operation
Transmission Lines		
	Transmission Line	
1.	LILO of one ckt of 132 kV D/C Khagaul Digha Transmission Line at Bihta	10.04.2023
2.	LILO of 132 KV S/C Jakkanpur/Mithapur-Fatuha line at Jakkanpur new (with HTLS conductor)	23.07.2022
3.	LILO of both ckt of 132kV Ara-Jagdishpur D/C T/L at Dumraon (new)	14.07.2022
4.	132kV D/C Dumraon (new) - Dumroan (BSPTCL) transmission line	14.07.2022
Sub Station		
5.	Dumraon, Transformer 160 MVA	07.12.2023
6.	Naubatpur, Transformer 160 MVA	13.02.2024
7.	Jakkanpur, Transformer 50 MVA	29.02.2024

Note: Assets shown on Sr. No. 2, 3, and 4 of Table 5 achieved COD in FY 2022-23, however the same were not recorded in the books of account (Refer Table 4.3 in Hon'ble Commission's Order dated 01.03.2024).

The Petitioner submits that few assets planned to be capitalized during the FY 2023-24 as per the submissions made for the Annual Performance Review of FY 2023-24 could not attain Capitalization in actual on account of reasons beyond the control of the Petitioner. The key reasons attributable to such delay include the time required for land acquisition, local law & order issues, severe ROW, contractual & technical issues/suitability, unavailability of spares, unprecedented rainfall/floods in certain areas, spill over of works owing to Covid induced lockdowns during the FY 2020-21 and FY 2021-22 and delay due to shutdown requirements (uncontrollable). In view of the same, the Petitioner requests the Hon'ble Commission to approve the capitalisation of the projects.

3.5 Gross Fixed Assets

The Petitioner has considered the Opening GFA as per the Closing GFA submitted by the Petitioner in the True up Petition for FY 2022-23 minus GFA amounting to Rs. 67.82 crore as mentioned under table 4.3 in Hon'ble Commission's Order dated 01.03.2024.

Accordingly, the Petitioner requests the Hon'ble Commission to approve the GFA for FY 2023-24 as depicted in the table below:

Table 6 - Gross Fixed Assets for the FY 2023-24

(in Rs Crores)

S.No	Particulars	FY 2023-24	
		Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
1	Opening GFA	3,236.33	2,882.36
2	Net Additions	232.73	125.76
A	Capex Addition		100.45
B	IDC Addition		16.38
C	IEDC addition		8.16
5	Closing GFA	3,469.06	3,008.09



3.6 Depreciation

Regulation 23 of Tariff Regulations, 2021 stipulates the following:

- “
- i. Depreciation shall be calculated for each year of the control period on the original cost of the fixed assets of the corresponding year. No advance shall be granted against depreciation.
 - ii. Depreciation shall not be allowed on assets funded by capital subsidies, beneficiary contributions or grants.
 - iii. Depreciation shall be calculated annually on the basis of assets capitalised and put to use based on the straight line method over the useful life of the asset and at the rate not exceeding the rate specified by the Central Electricity Regulatory Commission from time to time as provided in Appendix-III of these Regulations.
The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset. The Transmission Licensee or SLDC, as the case may be, shall submit separate detail of fully depreciated asset along with year of commissioning and year of attaining ninety percent depreciation with the tariff petition.
Provided that freehold land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.
Provided further that the cost of lease hold land shall be amortised evenly within the leased period.
 - iv. The original capital cost of the asset shall include Additional Capitalisation on account of Foreign Exchange Rate Variation as allowed by the Government / Bihar Electricity Regulatory Commission.
 - v. Depreciation shall be chargeable from the first year of operation of the asset. For part of the year, depreciation shall be charged on pro rata basis.
 - vi. A provision of replacement of assets shall be made in the capital investment plan.”
 - vii. The licensee(s) shall submit certified copy of the Asset Register with the list of fully depreciated Transmission lines, substation, transformers, etc. along with the details of disposed off assets and amount received therefore with the tariff petition.
- “

In consonance with the above and methodology adopted by the Hon'ble Commission in previous years, the Petitioner has computed the weighted average rate of depreciation in 2 parts:

1. for the assets capitalized on/ before 31.03.2023 – Rate of depreciation is 5.11%
2. for the assets commissioned during the FY 2023-24 - Rate of depreciation is computed on a pro rata basis (i.e. based upon the actual DOCO of the capitalized asset) which comes out to be 6.08%.

Accordingly, the computation of the Weighted Average Rate of depreciation is illustrated in the table below:



Table 7 – Computation of Weighted average Rate of Depreciation
(in Rs. Crores)

S.No	Particulars	Value
1	Opening GFA as per Audited Accounts	2,882.35
2	Opening land	58.10
3	Net opening depreciable assets (1-2)	2,824.26
4	Depreciation of opening depreciable assets	144.26
5	Weighted average rate of depreciation on opening assets (4/3)	5.11%
6	Addition to Depreciable GFA (excluding land) as per Audited Accounts	125.72
7	Depreciation on asset additions during the year	7.64
8	Weighted average prorated depreciation on asset additions during the year (7/6)	6.08%

In accordance with the Rate of Depreciation computed as above, the Depreciation claimed by the Petitioner is Rs. 151.90 Crore as shown in the table below:

Table 8 - BGCL claim of Depreciation for the FY 2023-24
(in Rs. Crore)

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
1	Net Opening GFA (without land)	3,624.99	2,824.27
2	Additions during the year	237.73	125.72
3	Less: land during the year	-	-
4	Net Additions (2-3)	237.73	125.72
5	Closing GFA (1+4)	3,413.56	2,949.99
6	Average GFA (1+5)/2	3,519.28	2,887.13
7	Weighted average Rate of depreciation on opening assets	5.17%	5.11%
8	Weighted average Rate of depreciation on asset additions during the year	0.27%	6.08%
9	Depreciation (1*7+4*8)	170.95	151.90

3.7 Interest on Loan Capital and Finance Charges

Regulation 24 of Tariff Regulations 2021 stipulates the provisions in the matter of Interest and Finance charges on Loan Capital.



The Petitioner has considered Gross Opening Loan as the Normative Closing loan as claimed by the Petitioner in the True up Petition for the FY 2022-23 minus loan portion of GFA amounting to Rs. 67.82 crore as mentioned under table 4.3 in Hon'ble Commission's Order dated 01.03.2024.

Further, the debt: equity ratio for the Capital Expenditure for the projects under Part 1 of 2, Part 2 of 2 shall be 80:20 in accordance with the Business Plan approved by the Hon'ble Commission vide respective Orders. As such, the normative loan addition shall be 80% of the Capitalization claimed for the FY 2023-24.

The overall weighted average rate of Interest on Actual Loans for assets capitalized through REC and PFC loans for the FY 2023-24 comes out to be 9.87%. The detailed working of the same in annexed as **Annexure E**.

In view of the above submissions, the Interest on Loan Capital claimed for the FY 2023-24 is Rs. 175.37 Crore, the working of which is explained below:

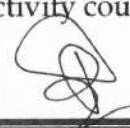
Table 9 – BGCL claim of Interest on Loan for the FY 2023-24

(in Rs. Crore)

S.No	Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
1	Opening Loan (Normative)	2,123.10	1,802.69
2	Additions (@80% of GFA additions)	186.18	100.58
3	Repayment	170.95	151.90
4	Net Closing Loan (Normative) (1+2-3)	2,138.34	1,751.37
5	Average Loan (1+4)/2	2,130.72	1,777.03
6	Weighted average rate of Interest (%)	9.90%	9.87%
7	Interest on Loan (5x6)	210.94	175.37

3.8 Operations and Maintenance Expenses

Regulation 21 of Tariff Regulations 2021 provides for the mechanism by which Operations and Maintenance Expenses shall be allowed to the Transmission Licensee. The Regulations allow O&M Expenses based on the norms which are to be determined at the beginning of the Control period. However, the said activity could not be done/



proposed by the Petitioner during the MYT filing for the FY 2021-24 period owing to the reason that a significant chunk of Capital works were under progress and O&M Expenses could not have attained certainty as could be observed from the variation in items of O&M Expenses viz-à-viz GFA during the period FY 2018-23 as shown under:

Table 10 – Actual O&M and Gross GFA for the period FY 2018-23

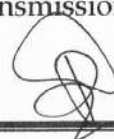
(in Rs. Crore)

Particular	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Employee Expense	8.66	4.31	11.29	14.94	19.98
R&M Expense	6.07	8.52	20.46	20.69	25.56
A&G Expense	3.71	3.04	6.95	6.26	8.84
Total O&M Expense	18.33	15.87	38.70	41.90	54.38
Gross GFA (as per accounts)	1510.41	1781.99	2078.02	2356.34	2882.35

As could be observed, the variation in O&M Expenses does not follow any contiguous trend so as to align the same within the normative framework. Furthermore, the Petitioner in support of its contention also mentions that the Hon'ble Commission has also recognized such an issue w.r.t Operation and Maintenance Expenses claimed by BGCL during the True up of FY 2018-19. The relevant extracts from the Order dated 20.03.2020 in the matter of Truing Up for FY 2018-19, APR for FY 2019-20, ARR and Transmission Charges for FY 2020-21 observed as follows:

“The Commission in Tariff Order dated 20.03.2020 (Para 7.8) had opined to determine the O&M norms for the next control period (i.e. from FY 2022-23 onwards) as the parameters required for determination of O&M norms i.e. No. of substations, No. of bays, length of lines in Ckt KM, etc. and full operational O&M expenses were not available and the same could be arrived after the capitalisation and commissioning of the assets (Phase IV Part 1 of 2, Phase IV Part 2 of 2 and supplemental works) which are spread over the Control period of FY 2019-20 to FY 2021-22.”

Likewise, as above, the Hon'ble Commission vide Order dated 12.03.2021 approved the O&M at actuals recognizing the fact that many of the Transmission projects were



under way and subsequently full network details were not available. Therefore, the norms for the computation of O&M Expenses were not determined and actual O&M Expenses were allowed. In light of the same, the Petitioner has claimed O&M expenses on actuals based on the methodology adopted by the Hon'ble Commission towards the O&M Expenses.

However, the Hon'ble Commission vide Order dated 25.03.2022 opined that O&M expenses being controllable factor should be allowed based on the norms and the Hon'ble Commission in the absence of norms has approved O&M expenses considering O&M Expenses approved pertaining to respective year's tariff order.

The Petitioner sincerely submits that since the asset development pertaining to Part 1 and Part 2 of 2 are still under development, the norms could not be determined, therefore, the Petitioner herein submits that the O&M Expenses *viz.* Employee Expenses, Repairs & Maintenance (R&M) Expenses and Administration & General (A&G) Expenses be allowed at actuals in accordance with the Books of Accounts for the FY 2023-24.

Furthermore, it is essential to highlight that the O&M expenses approved by the Hon'ble Commission during the ARR for FY 2023-24 were based on the actual O&M expenses of FY 2021-22, with further escalations in accordance with regulatory provisions. It's crucial to note that in FY 2021-22, the closing GFA, as per the petitioner's claim, amounted to Rs. 2,339.46 Crore, and accordingly, the O&M expenses for FY 2021-22 were commensurate with assets totalling Rs. 2,339.46 Crore. However, in FY 2023-24, the closing GFA stands at Rs. 3,008.09 Crore.

Moreover, the regulatory methodology for escalation of O&M expenses is primarily designed to account for inflation and is intended for application when the project is capitalized to the maximum extent possible, with O&M expenses determined based on established norms. This escalation is not intended to address an increase in capitalized assets. Therefore, it is not justifiable to compare the approved O&M



expenses for FY 2023-24 during the ARR with the actual O&M expenses, as there has been a substantial increase in assets amounting to Rs. 668.63 Crore.

However, Hon'ble Commission vide its Order dated 21.03.2023 and 01.03.2024 has considered sharing of gains/(Losses) on account of O&M expenses. The relevant abstract of the Orders is reproduced below:

Order dated 21.03.2023

"The Commission following the principle of prudence and consistency has considered sharing of gains/(Losses) on account of variation in O&M expenses for FY 2021-22"

Order dated 01.03.2023

"The Commission following the principle of prudence and consistency has considered sharing of gains/(Losses) on account of variation in O&M expenses for FY 2022-23"

In light of the above, the Petitioner respectfully requests the Hon'ble Commission to approve O&M expenses as per the audited accounts for FY 2023-24. Additionally, it is kindly requested that the Hon'ble Commission does not apply the sharing of Losses/(Gains) in this case as there would be no case of Gain/ Loss, since the expenses are being allowed at actuals. Furthermore, the increase in O&M expenses is a result of the growth in total assets.

3.8.1 Employee Expenses

The employee expenses primarily include costs towards salaries, dearness allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the terminal benefits in the form of pension, gratuity etc.

In continuation to the arguments placed in the preceding sections and approved by Hon'ble Commission, the Petitioner claim towards Employee Expenses for the FY 2023-24 as per the Books of Accounts is depicted below for the kind consideration of the Hon'ble Commission:



Table 11 - BGCL claim of Employee Expenses for the FY 2023-24
(in Rs. Crore)

Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
Base Employee Expenses	8.65	
Indexation %	5.89%	
Inflationary increase	0.51	
Employee expenses	9.16	15.80

In line with the arguments under Para 3.8, it is kindly requested that the Hon'ble Commission does not apply the sharing of Losses/(Gains) in this case, as the increase in Employee expenses is a result of the growth in total assets.

3.8.2 Repairs & Maintenance (R&M) Expenses

The Repair and Maintenance Activities are primarily directed towards the upkeep of the transmission system and related office works.

In continuation to the arguments placed in the preceding sections, the Petitioner claim towards Repair and Maintenance Expenses for the FY 2023-24 as per the Books of Accounts is depicted below for the kind consideration of the Hon'ble Commission:

Table 12 - BGCL claim of Repairs & Maintenance (R&M) Expenses for FY 2023-24
(in Rs. Crore)

Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
R&M expenses	25.06	26.39
Average GFA (Net of Land)	3,297.20	
Average % of R&M expenses to average GFA	0.76%	



In line with the arguments under Para 3.8, it is kindly requested that the Hon'ble Commission does not apply the sharing of Losses/(Gains) in this case, as the increase in R&M expenses is a result of the growth in total assets.

3.8.3 Administration and General (A&G) Expenses

Administration and General expenses mainly comprise costs towards rent charges, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

In continuation to the arguments placed in the preceding sections, the Petitioner claim towards Administration and General Expenses for the FY 2023-24 as per the Books of Accounts is depicted below for the kind consideration of the Hon'ble Commission:

Table 13 - BGCL claim of Administration and General (A&G) Expenses for the FY 2023-24

(in Rs. Crore)

Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
Base A & G Expenses	4.47	
WPI Inflationary index %	5.55%	
Add: Inflationary increase	0.25	
A&G expenses	4.72	10.82

In line with the arguments under Para 3.8, it is kindly requested that the Hon'ble Commission does not apply the sharing of Losses/(Gains) in this case, as the increase in A&G expenses is a result of the growth in total assets.

3.9 Return on Equity

As per Regulation 22 of Tariff Regulations 2021, Return on Equity is to be computed as follows:

"



- a) Return on equity shall be computed on 30% of the capital cost or actual equity, whichever is lower:
Provided that assets funded by beneficiary contribution, capital subsidies/ grants and corresponding depreciation shall not form part of the capital cost. Actual equity invested in the Transmission Licensee or SLDC, as the case may be, as per book value shall be considered as perpetual and shall be used for computation in this Regulation:
Provided further that the premium if any raised by the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the Scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting the capital expenditure of the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.
- b) The return on the equity invested shall be allowed from the date of start of commercial operation and after put to use:
- c) Return on equity shall be computed at the rate of 15.5% for the project which is commissioned w.e.f. 01.04.2015 and further incentive equivalent to 0.5% will be allowed in the form of RoE, if the project is completed within schedule as per the Annexure A or original schedule period as the case may be. However, Return on Equity for the project commissioned prior to 01.04.2015 shall be allowed at the rate of 14%."

Accordingly, for the computation of RoE, the Petitioner has considered Normative Opening Equity as the Normative Closing Equity for the True up Petition for the FY 2022-23 minus equity portion of GFA amounting to Rs. 67.82 crore as mentioned under table 4.3 in Hon'ble Commission's Order dated 01.03.2024. Accordingly, the Return on Equity claimed by the Petitioner for the FY 2023-24 is shown in the table below:

Table 14 - BGCL claim of Return on Equity for the FY 2023-24

(in Rs. Crore)

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
1	Opening Equity	646.43	575.63
2	Additions during the year	46.55	24.14
3	Closing Equity (1+2)	692.98	600.78
4	Average Equity (1+3)/2	669.71	588.21
5	Base Rate of Return on Equity%	15.50%	15.50%
6	Effective Rate of RoE	14.99%	-
7	Pre-tax Rate of RoE	18.23%	15.50%
8	Return on Equity (4*5)	122.11	91.17

3.10 Interest on Working Capital

Regulation 26 of Tariff Regulations 2021, stipulates the following methodology for computing the Interest on Working Capital:

“

a. The Transmission Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

- i. Receivables equivalent to two (2) month of transmission charges calculated on target availability level.
- ii. O&M Expenses of one (01) month.
- iii. Maintenance spares @ 15% of O&M expenses for one month.

Less:

- iv. Return on equity and contribution to contingency reserves equivalent to two months.
 - v. Amount of security deposits from Transmission System users, if any, held during the year except the security deposits held in the form of Bank Guarantee from Transmission System Users.
- b. Interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank one-year Marginal Cost of Funds-based Lending Rate ('MCLR') as of the date on which petition for determination of tariff is filed plus 150 basis points. The rate of interest for the purpose of Truing-up shall be the weighted average MCLR of the concern Financial Year plus 150 basis points.
- c. Interest shall be allowed on the amount held as security deposit from Transmission System Users at the Bank Rate as at the date on which the application for determination of tariff is filed. The interest allowed shall be subject to true up at weighted average Bank Rate of the concern Financial Year.
- d. If the State Government is providing resource gap grant and/or subsidy, the working capital shall be reduced by two months equivalent of that amount. “

In line with the provisions of the Tariff Regulations 2021, for the True-up of FY 2023-24, the Rate of Interest claimed is the weighted average MCLR plus 150 basis points. The computation of the Rate of Interest is demonstrated below:

Table 15 – Computation of Rate of Interest on Working Capital for the FY 2023-24

S.N o.	Date applicable from	Date applicable to	Applicable no of days	SBI MCLR Rates*
1	01-04-2023	14-04-2023	14	8.50%
2	15-04-2023	14-05-2023	30	8.50%
3	15-05-2023	14-06-2023	31	8.50%
4	15-06-2023	14-07-2023	30	8.50%
5	15-07-2023	14-08-2023	31	8.55%
6	15-08-2023	14-09-2023	31	8.55%
7	15-09-2023	14-10-2023	30	8.55%
8	15-10-2023	14-11-2023	31	8.55%

S.N o.	Date applicable from	Date applicable to	Applicable no of days	SBI MCLR Rates*
9	15-11-2023	14-12-2023	30	8.55%
10	15-12-2023	14-01-2024	31	8.65%
11	15-01-2024	14-02-2024	31	8.65%
12	15-02-2024	14-03-2024	29	8.65%
13	15-03-2024	31-03-2024	17	8.65%
13	Weighted Average MCLR			8.98⁰%
14	Rate of interest on Working Capital			10.48⁰%

*Source: <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>

Based upon the Working capital requirements as envisaged in the provisions of the Tariff Regulations 2021 and the Rate of Interest as above, the Petitioner's claim towards Interest on Working Capital is worked out as depicted in the table below:

Table 16 - BGCL claim of Interest on Working Capital for the FY 2023-24
(in Rs. Crore)

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
1	O&M expenses (1 month)	3.24	4.42
2	Maintenance spares @15% of 1 month of O&M Exp	0.84	0.88
3	Receivables - 2 months	86.19	73.39
4	Less: Dep, RoE and contribution to contingency reserve (for 2 months)	20.35	15.20
5	Total working capital (1+2+3-4)	69.92	63.49
6	Rate of interest	9.55%	10.48%
7	Interest on working capital (6x5)	6.68	6.66

The Petitioner requests the Hon'ble Commission to approve the Interest on Working Capital amounting to Rs. 6.66 Crore as above.

3.11 Gain/ Loss Sharing

Regulation 10 of the Tariff Regulations 2018 establish a mechanism for pass through of Gains/ Losses on account of controllable factor as follows:

"10. Mechanism for sharing of gains or losses on account of controllable factors



10.1 The approved aggregate gain or loss to the Licensee or SLDC, as the case may be, on account of controllable factors shall be dealt with separately for aggregate gain and aggregate loss in the following manner:

(a) Aggregate gain:

(i) Two-third of the amount of such gain shall be a pass through as an adjustment in the tariff of the Licensee or SLDC, as the case may be, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations;

(ii) The balance one-third of the amount of such gain shall be on account of Licensee or SLDC, as the case may be, and such amount shall be utilized at the discretion of Licensee or SLDC, as the case may be.

(b) Aggregate Loss:

(i) One-third of the amount of such loss shall normally be a pass through as an adjustment in the tariff of the Licensee or SLDC, as the case may be, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations, provided the Commission is satisfied that such loss is not on account of deliberate action of the Licensee or SLDC, as the case may be;

(ii) The balance two-third of the amount of such loss shall be on account of Licensee or SLDC and shall be absorbed by the Licensee or SLDC, as the case may be."

The Petitioner submits that it has considered Working Capital as a controllable factor. Therefore, as per the above Regulations, the Petitioner computes the Gain to be shared as shown in the table below:

Table 17 - Gain/ Loss Sharing for the FY 2023-24

(in Rs. Crore)

Particulars	Formula	Value
Normative Interest on Working Capital	A	6.66
Actual Interest on Working Capital	B	-
Interest on Working Capital gains/ (losses)	C=A-B	6.66
50% of Gains to be passed through as an adjustment in Tariff	D=1/2*C	3.33

3.12 Non- Tariff Income

The Petitioner submits that the actual Non-Tariff Income accounted in books of accounts stands at Rs 76.37 Crores for FY 2023-24 which includes Delayed Payment Surcharge of Rs 60.07 Crore.



The Petitioner further submits that while computing the actual Non-Tariff Income of BGCL for FY 2023-24, the financing cost for corresponding receivables has to be reduced as accrued DPS is considered as NTI. The Petitioner has already incurred Expenses on such outstanding receivables and DPS is levied as financing cost of such receivables, however, the Petitioner is allowed only 2 months of receivables in allowance of Working Capital. For the receivables beyond the period, DPS is applicable and as DPS is considered to be additional income for the Petitioner financing cost of such receivables are allowed in line with the Judgment of Hon'ble APTEL dated July 12, 2011 in case No. 142 & 147 of 2009.

The Petitioner submitted that the Hon'ble Commission vide its previous Order, has also considered the above approach which is in line with the Judgment dated 12.07.2011 of the Hon'ble APTEL in Appeal no. 142 & 147 of 2009. The Non-Tariff Income submitted by the Petitioner is summarised below:

Table 18 - BGCL submission of Non- Tariff Income for the FY 2023-24
(in Rs. Crore)

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
1	Surcharge on transmission charges		60.07
2	Interest from Bank		14.19
3	Liquidated Damages Recovered		0.035
4	Supervision Charges		2.071
5	Interest from Others		-
6	Total Non-Tariff Income (1+2+3+4+5)		76.37
7	Principal amount on which DPS is charged (1/15%)		400.50
8	Rate of Interest for funding Principal of DPS		10.48%
9	Less: Interest on funding of Principal DPS (8x9)		41.98
10	Net Non-Tariff Income (6-9)	32.46	34.39



3.13 Income from Other Business

The Petitioner submits that it has leased out Dark Fiber of OPGW Network laid on its Transmission Lines of BGCL's transmission network.

The Hon'ble Commission vide order dated 09.07.2024 (Case No. 01 of 2024) has given its regulatory Approval for leasing of Fibers of OPGW Network of BGCL and has also specified the sharing mechanism of the revenue derived from the business. Relevant extract of the Order is reproduced below:

"26. Considering the facts mentioned above, Commission accords its Regulatory approval of Leasing of Dark Fiber of OPGW Network of BGCL subject to adherence of relevant provisions of BERC (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2021 & BERC(Treatment of Income of Other Businesses of Transmission Licensees and Distribution Licensees) Regulations, 2013 and any other rules and regulations applicable in connection therewith. Further, Commission allows 50% (Fifty Percent) of the amount of gain from the other Business to pass through as an adjustment in the tariff of the petitioner and the balance 50% (Fifty Percent) of the amount of such gain shall be on account of the petitioner and shall be liable to be utilized at the discretion of the petitioner, BGCL"

In light of the above, the Petitioner humbly submits before the Hon'ble Commission that towards the OPGW leasing business, it shall incur Operational and Maintenance Expenses which are essential and directly associated with the OPGW leasing business. The Petitioner further submits that it is currently under process of arranging these O&M services and no expenses have yet been incurred for the OPGW cable leasing business for FY 2023-24.

In accordance with the Hon'ble Commission's Order dated 09.07.2024 (Case No. 01 of 2024) provides for the sharing of gains from other business activities. As in FY 2023-24 no expense has been incurred towards the OPGW cable leasing business, the Petitioner has claimed the sharing of gain as shown in the table below:

Table 19: Sharing of Gain of Other Business for FY 2023-24

(in Rs. Crore)

Sr. No.	Particular	FY 2023-24
1	Income during the year	0.11

Sr. No.	Particular	FY 2023-24
2	Expense during the year	0
3	Net Gain from Other Business	0.11
4	Sharing of Gain (50%) - Amount to be pass through in Tariff	0.05

The Petitioner further submits that it will calculate gains from the OPGW business after accounting for related expenses from FY 2024-25 onward and include the share of these gains in the true-up filings for the respective financial years.

The Petitioner respectfully submits before the Hon'ble Commission to approve Rs. 0.05 Crore towards Sharing of Gain of Other Business for FY 2023-24.

3.14 Annual Transmission Charges/ ARR for True up of 2023-24

The Petitioner submits that the Annual Transmission Charges have been arrived by aggregating all the expenses as illustrated in the previous sections *i.e.* Depreciation, Interest on Loan, O&M expenses, Return on Equity, and Interest on Working Capital. The Total Expenses Less Non-Tariff Income comprise Annual Transmission Charges or Annual Revenue Requirement. The Petitioner herein has claimed ARR for the True-up of FY 2023-24 as detailed in the table below. For the sake of comparative analysis, the ARR approved by the Hon'ble Commission in Order dated 21.03.2023 is also illustrated in the table below.

Table 20 – BGCL claim of ARR for True up of FY 2023-24

(in Rs. Crore)

S.No	Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
1	O&M expenses (a+b+c)	38.94	53.01
a.	Employee Expenses	9.16	15.80
b.	R&M expenses	25.06	26.39
c.	A&G Expenses	4.72	10.82
2	Depreciation	170.95	151.90
3	Interest and finance charges	210.94	175.37
4	Interest on working capital	6.68	6.66
5	Return on equity	122.11	91.17
9	Gain/ (Loss) Sharing	-	-3.33
10	Gross Annual Revenue Requirement	588.56	527.80

S.No	Particulars	Approved by Hon'ble BERC in the Order dated 21.03.2023	BGCL claim
11	Less: Non-Tariff Income	32.46	34.39
	Less: Income from Other Business	-	0.05
12	Net Annual Revenue Requirement	517.16	440.34
13	Revenue billed during the year		517.16
14	Gap/ (Surplus) (12-13)		(76.82)
15	Gap/ (Surplus) Adjustment of FY 2023-24 (ref Order dated 21.03.2023)		(297.78)
16	Net Gap/ (Surplus) (14-15)		(374.60)

The Petitioner respectfully submits before the Hon'ble Commission to approve Rs. 440.34 Crore towards ARR for the True-up of FY 2023-24.



ANNUAL PERFORMANCE
REVIEW (APR) for the FY 2024-25

4 Annual Performance Review for FY 2024-25

4.1 Introduction

The Hon'ble Commission approved the Annual Revenue Requirement of Rs. 517.82 Crore for the FY 2024-25 in the Tariff Order dated 01.03.2024. In the instant petition, the Petitioner submits the revised estimates of the expenses for the Annual Performance Review for the FY 2024-25 as per the Tariff Regulations 2021 for the kind consideration of the Hon'ble Commission.

4.2 Performance of Transmission System

4.2.1 Transmission System Availability

Regulation 16 of Tariff Regulations 2021 stipulates the following:

"Normative Annual Transmission System Availability Factor (NATAF):

16.1 The Normative Annual Transmission System Availability Factor for recovery of full transmission charges shall be as under:

<i>(a) For full recovery of Annual Transmission Charges</i>		
1.	AC System	98%
2	HVDC System	95%
<i>(b) For Incentive Consideration</i>		
3	AC System	98.5%
4	HVDC System	97.5%

“

Accordingly, the Petitioner submits that Transmission System Availability is considered at 98% as per the Tariff Regulations 2021 for FY 2024-25.

4.2.2 Transmission Losses

The Hon'ble Commission has approved Transmission Loss trajectory at 1.80% for the FY 2023-24 vide Order dated 21.03.2023. The relevant extracts of the said Order is reproduced below:

"Transmission Loss Trajectory:

The Commission, in Tariff order dated 25.03.2022 has approved transmission loss trajectory at 1.80% for each year of the control period of FY 2022-23 to FY 2024-25. Accordingly, the transmission loss is approved at 1.80% for FY 2023-24."

Accordingly, the Petitioner submits that Transmission Loss target is considered at 1.80% for the FY 2024-25.



4.2.3 Transformer Failure Rate

The Petitioner submits that it would be able to maintain its operational efficiency through proactive measures. Therefore, the transformer failure rate is assumed to be NIL.

4.3 Schedule of Capitalization

The Petitioner submits that it had earlier envisaged to capitalize the entire portfolio of projects (Part 1 of 2 and Part 2 of 2) by FY 2023-24, however, due to reasons beyond the control of the Petitioner particularly time required for land acquisition, local law & order issues, severe ROW, contractual & technical issues/suitability, unavailability of spares, unprecedented rainfall/floods in certain areas, spill over of works due to Covid induced lockdowns during the FY 2020-21 and FY 2021-22 and delay due to shutdown requirement (uncontrollable), certain items of the Capital works planned to be capitalized during the FY 2023-24 could not attain Capitalization which has led to a no. of works being spilled into the FY 2024-25. The Hon'ble Commission is requested to take cognizance of this fact and approve the projected Capitalization as depicted below for the FY 2024-25:

Table 21 - BGCL estimate of Asset Capitalization for the FY 2024-25 Phase IV (Part 1 of 2)

S. No.	Transmission Element	Date of Commissioning/ Likely Commissioning
New 220/132/33 kV GIS substations		
1	1 No. 160 MVA ,220/132KV transformer at Mokama (2nd ICT)	25.04.2024
2	1 No. 50 MVA , 132/33KV transformer at Mokama (2nd trafo)	29.04.2024
3	220/132 kV Transformer at Goradih	26.06.2024

Table 22 - BGCL estimate of Asset Capitalization for the FY 2024-25 Phase IV (Part 2 of 2)

S. No.	Transmission Element	Date of Commissioning/ Likely Commissioning
Transmission Lines		

S. No.	Transmission Element	Date of Commissioning/ Likely Commissioning
1.	132 kV LILO of Purnea - Naugachiya line at Katihar	FY 2024-25
2.	132 kV D/C Naubatpur - Paliganj D/C Line	FY 2024-25
New 220/132/33 kV GIS substations		
3.	1 No. 160 MVA ,220/132KV transformer at Jakkanpur (2nd ICT)	30.04.2024
4.	1 No. 160 MVA ,220/132KV transformer at Jakkanpur (3rd ICT)	23.05.2024
Bay Extension Works		
5.	132 kV Bay Extension at Katihar	FY 2024-25
6.	132 kV Bay Extension at Paliganj	FY 2024-25

Table 23 - BGCL estimate of Asset Capitalization for the FY 2024-25 Phase IV (Supplementary)

S. No.	Transmission Element	Date of Commissioning/ Likely Commissioning
New 220/132/33 kV GIS substations		
1.	400 kV Bus Reactor at Naubatpur along with 02 Nos 400 kV GIS Bay	16.09.2024
2.	400 kV Bus Reactor at Jakkanpur along with 02 Nos 400 kV GIS Bay	FY 2024-25
3.	220/132 kV Transformer at Amnour	FY 2024-25

The Petitioner respectfully submits that this Hon'ble Commission, through its Order dated 28.07.2017, previously approved Capital Expenditure and Capitalization for the Scheme titled "Phase IV Part 2 of 2" amounting to Rs. 1,688.36 Crore and the Hon'ble Commission vide Order dated 15.02.2019 also gave in-principle approval of the Supplementary works proposed along with Phase IV Part 2 of 2 amounting to Rs. 111.14 Crore. In light of this, the Petitioner submits that majority of the assets under Part 2 of 2 have been capitalized, with the remaining assets expected to be commissioned by FY 2024-25 and FY 2025-26.

Furthermore, the Petitioner is pleased to report that the anticipated total expenditure for Part 2 of 2 (including Supplementary Works) is lower than the approved amount



of Rs. 1,799.50 Crore (Rs. 1,688.36 Crore plus Rs. 111.14 Crore), amounting to, around Rs. 1,478.87 Crore, highlighting the Petitioner's commitment to prudent management practices and operational efficiency. To ensure that these cost efficiencies directly benefit the consumers of the state, the Petitioner has considered the anticipated expenditure/capitalization rather than the previously approved amount. It is important to highlight that this revised cost estimate is provisional, as the cost estimation process is currently underway and subject to necessary approvals.

Accordingly, the Petitioner will approach this Hon'ble Commission during the next true-up petition filing, accompanied by the requisite approvals and the finalized revised cost for Part 2 of 2. The Hon'ble Commission is kindly requested to take note of this submission and consider granting approval to facilitate the transfer of cost savings directly to consumers.

4.4 Capitalization

The Petitioner submits that the capitalization for FY 2024-25 as per the following table:

Table 24 - BGCL claim of CWIP Statement for the FY 2024-25

(in Rs. Crore)

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
1	Opening CWIP		137.57
2	Opening IDC		123.13
3	Opening IEDC		16.26
4	Sub Total (Opening)	141.02	276.96
5	Capital investment during the year		42.46
6	IDC addition during the year		27.39
7	IEDC addition during the year		4.98
8	Sub Total (Additions)	-	74.83
9	Asset capitalisation without IDC & IEDC		177.76
10	IDC capitalised		47.87
11	IEDC capitalised		13.54
12	Total Capitalisation (7+8+9)	-	239.17

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
13	Closing CWIP (1+4-7)		2.27
14	Closing IDC (2+5-8)		102.65
15	Closing IEDC (3+6-9)		7.70
16	Sub Total (Closing)	141.02	112.62

4.5 Funding of Capitalization

The Petitioner submits that the Capital Expenditure is being funded with a Debt - Equity ratio of 80:20. While Phase IV (part 1 of 2) has loan agreement with REC, Phase IV (Part 2 of 2) has loan agreement with PFC.

4.6 Gross Fixed Assets

The Petitioner submits the estimated Gross Fixed Assets for the FY 2024-25 follows:

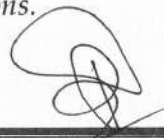
Table 25 - BGCL claim of Gross Fixed Assets for the FY 2024-25
(in Rs. Crore)

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
1	Opening GFA	3,412.18	3,008.09
2	Additions to GFA	-	239.17
3	Closing GFA (1+2)	3,412.18	3,247.26

4.7 Depreciation

Regulation 23 of Tariff Regulations, 2021 stipulates the following:

- “
- viii. *Depreciation shall be calculated for each year of the control period on the original cost of the fixed assets of the corresponding year. No advance shall be granted against depreciation.*
 - ix. *Depreciation shall not be allowed on assets funded by capital subsidies, beneficiary contributions or grants.*
 - x. *Depreciation shall be calculated annually on the basis of assets capitalised and put to use based on the straight line method over the useful life of the asset and at the rate not exceeding the rate specified by the Central Electricity Regulatory Commission from time to time as provided in Appendix-III of these Regulations.*



The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset. The Transmission Licensee or SLDC, as the case may be, shall submit separate detail of fully depreciated asset along with year of commissioning and year of attaining ninety percent depreciation with the tariff petition.

Provided that freehold land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.

Provided further that the cost of lease hold land shall be amortised evenly within the leased period.

- xi. The original capital cost of the asset shall include Additional Capitalisation on account of Foreign Exchange Rate Variation as allowed by the Government / Bihar Electricity Regulatory Commission.*
- xii. Depreciation shall be chargeable from the first year of operation of the asset. For part of the year, depreciation shall be charged on pro rata basis.*
- xiii. A provision of replacement of assets shall be made in the capital investment plan."*
- xiv. The licensee(s) shall submit certified copy of the Asset Register with the list of fully depreciated Transmission lines, substation, transformers, etc. along with the details of disposed off assets and amount received therefore with the tariff petition.*

The Petitioner submits that depreciation is based on the capitalisation schedule of the assets. The Weighted average rate of depreciation for the opening GFA and for the Additions is considered to be 5.11% and 6.08% respectively which is considered for the True up for the FY 2023-24. Accordingly, the overall depreciation worked out for FY 2024-25 is summarised in the table below:

Table 26 – BGCL claim of Depreciation for the FY 2024-25

(in Rs. Crore)

Sl. No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
1	Opening GFA (without land)	3,354.53	2,949.99
2	Additions during the year	-	239.17
3	Less: land during the year	-	-
4	Closing GFA (1+2-3)	3,354.53	3,189.16
5	Average GFA (1+4)/2	3,354.53	3,069.58
6	Weighted average Rate of depreciation on opening assets	4.66%	5.11%
7	Weighted average Rate of depreciation on asset additions during the year	3.41%	6.08%
8	Depreciation (1*6+(2-3)*7)	172.09	165.21

4.8 Interest on Loan Capital and Finance Charges

According to Regulation 24 of Tariff Regulations 2021, Interest and Finance Charges is to be computed as follows:

“

- a) *The Transmission Licensee or SLDC, as the case may be, shall provide detailed loan-wise, project wise and utilization-wise details of all the loans.*
- b) *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 where equity actually deployed is less than 30% of the capital cost, the actual loan shall be considered for determination of interest on loan:*
- c) *Actual loan or normative loan, if any, shall be referred as gross normative loan in this Regulation.*
- d) *The normative loan outstanding as of 1st April of control period shall be computed by deducting the cumulative repayment as approved by the Commission (basis as mentioned below) up to 31st March of current period (a year before control period) from the gross normative loan.*
- e) *The repayment for the control period shall be deemed to be equal to the depreciation allowed for the year.*
- f) *Notwithstanding any moratorium period availed by the Transmission Licensee or SLDC, as the case may be, the repayment of the loan shall be considered from the first year of the control period as per annual depreciation allowed.*
- g) *The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of each year of the control period, in accordance with terms and conditions of relevant loan agreements, or bonds or nonconvertible debentures:
Provided that if no actual loan is outstanding but normative loan is still outstanding, the last available weighted average rate of interest shall be applicable.
Provided further that if no actual loan is outstanding but normative loan is still outstanding and the last available weighted average rate of interest is also not available, rate of interest equal to the State Bank one-year Marginal Cost of Funds-based Lending Rate ('MCLR') shall be applicable.
Provided further that the interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest:
Provided also that exception shall be made for the existing loans which may have different terms as per the agreements already executed if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects:*
- h) *The Transmission Licensee or SLDC, as the case may be, shall make every effort to refinance the loan as long as it results in net benefit to the beneficiaries.
Provided that the cost associated with such refinancing shall be eligible to be passed through in tariffs and the benefit on account of refinancing of loan and interest on loan shall be shared in the ratio of 50:50 between the Transmission Licensee or SLDC and the beneficiaries.
Provided further that the Transmission Licensee shall submit the calculation of such benefit to the Commission for its approval.*



- i) The Transmission Licensee shall enable tracking of the loans converted into grants under schemes like BRGF, PSDF, APDRP, RAPDRP, RGGVY, DDUGVY, RSVP, etc or any other loan from the Central or State Government by providing information and data regularly to the Commission, for enabling the Commission to recover from Transmission Licensee or SLDC, as the case may be, the amount of interest on loans which have been passed on to the beneficiaries in the earlier years and have been converted into grant subsequently so that the recovered amount is passed on to the beneficiaries.
- j) Addition to loan during the year for interest purpose will be restricted to the quantum of assets capitalized and put to use.
- k) The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission. The transmission licensee shall endeavour to adhere the time schedule for various transmission system in accordance with Annexure-A appended for these regulations.
Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Transmission Licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:
Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission.
- l) The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Deposit Works, Grants or Capital Subsidy."

The Petitioner submits rate of Interest has been considered as per the actual long term Loan portfolio as on 31.03.2024. As such, the Rate of Interest considered for True-up of FY 2023-24 i.e. 9.87% has been considered for the Review for FY 2024-25. Accordingly, The Petitioner has claimed Interest and Finance charges for the FY 2024-25 as summarised in the table below:

Table 27 – BGCL claim of Interest on Loan for the FY 2024-25

(in Rs. Crore)

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
1	Opening Loan	2,112.60	1,751.37
2	Additions (@80% of GFA additions)	-	191.34
3	Repayment	172.09	165.21

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
4	Net Closing Loan (1+2-3)	1,940.52	1,777.50
5	Average Loan (1+4)/2	2,026.56	1764.43
6	Weighted average rate of Interest (%)	9.73%	9.87%
7	Interest on Loan (5x6)	197.18	174.13

4.9 Operations and Maintenance Expenses

As per Regulation 21 of Tariff Regulations 2021,

" (a) The Commission shall stipulate a separate trajectory of norms for each of the components of O&M expenses viz., Employee cost, Repair and Maintenance (R&M) expense and Administrative and General (A&G) expense. Provided that such norms may be specified for a specific Transmission Licensee or a class of Transmission Licensees.

(b) Norms shall be defined in terms of number of personnel per ckt/km (for different categories of transmission lines for e.g. 400 KV, 220 KV, 132 KV etc. Lines) and number of personal per bay (for different categories of bay for e.g. 400 KV, 220 KV, 132 KV etc. Bays) along with annual expenses per personnel for Employee expenses; combination of A&G expense per personnel and A&G expense per substation for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses.

(c) One-time expenses such as expense due to change in accounting policy and arrears paid due to pay commission recommendation shall be excluded from the norms in the trajectory.

(d) The unforeseen expenses beyond the control of the Transmission Licensee such as pay revision, shall be excluded from the norms in the trajectory.

(e) The One-time expenses and the expenses beyond the control of the Transmission Licensee shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.

(f) The norms in the trajectory shall be specified over the control period with due consideration to productivity improvements.

(g) The norms shall be determined at constant prices of base year and escalation on account of inflation shall be over and above the baseline. Provided that for the purpose of escalation based on Wholesale Price Index(WPI_{in}) and Consumer Price Index(CPI_{in}), WPI_{in} is to be computed based on the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past three financial years (including

the year of Truing-up) as per the Office of Economic Advisor Ministry of Commerce & Industry Government of India and CPI is to be computed based on the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past three financial years (including the year of Truing-up) as per the Labour Bureau Government of India, at the time of filing of Petition. Provided that in case the average yearly inflation derived based on the monthly CPI and WPI indices is negative for a particular year, the same will be excluded from the computation of yearly inflation

(h) The Transmission Licensee specific trajectory of norms shall be identified by the Commission on the basis of absolute and relative analysis.

(i) In absolute analysis, Transmission Licensee's audited accounts of operations for last three years, expenses claimed for control period, historically approved cost, and prudence check shall be used by the Commission to estimate values of norms.

(j) In relative analysis, performance parameters of other Transmission Licensees within the same state or in other states, shall be considered by the Commission to estimate norms.

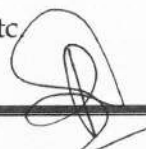
Provided that other Transmission Licensees so chosen shall have similar profile as that of the Transmission Licensee under consideration in terms of consumer mix, type of license area (city, state, etc.) type of substation, transmission networks, etc.

(k) Suitable average of outcomes of absolute and relative analysis shall be taken by the Commission to fix the norms over the control period for the Transmission Licensee. "

The Petitioner submits that since a number of Transmission projects are under way and subsequently full network details are not available at present, therefore the norms for the computation of O&M Expenses must not be determined. In light of the same, the Petitioner herein has followed the methodology adopted by the Hon'ble Commission in the previous orders for computation of O&M Expenses pertaining to the ensuing year.

4.9.1 Employee Expenses

The employee expenses primarily include costs towards salaries, dearness allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the terminal benefits in the form of pension, gratuity etc



Regulation 21.1 stipulates the following:

“Employee cost shall be computed as per the approved norm escalated by consumer price index (CPI), adjusted by provisions for expenses beyond the control of the Transmission Licensee and one time expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears and Interim Relief, governed by the following formula:

*EMP_n = (EMP_b * CPI inflation) + Provision*

Where:

EMP_n : Employee expense for the year n

EMP_b : Employee expense as per the norm

CPI inflation : is the average increase in the Consumer Price Index (CPI) for immediately preceding three years”

Provision: Provision for expenses beyond control of the Transmission Licensee and expected one-time expenses as specified above. Till the norms are specified by the Commission the employee cost shall be determined on the basis of actual historical cost.”

As per the aforesaid regulations, the CPI index for the preceding three years has been shown in the table below:

CPI index

Table 28 - Computation of Average CPI (past 3 years)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual Average CPI Index	338.69	356.06	377.62	397.20
CPI Inflation (YOY)		5.13%	6.05%	5.19%
Average		5.46%		

The Petitioner submits the revised employee expenses for the FY 2024-25 based upon the Average CPI Inflation Index (preceding 3 years) and the Employee Expenses claimed for the true-up of FY 2023-24 (considered as EMP_b) as shown in the table below:

Table 29 - BGCL claim of Employee Expenses for the FY 2024-25

(in Rs Crore)

Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
Base Employee expenses	16.47	15.80
Indexation %	5.40%	5.46%
Inflationary increase	0.89	0.86
Employee expenses	17.36	16.66



4.9.2 Repair and Maintenance Expenses

The Repair and Maintenance Activities are primarily directed towards the upkeep of the transmission system and related office works.

As per Regulation 21.2 of the Tariff Regulations 2021, R&M will be calculated as follows

“Repairs and Maintenance expense shall be calculated as percentage (as per the norm determined) of Opening Gross Fixed Assets excluding land cost for the year governed by following formula:

$$R\&M_n = K_b * GFAn$$

Where:

R&M_n : Repairs & Maintenance expense for nth year

GFAn : Opening Gross Fixed Assets for nth year

K_b : Percentage point as per the norm”

In the absence of *K_b* on normative basis, the Petitioner in line with approach adopted by the Hon'ble Commission (vide Order dated 25.03.2022) while determining ARR for the FY 2022-23, claims the R&M Expenses based upon the factor derived by considering the actual R&M expenses against the actual GFA. Accordingly, the Petitioner herein considers the factor as per the True-up values of the previous years as shown in the table below:

Table 30 – Computation of Average % factor (R&M expenses to GFA)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
Average GFA (Net of Land)	2,159.58	2,561.25	2,887.12
R&M expenses	22.54	25.56	26.39
% of R&M expenses to GFA (2/1)*100	1.04%	1.00%	0.91%
Average % of R&M expenses to average GFA	0.99%		

The Petitioner submits the claim towards R&M expenses on the basis of the factor derived above as shown in the following table:

Table 31 – BGCL claim of Repair and Maintenance Expenses for the FY 2024-25
(in Rs Crore)

S.No.	Particulars	Approved by Hon'ble BEREC in the Order dated 01.03.2024	BGCL claim
1	Average GFA (excluding land)	3,354.53	2,949.99
2	% Factor on GFA	0.76%	0.99%

S.No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
3	R&M Expenses (1x2)	25.49	29.07

4.9.3 Administrative and General Expenses

Administration and General expenses mainly comprise costs towards rent charges, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

As per Regulation 21.3 of the Tariff Regulations 2021, A&G Expenses shall be computed as follows:

"A&G expense shall be computed as per the norm escalated by wholesale price index (WPI) and Consumer Price Index (CPI) in the ratio 60:40 and adjusted by provisions for confirmed initiatives (IT etc. initiatives as proposed by the Transmission Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:

*A&G_n = (A&G_b * WPI inflation) + Provision*

Where:

A&G_n: A&G expense for the year n

A&G_b: A&G expense as per the norm

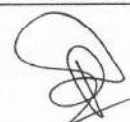
WPI inflation: is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years

Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and validated by the Commission. Till the norms of A&G expenses is specified by the Commission, the actual historical cost will be considered for determination of A&G expenses."

As per the aforesaid regulations, the Average WPI and CPI index in the ratio of 60:40 for the preceding three years has been shown in the table below:

Table 32 - Computation of Average WPI and CPI in 60:40 ratio (past 3 years)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual Average CPI	338.69	356.06	377.62	397.20
CPI Inflation (YOY)		5.13%	6.05%	5.19%
Past 3 Year Average		5.46%		
Annual Average WPI	123.38	139.41	152.53	151.42
WPI Inflation (YOY)		13.00%	9.41%	-*
Past 3 Year Average		7.47%		



Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Weighted Average WPI-CPI Inflation Rate (WPI:CPI = 60:40)			6.66%	

*WPI Inflation works out to be -0.73%, hence 0 is considered for the concerned year

Accordingly, based upon the derived Inflation Index in accordance with the Tariff Regulations 2021 and the A&G expenses for the FY 2023-24 (A&Gb, considered as norm), the Petitioner projects the A&G Expenses as follows:

Table 33 – BGCL claim of Administrative and General Expenses for the FY 2024-25
(in Rs Crore)

Sl. No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
1	Base A & G Expenses	6.17	10.82
2	Inflationary index %	6.90%	6.66%
3	Add: Inflationary increase	0.43	0.72
4	A&G expenses	6.59	11.54

4.10 Return on Equity

As per Regulation 22 of Tariff Regulations 2021, Return on Equity is to be computed as follows:

“

- d) Return on equity shall be computed on 30% of the capital cost or actual equity, whichever is lower:

Provided that assets funded by beneficiary contribution, capital subsidies/ grants and corresponding depreciation shall not form part of the capital cost. Actual equity invested in the Transmission Licensee or SLDC, as the case may be, as per book value shall be considered as perpetual and shall be used for computation in this Regulation:

Provided further that the premium if any raised by the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the Scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting the capital expenditure of the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.

- e) The return on the equity invested shall be allowed from the date of start of commercial operation and after put to use:
- f) Return on equity shall be computed at the rate of 15.5% for the project which is commissioned w.e.f. 01.04.2015 and further incentive equivalent to 0.5% will be

allowed in the form of RoE, if the project is completed within schedule as per the Annexure A or original schedule period as the case may be. However, Return on Equity for the project commissioned prior to 01.04.2015 shall be allowed at the rate of 14%."

The Petitioner also submits that the Rate of Return on Equity has been considered at 20.71% assuming 25.168% as the effective MAT rate inclusive of surcharge and cess. Accordingly, the Return on Equity has been tabulated below:

Table 34 – BGCL claim of Return on Equity for the FY 2024-25
(in Rs Crores)

Sl. No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
1	Opening Equity	681.61	600.78
2	Add: Equity During the year	-	47.83
3	Closing equity balance (1+2)	681.61	648.61
4	Average equity $\{(1+3)/2\}$	681.61	624.70
5	Base Rate of Return on equity %	15.50%	15.50%
6	Tax Rate	17.47%	25.17%
7	Pretax Rate of Return on equity % $\{(5)/(1-(6))\}$	18.78%	20.71%
8	Return on Equity (4*7)	128.02	129.39

4.11 Interest on Working Capital

Regulation 26 of Tariff Regulations 2021, stipulates the following methodology for computing the Interest on Working Capital:

"

e. The Transmission Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

- vi. Receivables equivalent to two (2) month of transmission charges calculated on target availability level.
- vii. O&M Expenses of one (01) month.
- viii. Maintenance spares @ 15% of O&M expenses for one month.

Less:

- ix. Return on equity and contribution to contingency reserves equivalent to two months.
 - x. Amount of security deposits from Transmission System users, if any, held during the year except the security deposits held in the form of Bank Guarantee from Transmission System Users.
- f. Interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank one-year Marginal Cost of Funds-based Lending Rate ('MCLR') as of the date on which petition for determination of tariff is filed plus 150 basis points. The

rate of interest for the purpose of Truing-up shall be the weighted average MCLR of the concern Financial Year plus 150 basis points.

- g. Interest shall be allowed on the amount held as security deposit from Transmission System Users at the Bank Rate as at the date on which the application for determination of tariff is filed. The interest allowed shall be subject to true up at weighted average Bank Rate of the concern Financial Year.
- h. If the State Government is providing resource gap grant and/or subsidy, the working capital shall be reduced by two months equivalent of that amount. "

The Petitioner submits that one year SBI MCLR as on 15th October, 2024 was 8.95% as per **Annexure F**. Accordingly, the Interest on Working Capital has been considered as 10.45% (SBI MCLR: 8.95% +150 basis points)

Table 35 - BGCL claim of Interest on Working Capital for the FY 2024-25
(in Rs Crores)

S. No.	Particulars	Approved by Hon'ble BEREC in the Order dated 01.03.2024	BGCL claim
1	O&M expenses (1 month)	4.12	4.77
2	Maintenance spares @15% of 1 month O&M expenses (1x15%)	0.85	0.97
3	Receivables - 2 months	86.30	83.10
4	Less: RoE and contribution to contingency reserve for 2 months	24.48	21.57
5	Less: Amount of sec deposit held from consumers during the year	-	-
6	Working capital requirement (1+2+3-4-5)	83.51	67.27
7	Rate of interest	10.05%	10.45%
8	Interest on working capital (6x7)	8.39	7.03

4.12 Non- Tariff Income

The Petitioner submits that for the FY 2024-25, it has considered the Non-Tariff Income as per the Non-Tariff Income claimed in the True up for FY 2023-24 as per the methodology adopted by the Hon'ble Commission in previous orders.

4.13 Income from Other Business

The Petitioner submits that for the FY 2024-25, it has considered the Income from Other Business as per the Income from Other Business claimed in the True up for FY

2023-24, owing to the uncertainty of gains from OPGW leasing business which cannot be quantified at this stage. The Petitioner shall approach the Hon'ble Commission with the audited figures during the truing up of the respective year.

4.14 Annual Revenue Requirement for the FY 2024-25

Accordingly, the Petitioner submits the Annual Fixed Charges for the FY 2024-25 as follows:

Table 36 - BGCL claim of ARR for the APR of FY 2024-25
(in Rs. Crores)

S. No.	Particulars	Approved by Hon'ble BERC in the Order dated 01.03.2024	BGCL claim
1	O&M expenses (a+b+c)	49.45	57.27
a.	Employee cost	17.36	16.66
b.	R&M expenses	25.49	29.07
c.	A&G Expenses	6.59	11.54
2	Depreciation	172.09	165.21
3	Interest and finance charges	197.18	174.13
4	Interest on working capital	7.03	7.03
5	Return on Equity	128.02	129.39
6	Gross Annual Revenue Requirement	553.77	533.04
7	Less: Non-Tariff income	35.95	34.39
	Less: Income from Other Business	-	0.05
8	Net ARR (1+2+3+4+5+6-8)	517.82	498.59

The Petitioner requests the Hon'ble Commission to kindly approve the ARR of Rs. 498.59 Crore for the Review of FY 2024-25.



BUSINESS PLAN FOR THE
CONTROL PERIOD FY 2025-26
TO FY 2027-28

5 BUSINESS PLAN FOR THE CONTROL PERIOD FY 2025-26 TO FY 2027-28

5.1 Introduction

The Hon'ble Commission vide Order dated 25.03.2022 has approved the Business Plan of BGCL for the Control Period FY 2022-23 to FY 2024-25. The current financial year FY 2024-25 shall mark the end of the Control Period FY 2022-25. The Business Plan as well as the MYT Petition for the upcoming Control Period i.e. FY 2025-26 to FY 2027-28 shall be governed by Bihar Electricity Regulatory Commission (Multi Year Transmission Tariff and SLDC Charges) Regulations, 2024 (hereinafter referred to as "Tariff Regulations 2024").

5.2 Business Plan of BGCL for Control Period FY 2025-26 to FY 2027-28

The Petitioner, in compliance with Section 5.1 of the Bihar Electricity Regulatory Commission (Multiyear Transmission Tariff and SLDC Charges) Regulations 2024 has prepared the Business Plan for the three-year control period beginning FY 2025- 26 to FY 2027-28. The Objective of the Business Plan is to project the capital investments, expected financing and operations and maintenance costs, other nontariff income as well as set the performance targets for the three-year control period.

5.3 Key Objectives

The key objectives outlined considered for developing the business plan are as follows:

- **Regulatory Compliance:** The business plan has been created in congruence with all relevant regulations and directions issued by Hon'ble Commission.
- **Operational Targets:** The Business Plan is prepared so as to be useful for the Managing Board, associated stakeholders, the Hon'ble Commission and various government bodies. The future projections in the Plan would help the BGCL, in decision making and taking proactive actions, and thus improving the overall operational efficiency of the transmission infrastructure.



5.4 Capital Investment Plan

As on the date of filing of this Petition, the Petitioner has not been awarded any new work. In light of the same, no additional capital investment has been proposed in this Petition. However, if any new work is awarded during the course, BGCL will seek the necessary approvals in accordance with the extant regulations.

5.5 Rate of Interest on Loan

As per Regulations 24 of Tariff Regulations 2024, Rate of Interest on loan is to be set as follows:

"24. Interest and finance charges on loan capital

g) The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of each year of the control period, in accordance with terms and conditions of relevant loan agreements, or bonds or non-convertible debentures.

Provided that if no actual loan is outstanding but normative loan is still outstanding, the last available weighted average rate of interest shall be applicable.

Provided also that if no actual loan is outstanding but normative loan is still outstanding and the last available weighted average rate of interest is also not available, rate of interest equal to the State Bank (one-year tenor) Marginal Cost of Funds-based Lending Rate ('MCLR') shall be applicable.

Provided further that the interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

Provided also that exception shall be made for the existing loans which may have different terms as per the agreements already executed, if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects."

The Petitioner submits rate of Interest has been considered as per the actual long term Loan portfolio as on 31.03.2024. As such, the Rate of Interest considered for True-up of FY 2023-24 i.e. 9.87% has been considered for the ARR for the Control Period FY 2025-26 to FY 2027-28 and for determination of Transmission Charges for FY 2025-26.



5.6 Rate of Return on Equity

As per Regulations 22 of Tariff Regulations 2024, Rate of Interest on loan is to be set as follows:

"22. Return on Equity

a) Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower.

Provided that assets funded by beneficiary contribution, capital subsidies/ grants and corresponding depreciation shall not form part of the capital base.

Actual equity invested in the Transmission Licensee or SLDC, as the case may be, as per book value shall be considered as perpetual and shall be used for computation in this Regulation.

Provided further that the premium, if any, raised by the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the Scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting the capital expenditure of the transmission system, and are within the ceiling of 30% of capital cost approved by the Commission.

b) The return on the equity invested shall be allowed from the date of start of commercial operation and after put to use.

c) Rate of return on equity shall be not more than 14.0% for all the projects.

Provided that, the Capital base attributable to assets Commissioned prior to commencement of control period covered under this regulation shall fetch ROE as per the rate applicable during the period in which the assets got Commissioned."

The petitioner, accordingly, has considered the Rate of Return on Equity as 14% for the assets proposed to attain capitalization during the Control period FY 2025-28.

The pre-tax ROE is considered at 18.71% as per Regulations assuming MAT (inclusive of surcharge and cess) at 25.168%.

5.7 Operation and Maintenance Expenses

The Petitioner submits that the Operation and Maintenance Expenses have been further categorized under three major heads:



- Employee Expenses
- Repair and Maintenance
- Administrative and General Expenses

As per the Regulation 21 of the Tariff Regulations 2024, O&M norms trajectory for each heads of O&M Expenses, as mentioned above, are to be projected as below:

“21. Operation and Maintenance Expenses

a) The Commission shall stipulate a separate trajectory of norms for each of the components of O&M expenses viz., Employee cost, Repair and Maintenance (R&M) expense and Administrative and General (A&G) expense.

Provided that such norms may be specified for a specific Transmission Licensee or a class of Transmission Licensees.

b) Norms shall be defined in terms of number of personnel per ckt/km (for different categories of transmission lines for e.g. 400 KV, 220 KV, 132 KV etc. Lines) and number of personal per bay (for different categories of bay for e.g. 400 KV, 220 KV, 132 KV etc. Bays) along with annual expenses per personnel for Employee expenses; combination of A&G expense per personnel and A&G expense per substation for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses.

c) One-time expenses such as expense due to change in accounting policy and arrears paid due to pay commission recommendation shall be excluded from the norms in the trajectory.

d) The unforeseen expenses beyond the control of the Transmission Licensee such as pay revision, shall be excluded from the norms in the trajectory.

e) The One-time expenses and the expenses beyond the control of the Transmission Licensee shall be allowed by the Commission over and above normative Operation & Maintenance Expenses subject to prudence check.

f) The norms in the trajectory shall be specified over the control period with due consideration to improvement in productivity of the Licensee or SLDC as the case may be.

g) The norms shall be determined at constant prices of base year and escalation on account of inflation shall be over and above the baseline.



Provided that for the purpose of escalation based on Wholesale Price Index(WPI_{IN}) and Consumer Price Index(CPI_{IN}), WPI_{IN} is to be computed based on the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past three financial years (including the year of Truing-up) as per the Office of Economic Advisor Ministry of Commerce & Industry Government of India and CPI_{IN} is to be computed based on the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past three financial years (including the year of Truing-up) as per the Labour Bureau Government of India, at the time of filing of Petition.

Provided that in case the average yearly inflation derived based on the monthly CPI and WPI indices is negative for a particular year, the same will be excluded from the computation of yearly inflation.

h) The Transmission Licensee specific trajectory of norms shall be identified by the Commission on the basis of absolute and relative analysis.

i) In absolute analysis, Transmission Licensee's audited accounts of operations for last three years, expenses claimed for control period, historically approved cost, and prudence check shall be used by the Commission to estimate values of norms.

j) In relative analysis, performance parameters of other Transmission Licensees within the same state or in other states, shall be considered by the Commission to estimate norms.

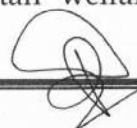
Provided that other Transmission Licensees so chosen will have similar profile as that of the Transmission Licensee under consideration in terms of consumer mix, type of license area (city, state, etc.) type of substation, transmission networks, etc.

Suitable average of outcomes of absolute and relative analysis shall be taken by the Commission to fix the norms over the control period for the Transmission Licensee."

In light of the above, the Petitioner has computed the O&M norms for each component i.e. Employee cost, Repair and Maintenance (R&M) expense and Administrative and General (A&G) expense detailed below:

Employee Expenses

The employee expenses primarily comprise of Salaries and Wages, Dearness Allowances, perks, performance related pay, bonus, staff welfare and medical



benefits, leave travel allowance, earned leave encashment and retirement benefits such as provident fund, gratuity, pension etc.

As per the Regulation 21.1 of Tariff Regulations 2024, the Employee Costs are to be considered as follows:

"21.1 Employee Cost

Employee cost shall be computed as per the approved norm escalated by consumer price index (CPI), adjusted by provisions for expenses beyond the control of the Transmission Licensee and one-off expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears and Interim Relief, governed by the following formula:

$$EMP_n = (EMP_b * CPI \text{ inflation}) + Provision$$

Where:

EMP_n : Employee expense for the year n

EMP_b : Employee expense as per the norm

CPI inflation : is the average increase in the Consumer Price Index (CPI) for immediately preceding three years

Provision : Provision for expenses beyond control of the Transmission Licensee and/or SLDC and expected one-off expenses as specified above.

Provided that till the norms are specified by the Commission the employee cost shall be determined on the basis of actual historical cost."

In light of the above and Regulation 21, mentioned in the preceding section, base norm for Employee Expense has been computed based on the Employee Expense booked in the audited accounts of FY 2021-22, FY 2022-23, and FY 2023-24.

Further, it is imperative to mention that there are certain Bay of BGCL which are located on Other's premises, also there are other's Bay present at BGCL premises. Therefore, number of Bays considered for computing the base norm of Employee Expense has been computed as below:

$$\text{Bays Considered for Computing Base Norm of Employee Expense} = (\text{Total Number of BGCL Bay}) - (\text{Total Number of BGCL Bay on Other's Premises}) + (\text{Total Number of Other's Bay on BGCL's Premises})$$

Further, the Employees engaged towards Bays & Transmission line in the ratio of 90:10.



Computation of the Base Norm for Employee Expense is shown in the table below:

Table 37: Computation of Base Norm for Employee Expense

Sr. No.	Particulars	Formula	FY 2023-24	FY 2022-23	FY 2021-22	CAGR	Base norm
1	No. of Employees	A	81	95	88		
2	Transmission Line in Ckt KM	B	2173.89	2117.99	1749.36		
3	No. of Bays						
a	Total No. of BGCL Bay	C	227	215	207		
b	Total No. of BGCL Bay on Other's Premises	D	40	40	40		
c	Total No. of Other's Bay on BGCL Premises	E	9	9	3		
d	No. of Bay on which considered for Base norm of Employee Expense	$F = C - D + E$	196	184	170		
4	Number of personnel per ckt/km (10%)	$G = A \times 10\% / B$	0.0037	0.0045	0.0050	-13.94%	0.0037
5	Number of personnel per Bay (90%)	$H = A \times 90\% / F$	0.3719	0.4647	0.4659	-10.65%	0.3719
6	Employee Cost (Rs. Crore)	I	15.80	19.98	14.95		
7	Annual Expenses per personnel	$J = I / A$	0.1950	0.2103	0.1699	7.14%	0.2089

The Petitioner humbly requests the Hon'ble Commission to approved Base Norm for Employee Expense as shown in the above table.

Repair and Maintenance Expenses

The Repair and Maintenance Activities primarily pertains towards the upkeep of the transmission system and related office works.

As per Regulation 21.2 of the Tariff Regulations 2024, R&M expenses will be computed as follows:

"21.2 Repairs and Maintenance (R&M) Expense

Repairs and Maintenance expense shall be calculated as percentage (as per the norm determined) of Opening Gross Fixed Assets excluding land cost for the year governed by following formula:

$$R\&M_n = K_b * GFAn$$

Where:



R&M_n : Repairs & Maintenance expense for nth year

GFA_n : Opening Gross Fixed Assets for nth year

K_b : Percentage point as per the norm"

In light of the above and Regulation 21, mentioned in the preceding section, the 'K_b' has been computed as per point as per Gross Fixed Asset (Net of Land) and Expense booked in the audited accounts of FY 2021-22, FY 2022-23, and FY 2023-24.

Computation of the 'K_b' for Repair and Maintenance Expense is shown in the table below:

Table 38: Computation of K_b for R&M Expenses

(in Rs Crores)

Sr. No.	Particulars	FY 2023-24	FY 2022-23	FY 2021-22
1	Opening GFA	2882.35	2356.34	2079.02
2	Less: Opening Value of Land	58.10	58.10	58.10
3	Net Opening (1-2)	2824.26	2298.24	2020.93
4	R&M Expenses	26.62	25.32	19.89
5	% of R&M Expenses to GFA (4/3)*100	0.942%	1.102%	0.984%
6	Average % of R&M expenses to GFA - "K_b" factor	1.010%		

The Petitioner humbly requests the Hon'ble Commission to approved Base Norm for Employee Expense as shown in the above table.

Administrative and General Expenses (A&G)

Administration and General Expenses mainly comprise costs towards rent charges, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

As per Regulation 21.3 of the Tariff Regulations 2021, A&G will be calculated as follows:

"21.3 Administrative and General (A&G) Expense

A&G expense shall be computed as per the norm escalated by wholesale price index (WPI) and Consumer Price Index (CPI) in the ratio 60:40 and adjusted by provisions for confirmed initiatives (IT etc. initiatives as proposed by the Transmission Licensee and/or

SLDC and validated by the Commission) or other expected one-off expenses, and shall be governed by following formula:

$$A\&G_n = (A\&G_b * WPI \text{ inflation}) + Provision$$

Where:

A&G_n: A&G expense for the year *n*

A&G_b: A&G expense as per the norm

WPI inflation: is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years.

Provision: Cost for initiatives or other one-off expenses as proposed by the Transmission Licensee and/or SLDC and validated by the Commission.

Provided that till the norms of A&G expenses is specified by the Commission, the actual historical cost will be considered for determination of A&G expenses."

In light of the above and Regulation 21, mentioned in the preceding section, base norm for Administrative and General Expense has been computed based on the Expense booked in the audited accounts of FY 2021-22, FY 2022-23, and FY 2023-24.

Further, it is imperative to mention that there are certain Bay of BGCL which are located on Other's premises, also there are other's Bay present at BGCL premises. Therefore, number of Bays considered for computing the base norm of Employee Expense has been computed as below:

$$\text{Bays Considered for Computing Base Norm of Employee Expense} = (\text{Total Number of BGCL Bay}) - (\text{Total Number of BGCL Bay on Other's Premises}) + (\text{Total Number of Other's Bay on BGCL's Premises})$$

Further, the Administrative and General Expense has been bifurcated towards Bays & Personal in the ratio of 93:07, based on the actual expenses booked in the audited books of account as shown in the tables below:

Table 39: Bifurcation of A&G Expenses towards Bay & Personal

Particular	2024		2023		2022	
Bay	10.95	96.25%	9.24	91.71%	7.31	91.54%
Personal	0.43	3.75%	0.84	8.29%	0.68	8.46%
Total	11.38		10.08		7.99	

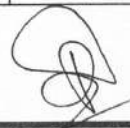


Table 40: Categorization of A&G Expenses for FY 2023-24

Categorization	Particulars	For the year ended 31-March 2024
Bay	Advertisement Expenses	1213910
Bay	Audit Fees	292600
Bay	Bank Charges	5180
Bay	Books & Periodicals Expenses	11222
Bay	Communication Expenses	63107
Bay	Electricity Expenses	24965961
Bay	Entertainment Expenses	466676
Bay	Filing Fee	25943
Bay	Insurance	10499135
Bay	Legal Expenses	719285
Bay	Licence Fee	37770000
Bay	Meeting Expenses	321744
Bay	Office Expenses	4244062
Bay	Printing & Stationery Expenses	948033
Bay	Prof./technical Fee	5165376
Bay	Rent	7627537
Personal	Telephone & Mobile Expenses	1747415
Personal	Travelling Expenses	2521616
Bay	Vehicle Expenses	15157543

Table 41: Categorization of A&G Expenses for FY 2022-23

Categorization	Particulars	For the year ended 31-March 2023
Bay	Advertisement Expenses	2187455
Bay	Audit Fees	208600
Bay	Bank Charges	23531
Bay	Books & Periodicals Expenses	14892
Bay	Communication Expenses	77856
Bay	Electricity Expenses	28277270
Bay	Entertainment Expenses	845121
Bay	Filing Fee	210300
Bay	Insurance	10817764
Bay	Legal Expenses	1164190
Bay	Licence Fee	1005000
Bay	Loss on Sale of Fixed Assets	0
Bay	Meeting Expenses	1008038
Bay	Office Expenses	12820262
Bay	Printing & Stationery Expenses	993807
Bay	Prof./technical Fee	4768217.16
Personal	Recruitment Expenses	0
Bay	Rent	7657538.88

Categorization	Particulars	For the year ended 31-March 2023
Bay	Taxes, Brokerage & Commission	0
Personal	Telephone & Mobile Expenses	1757996
Personal	Travelling Expenses	6598735
Bay	Vehicle Expenses	20351350.95
	Total	401500885.1

Table 42: Categorization of A&G Expenses for FY 2021-22

Categorization	Particulars	For the year ended 31-March 2022
Bay	Advertisement Expenses	1663136
Bay	Audit Fees	175000
Bay	Bank Charges	76407
Bay	Books & Periodicals Expenses	41555
Bay	Communication Expenses	181168
Bay	Electricity Expenses	16131363
Bay	Entertainment Expenses	993324
Bay	Filing Fee	256104
Bay	Insurance	9921730
Bay	Legal Expenses	880294
Bay	Licence Fee	1500000
Bay	Loss on Sale of Fixed Assets	26116
Bay	Meeting Expenses	429031
Bay	Office Expenses	10764208
Bay	Printing & Stationery Expenses	1834823
Bay	Prof./technical Fee	1149442
Personal	Recruitment Expenses	31087
Bay	Rent	7347028
Bay	Taxes, Brokerage & Commission	33773
Personal	Telephone & Mobile Expenses	1491309
Personal	Travelling Expenses	5237713
Bay	Vehicle Expenses	19738571
	Total	326200908

Computation of the Base Norm for Administrative and General Expense is shown in the table below:

Table 43: Computation of Base Norm for A&G Expenses

Sr. No.	Particulars	Formula	FY 2023-24	FY 2022-23	FY 2021-22	CAGR	Base norm
1	No. of Employees	A	81	95	88		
2	No. of Bays						
a	Total No. of BGCL Bay	C	227	215	207		

Sr. No	Particulars	Formula	FY 2023-24	FY 2022-23	FY 2021-22	CAGR	Base norm
b	Total No. of BGCL Bay on Other's Premises	D	40	40	40		
c	Total No. of Other's Bay on BGCL Premises	E	9	9	3		
d	No. of Bay on which considered for Employee Expense	$F = C - D + E$	196	184	170		
3	Administrative Expenses (Rs. Crore)	G	10.60	9.07	7.05		
4	Administrative Expenses per personal (7%)	$H = A \times 7\% / G$	0.0089	0.0065	0.0055	27.80 %	0.0114
5	Administrative Expenses per Bay (93%)	$I = G \times 93\% / G$	0.0504	0.0459	0.0386	14.19 %	0.0575

The Petitioner humbly requests the Hon'ble Commission to approved Base Norm for Administrative and General Expense as shown in the above table.

5.8 Depreciation

The petitioner submits to the Hon'ble Commission that the Depreciation has been estimated in accordance with the Regulation 23 of the Tariff Regulations 2024, which states:

"23. Depreciation

- i. Depreciation shall be calculated for each year of the control period on the original cost of the fixed assets of the corresponding year. No advance shall be granted against depreciation.*
- ii. Depreciation shall not be allowed on assets funded by capital subsidies, beneficiary contributions or grants.*
- iii. Depreciation shall be calculated annually on the basis of assets capitalised and put to use based on the straight-line method over the useful life of the asset and at the rate not exceeding the rate specified by the Central Electricity Regulatory Commission from time to time.*

The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset. The Transmission Licensee or

SLDC, as the case may be, shall submit separate detail of fully depreciated asset along with year of commissioning and year of attaining ninety percent depreciation with the tariff petition. Provided that freehold land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.

Provided also that the cost of lease hold land shall be amortised evenly within the leased period.

iv. The original capital cost of the asset shall include Additional Capitalisation on account of Foreign Exchange Rate Variation as allowed by the appropriate Government / Bihar Electricity Regulatory Commission.

v. Depreciation shall be chargeable from the first year of operation of the asset.

For part of the year, depreciation shall be charged on pro-rata basis.

vi. A provision of replacement of assets shall be made in the capital investment plan.

vii. The licensee(s)/ SLDC shall submit certified copy of the Asset Register with the list of fully depreciated Transmission lines, substations, transformers, etc. along with the details of disposed off assets and amount received therefore with the tariff petition."

Accordingly, the Petitioner submits that the weighted average rate of depreciation has been considered as per the actual depreciation based upon the Annual Audited Accounts for the FY 2023-24. Therefore, the rate of depreciation on opening GFA is considered at 5.11% and on additions, it is considered at 6.08% for each year of the Control period FY 2025-28.

5.9 Interest on Working Capital

The Interest on working capital has been computed as per Regulations 26 of the Tariff Regulations 2024, which states as follows:

"26. Interest on working capital

a. The Transmission Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

i. Receivables equivalent to 45 days of annual transmission charges calculated on target availability level.

ii. O&M Expenses of one (01) month.



iii. Maintenance spares @ 40% of R&M expenses for one month.

Provided that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from Transmission Charges as reflected in the Audited Accounts, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses.

Less:

i. Return on equity and contribution to contingency reserves equivalent to 45 days.

ii. Amount of security deposits from Transmission System users, if any, held during the year except the security deposits held in the form of Bank Guarantee from Transmission System Users.

b. Interest on working capital shall be on normative basis, notwithstanding that the transmission licensee and/or SLDC has not taken a loan for working capital from any outside agency and rate of interest shall be equal to the State Bank (one-year tenor) Marginal Cost of Funds-based Lending Rate ('MCLR') as of the date on which petition for determination of tariff is filed plus 100 basis points. The rate of interest for the purpose of Truing-up shall be the weighted average MCLR of the concern Financial Year plus 100 basis points.

c. Interest shall be allowed on the amount held as security deposit (except the security deposit held in the form of Bank Guarantee) from Transmission System Users at the Bank Rate (RBI Base Rate) as at the date on which the application for determination of tariff is filed. The interest allowed shall be subject to true up at weighted average Bank Rate of the concern Financial Year.

d. If the State Government is providing resource gap grant and/or subsidy, the working capital shall be reduced by 45 days equivalent of that amount."

The rate of interest on working capital has been considered as 9.95% which has been calculated from SBI MCLR of 8.95% as on 15th October 2024 and 100 bps as per the Regulation mentioned above. The SBI MCLR has been considered from the link provided as follows:



5.10 Performance Target

As per Regulation 11.2 of Tariff Regulations 2024, the Licensee is required to submit the Performance Targets of the transmission system. The Petitioner, therefore, proposes the following Transmission Availability and Transmission Loss targets for each year of the control period FY 2025-28:

Table 44: BGCL estimate of Performance Targets for the Control Period FY 2025-28

Year	Transmission Availability	Transmission Loss
FY 2025-26	98%	2%
FY 2026-27	98%	2%
FY 2027-28	98%	2%

5.11 Non-Tariff Income

The petitioner submits that, at present, it is not in a position to envisage Non-Tariff Income. Therefore, in line with the methodology adopted by the Hon'ble Commission in its previous Orders, the Petitioner proposes to consider Non-Tariff Income as per the values submitted in the True up of FY 2023-24.

5.12 Income from Other Business

The Petitioner submits that for each year of the control period FY 2025-28, it has considered the Income from Other Business as per the Income from Other Business claimed in the True up for FY 2023-24, owing to the uncertainty of gains from OPGW leasing business which cannot be quantified at this stage. The Petitioner shall approach the Hon'ble Commission with the audited figures during the truing up of the respective year.

5.13 Annual Revenue Requirement

The Petitioner submits that it has claimed following items of expenditure as part of ARR for the Control Period FY 2025-28:

1. Depreciation
2. Interest on Loan



3. Operation and Maintenance Expenses (O&M Expenses)
 - a. Employee Expenses
 - b. R&M Expenses
 - c. A&G Expenses
4. Interest on Working Capital
5. Return on Equity
6. Contribution to Contingency Reserve

The detailed claim of ARR for the Control Period FY 2025-26 to FY 2027-28 is submitted in the subsequent chapter.



ANNUAL REVENUE
REQUIREMENT (ARR) for the
Control Period FY 2025-26 to FY
2027-28

And

TRANSMISSION CHARGES FOR
THE FY 2025-26

6 Annual Revenue Requirement for the FY 2025-26 to FY 2027-28

6.1 Introduction

In accordance with the Business Plan submitted in the preceding sections, the Petitioner herein submits revised estimates of the expenses for the determination of Annual Revenue Requirement (ARR) for the Control period FY 2025-26 to FY 2027-28 in accordance with the Tariff Regulations 2024.

6.2 Performance of Transmission System

Regulation 17.1 (b) stipulates the following:

"The Commission shall monitor the following Quality of Supply parameters during the Control Period:

- a) Transmission System Availability*
- b) Transformer Failure"*

6.2.1 Availability of Transmission System

Regulation 16 of Tariff Regulations 2024 stipulates the following:

"Normative Annual Transmission System Availability Factor (NATAF):

16.1 The Normative Annual Transmission System Availability Factor for recovery of full transmission charges shall be as under:

<i>For full recovery of Annual Transmission Charges-</i>		
<i>(i)</i>	<i>AC System</i>	<i>98%</i>
<i>(ii)</i>	<i>HVDC System</i>	<i>95%</i>

"

As per the Business Plan, the Petitioner submits the Transmission System Availability to be 98% for each year of the Control Period FY 2025-28.

6.2.2 Transformer Failure Rate

The Petitioner submits that it would be able to maintain its operational efficiency through proactive measures. Therefore, the transformer failure rate is estimated to be NIL for each year of the Control Period FY 2025-28.

6.3 Schedule of Capitalization

The Petitioner submits that it had earlier envisaged to capitalize the entire portfolio of projects (Part 1 of 2 and Part 2 of 2) by FY 2023-24, however, due to reasons beyond the control of the Petitioner particularly time required for land acquisition, local law & order issues, severe ROW, contractual & technical issues/suitability, unavailability of spares, unprecedented rainfall/floods in certain areas, spill over of works owing to

Covid induced lockdowns during the FY 2020-21 and FY 2021-22 and delay due to shutdown requirement (uncontrollable), certain items of the Capital works planned to be capitalized during the FY 2023-24 could not attain Capitalization which has led to a no. of works being spilled into the FY 2025-26. The Hon'ble Commission is requested to take cognizance of this fact and approve the projected Capitalization as depicted below for the FY 2025-26:

Table 45 – BGCL estimate of Asset Capitalization for the FY 2025-26 Phase IV (Part 1 of 2)

S. No.	Transmission Element	Date of Commissioning/ Likely Commissioning
New 220/132/33 kV GIS substations		
1	220/132 kV Transformer at Khijirsarai	FY 2025-26

Table 46 - BGCL estimate of Asset Capitalization for the FY 2025-26 Phase IV (Part 2 of 2)

S. No.	Transmission Element	Date of Commissioning/ Likely Commissioning
Transmission Lines		
1.	200 kV LILO of Sipara - Bihta D/C at Jakkanpur	FY 2025-26
2.	132 kV LILO of Sipara - Jakkanpur D/C at Jakkanpur (BGCL)	FY 2025-26

In addition to above Capital works, during the FY 2025-26, the Petitioner shall also undertake implementation of ABT meters pertaining to Part 2 of 2 projects. Accordingly, ABT meters are to be commissioned with an overall outlay of Rs. 21.74 Crore for the FY 2025-26. The Petitioner requests the Hon'ble Commission to approve the same.

6.4 Capitalization

The Petitioner submits that the capitalization for FY 2025-26 to FY 2027-28 as per the following table:

Table 47 – BGCL claim of CWIP Statement for the FY 2025-26 to FY 2027-28
(in Rs. Crore)



S.No.	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
1	Opening CWIP	112.62	-	-
2	Addition to CWIP during the year	46.14	-	-
3	Total Capitalisation during the year	158.77	-	-
4	Closing CWPI	-	-	-

6.5 Gross Fixed Assets

The Petitioner submits that the Revised Estimates of Gross Fixed Assets as follows:

Table 48 – BGCL estimate of Gross Fixed Assets for the period FY 2025-26 to FY 2027-28

(in Rs Crores)

S.No.	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
1	Opening GFA	3,247.26	3,406.02	3,406.02
2	Additions to GFA	158.77	-	-
3	Closing GFA (1+2)	3,406.02	3,406.02	3,406.02

6.6 Funding of Capitalization

The Petitioner submits that the Phase IV Capital Expenditure is being funded with a Debt – Equity ratio of 80:20.

Therefore, all assets due to attain capitalization by the FY 2025-26 to FY 2027-28 shall be funded with Debt - Equity ratio of 80:20.

6.7 Depreciation

The Petitioner has worked out the Depreciation as per Regulation 23 of Tariff Regulations 2024. The Petitioner submits that depreciation is based on the capitalisation schedule of the assets. The Weighted average rate of depreciation for the opening GFA (as on 01st April of the year) and for the Additions (during the year) is considered to be 5.11% and 6.08% respectively which is considered for the True up for the FY 2023-24. Accordingly, the overall depreciation has been worked out for FY 2025-26 to FY 2027-28 as summarised in the table below:

Table 49 – BGCL estimate of Depreciation for the period FY 2025-26 to FY 2027-28
(in Rs. Crores)

S. No.	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
1	Opening GFA (without land)	3,189.16	3,347.93	3,347.93
2	Additions during the year	158.77	-	-
3	Less: land during the year	-	-	-
4	Closing GFA (1+2-3)	3,347.93	3,347.93	3,347.93
5	Average GFA (1+4)/2	3,268.54	3,347.93	3,347.93
6	Weighted average Rate of depreciation on opening assets	5.11%	5.11%	5.11%
7	Weighted average Rate of depreciation on asset additions during the year	6.08%	6.08%	6.08%
8	Depreciation (1*6+(2-3)*7)	172.54	171.01	171.01

6.8 Interest on Loan Capital and Finance Charges

The Petitioner has worked out the Interest in Loan Capital as per Regulation 24 of Tariff Regulations 2024. The Petitioner submits that Interest on Loan Capital is based on the capitalisation schedule of the assets. The rate of interest is considered to be 9.87% which is considered for the True up for the FY 2023-24. Accordingly, the overall Interest on Loan Capital has been worked out for FY 2025-26 to FY 2027-28 as summarised in the table below:

Table 50 – BGCL estimate of Interest on Loan for the period FY 2025-26 to FY 2027-28
(in Rs Crores)

S. No.	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
1	Opening loan	1,777.50	1,731.96	1,560.96
2	Additions during the year	127.01	-	-
3	Repayment	172.54	171.01	171.01
4	Closing Loan (1+2-3)	1,731.96	1,560.96	1,389.95
5	Average Loan (1+4)/2	1754.73	1646.46	1475.45
6	Rate of Interest	9.87%	9.87%	9.87%
7	Interest Charges (5* 6)	173.17	162.49	145.61



6.9 Operations and Maintenance Expenses

The Petitioner submits that in accordance with the Operations and Maintenance Expenses base norms computed in the preceding section of this Petition, component wise O&M expense for FY 2025-26 to FY 2027-28 has been computed.

6.9.1 Employee Expenses

The employee expenses primarily include costs towards salaries, dearness allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the terminal benefits in the form of pension, gratuity etc.

Regulation 21.1 stipulates the following:

“21.1 Employee Cost

Employee cost shall be computed as per the approved norm escalated by consumer price index (CPI), adjusted by provisions for expenses beyond the control of the Transmission Licensee and one-off expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears and Interim Relief, governed by the following formula:

$$EMP_n = (EMP_b * CPI \text{ inflation}) + Provision$$

Where:

EMP_n : Employee expense for the year n

EMP_b : Employee expense as per the norm

CPI inflation : is the average increase in the Consumer Price Index (CPI) for immediately preceding three years

Provision : Provision for expenses beyond control of the Transmission Licensee and/or SLDC and expected one-off expenses as specified above.

Provided that till the norms are specified by the Commission the employee cost shall be determined on the basis of actual historical cost.

As per the aforesaid Regulations, the CPI index for the preceding three years has been shown in the table below:

CPI index

Table 51 - Computation of Average CPI (past 3 years)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual Average CPI	338.69	356.06	377.62	397.20
CPI Inflation (YOY)		5.13%	6.05%	5.19%
Past 3 Year Average		5.46%		

The Petitioner submits the employee expenses for FY 2025-26 to FY 2027-28 based upon the Average CPI Inflation Index and the Employee Expenses base norm computed in the preceding section of this Petition as shown in the table below:



Table 52 – BGCL estimate of Employee Expenses for the period FY 2024-25
(in Rs Crore)

Sr. No.	Particulars	BGCL claim			
		Base Value	FY 2025-26	FY 2026-27	FY 2027-28
1.	Average annual CPI Index		5.46%	5.46%	5.46%
2.	Norms-Number of personnel per Ckt/Km	0.0037	0.0039	0.0041	0.0044
3.	Norms-Number of personnel per Bay	0.3719	0.3922	0.4136	0.4362
4.	Transmission line in Ckt km		2376.95	2376.946	2376.946
5.	No. of Bays		216	216	216
6.	Norms-Annual Expenses per personnel	0.2089	0.2203	0.2324	0.2450
7.	Employee cost - for transmission line		2.06	2.29	2.55
8.	Employee cost - for substation		18.67	20.76	23.09
9.	Total Employee Cost		20.73	23.05	25.63

6.9.2 Repair and Maintenance Expenses

The Repair and Maintenance Activities are primarily directed towards the upkeep of the transmission system and related office works

As per Regulations 21.2 of the Tariff Regulations 2024, R&M will be calculated as follows:

“21.2 Repairs and Maintenance (R&M) Expense

Repairs and Maintenance expense shall be calculated as percentage (as per the norm determined) of Opening Gross Fixed Assets excluding land cost for the year governed by following formula:

$$R\&M_n = K_b * GFAn$$

Where:

R&M_n : Repairs & Maintenance expense for nth year

GFAn : Opening Gross Fixed Assets for nth year

K_b : Percentage point as per the norm”



The Petitioner submits that the Hon'ble Commission vide its previous orders while approving the ARR for the ensuing years, had allowed the R&M Expenses based upon the factor derived by considering the actual R&M expenses against the actual GFA. Following the similar methodology, the Petitioner herein considers the factor as shown in the table below:

Table 53 - Computation of Average % factor (R&M expenses to GFA)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
Average GFA (Net of Land)	2,159.58	2,561.25	2,887.12
R&M expenses	22.54	25.56	26.39
% of R&M expenses to GFA (2/1)*100	1.04%	1.00%	0.91%
Average % of R&M expenses to average GFA	0.99%		

The Petitioner submits the claim towards R&M expenses on the basis of the factor derived as above and the GFA as shown in the table below for FY 2025-26 to FY 2027-28:

Table 54 – BGCL estimate of Repair and Maintenance Expenses for the period FY 2025-26 to FY 2027-28

(in Rs Crore)

S.No.	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
1	Average GFA (excluding land)	3,189.16	3,347.93	3,347.93
2	% Factor on GFA	1.010%	1.010%	1.010%
3	R&M Expenses (1x2)	32.19	33.80	33.80

6.9.3 Administrative and General Expenses

Administration and General expenses mainly comprise costs towards rent charges, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

As per Regulation 21.3 of the Tariff Regulations 2024, A&G Expenses are to be computed as follows:

"21.3 Administrative and General (A&G) Expense

A&G expense shall be computed as per the norm escalated by wholesale price index (WPI) and Consumer Price Index (CPI) in the ratio 60:40 and adjusted by provisions for confirmed initiatives (IT etc. initiatives as proposed by the Transmission Licensee

and/or SLDC and validated by the Commission) or other expected one-off expenses, and shall be governed by following formula:

$$A\&G_n = (A\&G_b * WPI \text{ inflation}) + \text{Provision}$$

Where:

A&G_n: A&G expense for the year n

A&G_b: A&G expense as per the norm

WPI inflation: is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years.

Provision: Cost for initiatives or other one-off expenses as proposed by the Transmission Licensee and/or SLDC and validated by the Commission.

Provided that till the norms of A&G expenses is specified by the Commission, the actual historical cost will be considered for determination of A&G expenses."

As per the aforesaid regulations, the Average WPI and CPI index in the ratio of 60:40 for the preceding three years has been shown in the table below:

Table 55 - Computation of Average WPI (past 3 years)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual Average CPI	338.69	356.06	377.62	397.20
CPI Inflation (YOY)		5.13%	6.05%	5.19%
Past 3 Year Average			5.46%	
Annual Average WPI	123.38	139.41	152.53	151.42
WPI Inflation (YOY)		13.00%	9.41%	-*
Past 3 Year Average			7.47%	
Weighted Average WPI-CPI Inflation Rate (WPI:CPI = 60:40)			6.66%	

Based upon the Inflation Index derived above in accordance with the Tariff Regulations 2024 and the A^G Expenses base norms computed in the preceding sections of this Petition, the Petitioner has projected the A&G Expenses as follows:

Table 56 - BGCL estimate of Administrative and General Expenses for the period FY 2025-26 to FY 2027-28

(in Rs Crore)

Sl. No.	Particulars	BGCL claim			
		Base Value	FY 2025-26	FY 2026-27	FY 2027-28
1	Average annual CPI Index		6.66%	6.66%	6.66%
2	Norms-A&G Expenses per personal	0.0114	0.0122	0.0130	0.0139
3	Norms-A&G Expenses per Bay	0.0575	0.0614	0.0655	0.0698
4	No. of Employees		75	75	75

Sl. No.	Particulars	BGCL claim			
		Base Value	FY 2025-26	FY 2026-27	FY 2027-28
5	No. of Bays		216	216	216
6	A&G Expenses (on Employees)		0.91	0.98	1.04
7	A&G Expenses (on Bays)		13.26	14.14	15.08
8	Total A&G Expenses		14.17	15.12	16.12

6.10 Return on Equity

The Petitioner has worked out the Return on Equity as per Regulation 22 of Tariff Regulations 2024. The Petitioner submits that the asset base has been divided into two parts; (a) assets that have attained COD on for before 31.03.2026 and (b) assets that have attained COD on or after 01.04.2026. The rate of return on equity has been considered 15.50% for assets that have attained COD on for before 31.03.2026 and 14% for assets that have attained COD on or after 01.04.2026.

The Petitioner also submits that the effective MAT rate inclusive of surcharge and cess has been considered at 25.168%. Accordingly, the overall Return on Equity has been worked out for FY 2025-26 to FY 2027-28 as summarised in the table below:

Table 57 – BGCL estimate of Return on Equity for the period FY 2025-26 to FY 2027-28

(in Rs Crore)

S.No.	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
	<i>For assets that have attained COD on for before 31.03.2026</i>			
1	Opening Equity	648.61	648.61	648.61
2	Equity addition	-	-	-
3	Closing Equity (1+2)	648.61	648.61	648.61
4	Average Equity ((1+3)/2)	648.61	648.61	648.61
5	Base Rate of Return on Equity%	15.50%	15.50%	15.50%
6	Tax on Rate of Return on Equity	25.17%	25.17%	25.17%
7	Rate of Return on Equity% (5/(1-6))	20.71%	20.71%	20.71%

S.No.	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
8	Return on Equity (4*7)	134.35	134.35	134.35
	<i>For assets that have attained COD on or after 01.04.2026</i>			
9	Opening Equity	-	31.75	31.75
10	Equity addition	31.75	-	-
11	Closing Equity (9+10)	31.75	31.75	31.75
12	Average Equity ((9+11)/2)	15.88	31.75	31.75
13	Base Rate of Return on Equity %	14.00%	14.00%	14.00%
14	Tax on Rate of Return on Equity	25.17%	25.17%	25.17%
15	Rate of Return on Equity % (13/(1-14))	18.71%	18.71%	18.71%
16	Return on Equity (12*15)	2.97	5.94	5.94
17	Total Return on Equity (8+16)	137.32	140.29	140.29

6.11 Interest on Working Capital

The Petitioner submits the Interest on Working Capital has been computed based on Regulation 26. Further, it is submitted that one year SBI MCLR as on 15th November 2024 was 8.95% as per **Annexure F**. Accordingly, the Interest on Working Capital has been considered as 9.95% (SBI MCLR: 8.95% +100 basis points).

Table 58 – BGCL estimate of Interest on Working Capital for the period FY 2025-26 to FY 2027-28

(in Rs Crore)

S.No	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
1	O&M expenses (1 month)	5.59	6.00	6.30
2	Maintenance spares @40% of 1 month R&M expenses	1.07	1.13	1.13

S.No	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
3	Receivables – 45 days	64.24	63.69	61.87
4	Less: RoE and contribution to contingency reserve for 45 days	16.93	17.30	17.25
5	Less: Amount of sec deposit held from consumers during the years	-	-	-
6	Working capital requirement	53.97	53.52	52.04
7	Rate of interest	9.95%	9.95%	9.95%
8	Interest on working capital	5.37	5.33	5.18

6.12 Non- Tariff Income

The Petitioner submits that for FY 2025-26 to FY 2027-28, it has considered the Non-Tariff Income as per the Non-Tariff Income claimed in the True up for FY 2023-24 *i.e.* Rs. 34.39 Crore in accordance with the methodology adopted by the Hon'ble Commission in its past Orders.

6.13 Income from Other Business

The Petitioner submits that for FY 2025-26 to FY 2027-28, it has considered the Income from Other Business as per the Income from Other Business claimed in the True up for FY 2023-24, owing to the uncertainty of gains from OPGW leasing business which cannot be quantified at this stage. The Petitioner shall approach the Hon'ble Commission with the audited figures during the truing up of the respective year.

6.14 Annual Revenue requirement for FY 2025-26 to FY 2027-28

As per the submissions made in the preceding sections, the ARR claimed for FY 2025-26 to FY 2027-28 is depicted as shown in the table below:



Table 59 – BGCL estimate of Annual Revenue requirement for FY 2025-26 to FY 2027-28

(in Rs Crore)

S.No.	Particulars	BGCL claim		
		FY 2025-26	FY 2026-27	FY 2027-28
1	O&M expenses (a+b+c)	67.09	71.96	75.55
a.	Employee cost	20.73	23.05	25.63
b.	R&M expenses	32.19	33.80	33.80
c.	A&G Expenses	14.17	15.12	16.12
2	Depreciation	172.54	171.01	171.01
3	Interest on loan capital	173.17	162.49	145.61
4	Interest on working capital	5.37	5.33	5.18
5	Return on Equity	137.32	140.29	140.29
7	Gross Annual Revenue Requirement (1+2+3+4+5)	622.59	623.03	613.19
8	Less: Non-tariff income	34.39	34.39	34.39
	Less: Income from Other Business	0.05	0.05	0.05
9	Net Annual Revenue Requirement (6-7)	521.05	516.63	503.19

The Petitioner submits that the above mentioned ARR Charges are projected figures. The actual ARR for the relevant years will be submitted in accordance with applicable Regulations at the time of True-up. The Petitioner prays that the Hon'ble Commission may kindly approve the ARR of Rs. 521.05 Crore, Rs. 516.63 Crore, and Rs. 503.19 Crore for FY 2025-26, FY 2026-27, and FY 2027-28, respectively.

6.15 Revenue Gap/Surplus and Transmission Tariff determination for FY 2025-26

The Petitioner submits before the Hon'ble Commission to pass the impact of the Revenue Surplus accrued during the True-up for FY 2023-24 in the Tariff for FY 2025-26 along with applicable Carrying Cost in accordance with the Regulation 13 of the Tariff Regulations 2024. The relevant extracts of the said Regulation are reproduced below:

"13. True-Up and Annual Performance Review

The Commission shall True-Up expenses of the previous year either as part of the Tariff order or issue Order/s for True-Up of expenses preceding the Tariff order of ensuing year as:."

.....



.....
 (f) Notwithstanding anything contained in regulation 4 of these Regulations, the Revenue gap/surplus arising out of Truing up shall be considered by the Commission while determining the ARR of ensuing year(s). While approving adjustments towards revenue/expenses in future years, arising out of Truing up exercises, the Commission may allow the carrying costs as determined by the Commission of such expenses/revenues. However, the revised estimated gap/surplus as a result of APR may or may not be passed in the ARR of ensuing year."

The Petitioner therefore proposes Surplus adjustment pertaining to the True up of FY 2023-24 along with the applicable Carrying cost considering the prevailing Interest Rate. The working of the Surplus computation is illustrated in the table below:

Table 60 – True up Revenue Surplus including Carrying Cost
 (in Rs. Crore)

S.No.	Particulars	BGCL claim
1	Surplus / (Gap) of the True-up of ARR for the FY 2023-24	76.82
2	Interest for FY 2023-24 @ 10.48% (half year)	4.03
3	Interest for FY 2024-25 @ 10.45%	8.03
4	Interest for FY 2025-26 @ 10.45% (half year)	4.01
5	Total Carrying Cost (2+3+4)	16.07
5	Total Surplus along with carrying cost to be considered for adjustment (1+5)	92.89

Accordingly, the Annual Transmission Charges claimed by the Petitioner for the period FY 2025-26 is shown in the table below:

(in Rs. Crore)

Table 61 – BGCL claim of Transmission Charges for the FY 2025-26

S.No.	Particulars	BGCL claim
1	Net Annual Revenue Requirement	521.05
2	Add: Total Surplus along with carrying cost to be considered for adjustment	(92.89)
3	Annual Transmission Charges (1+2)	428.17
4	Monthly Transmission Charges	35.68

The Petitioner respectfully submits before the Hon'ble Commission to approve Annual Transmission Charges amounting to Rs. 428.17 Crore and Monthly Transmission Charges amounting to Rs. 35.68 Crore for the FY 2025-26.



7 Compliance of Directives

The Hon'ble Commission vide Order dated 01.03.2024 had issued certain Directives to the Petitioner in respect of Operational and Financial performance. In the said regard, the Petitioner submits the compliance status of the said Directives as indicated in the table below:

Table 62 - BGCL submission to Directives

S.No.	Directive as per Order dated 01.03.2024	Petitioner's submission	Compliance status
1	<p>Details of Capitalization</p> <p>BGCL is directed to submit the scheme-wise details of actual capitalization including the following:</p> <p>i. Final cost of project versus approved DPR cost versus awarded cost of project</p> <p>ii. Break up of scheme wise actual BoQ quantity vs LoA BoQ quantity (along with supporting reasons for change in quantity)</p> <p>iii. Breakup of scheme wise actual hard cost in consonance with audited values versus LOA hard cost</p> <p>iv. Calculation of interest from the planned date of infusion of debt fund up to planned date of commercial operation versus calculation of interest</p>	<p>In compliance of the Hon'ble commissions directives as well as disallowances in the CapEx, BGCL has preferred a separate Review Petition to fulfil the compliance of the point mentioned alongside as well as seek necessary relief for the approval of Capex. The said information was also submitted as part of the Tariff proceedings for the FY 2023-24. A copy of said submission is provided as Annexure - C.</p> <p>BGCL shall also endeavour to provide any additional information as desired by the Hon'ble</p>	Complied

S.No.	Directive as per Order dated 01.03.2024	Petitioner's submission	Compliance status
	<p>from the date of infusion of debt fund up to actual date of commercial operation.</p> <p>v. Detailed working of approved variation due to impact of entry tax, other taxes, foreign exchange rate variation and miscellaneous expenses in MoM of BoD versus these expenses as approved in DPR.</p> <p>vi. Reconciliation with audited value along with supporting documents, of the above mentioned expenses (as mentioned in point v above) separately for each item of deviation .</p>	Commission during the course of instant proceedings.	
2	<p>Summary report</p> <p>It has been observed that BGCL has been submitted multiple times for revision of its project costs. In view of this, the Commission opines a better tracking is needed of the capital projects being executed by BGCL, so that at the end of the year, the Commission is not required to deal with a sudden cost over-run. Thus, BGCL is</p>	<p>The Petitioner in view of project monitoring time and again assesses the project related finances. Based upon the quantum of work left, any changes in scope, revision in Tax/ duty structure, the Petition pro-actively prepares Revised Cost Estimates and submits the same before the Hon'ble</p>	Complied

S.No.	Directive as per Order dated 01.03.2024	Petitioner's submission	Compliance status
	directed to submit summary report on scheme wise capital expenditure and capitalization based on actual physical progress, bi-yearly.	Commission for seeking necessary approval. The details of physical progress of the ongoing schemes will be submitted during the course of instant proceedings.	
3	<p>Adherence to Bihar Electricity Regulatory Commission (Power Regulatory Accounting) Regulations, 2018</p> <p>BGCL is directed to strictly adhere to the provisions of Bihar Electricity Regulatory Commission (Power Regulatory Accounting) Regulations, 2018 including regulation 5 for furnishing of regulatory Audited Accounts and Regulation 9.17 for accounting of all capital expenditure through capital work in progress.</p>	<p>BGCL has already initiated the works towards preparation of Regulatory accounts. At present, Regulatory Accounts up to FY 2022-23 are ready and are being submitted along with this Petition as Annexure G.</p> <p>Further, the preparation of Regulatory Accounts for FY 2023-24 is under process and the accounts so prepared shall be presented before the Hon'ble BERC as and when the exercise is completed.</p> <p>The Petitioner will make a best-faith attempt to submit the Regulatory</p>	Complied

S.No.	Directive as per Order dated 01.03.2024	Petitioner's submission	Compliance status
		Accounts during the course of the current proceeding.	
4	Peak and Average Loading of Transmission Elements BGCL should submit month wise peak and average loading of its Transmission elements to the Commission on quarterly basis.	Peak and average loading month wise is enclosed as Annexure- H	Complied
5	Metering & Energy Audit To maintain a transparent energy accounting system and to arrive at monthly energy losses in the transmission system, appropriate energy meters with communication facilities at all the interface points at distribution periphery is necessary. BGCL should submit monthly energy accounting report certified by SLDC and shall incorporate the transmission loss as certified by SLDC in annual audited accounts. BGCL shall also submit a quarterly report on the status of metering and its availability as its elements	Monthly Energy accounting certificate issued by SLDC is enclosed as Annexure - I	Complied

S.No.	Directive as per Order dated 01.03.2024	Petitioner's submission	Compliance status
	commissioned during the ongoing Control Period.		
7	<p>Auxiliary consumption</p> <p>In compliance of previous directive no. 4 (Auxiliary consumption and consumption in staff colonies), BGCL stated that no staff colonies have been provided to the employees at GSS and only auxiliary consumption of substation are billed by Discoms and claimed in Petition under A&G expenses. Hence, BGCL is directed to verify the bills raised by Discoms in accordance to the actual consumption and tariff schedule and rate for relevant category of connection upon serving of bill by Discoms.</p>	<p>Auxiliary consumption details are enclosed as Annexure - J</p>	Complied



8 Prayers to the Hon'ble Commission

The Petitioner respectfully prays that the Hon'ble Commission may:

- a) Examine the proposal submitted by the Petitioner in the enclosed Petition for a favourable dispensation;
- b) Pass suitable orders with respect to the True Up of FY 2023-24, APR of FY 2024-25, approval of Business Plan along with determination of ARR for FY 2025-26 to FY 2027-28 and Annual Transmission Charges for the FY 2025-26 as submitted in this petition.
- c) Condone any inadvertent omissions, errors, short comings and permit BGCL to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date; and
- d) Condone delay in filing of the Petition in regards to the filing due date prescribed in the Regulations; and
- e) Pass such Order as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case.



ANNEXURES

List of Annexures

Annexure	Description	Type
A	Letter to BEREC	Hard and Soft Copy
B	Tariff Formats	Hard and Soft Copy
C	Supporting data pertaining to disallowance in Part 1 of 2	Soft Copy
D	BGCL Annual Audited Accounts for the FY 2023-24	Hard and Soft Copy
E	Computation of Weighted Average Rate of Interest	Hard and Soft Copy
F	1 year SBI MCLR as on 15.10.2024	Hard and Soft Copy
G	Trial Balance for FY 2024-25	Hard and Soft Copy
H	Loading level of Transmission Elements	Hard and Soft Copy
I	SLDC Energy Account Certificates	Hard and Soft Copy
J	Auxiliary Consumption	Hard and Soft Copy
K	Regulatory Accounts (FY 2026-17 to FY 2022-23)	Hard and Soft Copy

