

**Submission of Additional Information/
Clarification sought by Hon'ble Commission on
BSPTCL MYT Petition for FY 2022-23**

Submitted to Hon'ble BERC

3rd February 2022



**Reply to 2nd Set of Data Gaps raised by Hon'ble BERC on MYT
Petition filed by BSPTCL for the Control Period from FY 2022-23 to FY
2024-25**

1. Capex and Capitalisation projected in the petition:

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Capital expenditure during the year	919.14	1243.27	1117.89	649.88
Capitalisation during the year	1311.46	1429.67	1608.81	1795.64
IDC capitalised during the year	52.04	83.37	94.33	108.23

Capex and Capitalisation as per the list of works furnished in Annexure -III to the Petition:

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Capital expenditure during the year	583.09	535.31	331.43	212.09
Capitalisation during the year	1311.46	1204.47	980.05	732.99
IDC capitalised during the year	-	-	-	-

Details may be verified, reconciled and correct values reported work-wise.

Reply:

BSPTCL submits that the details of capex and capitalisation submitted in the Petition (1st table of the above query) comprises capex and capitalisation for both ongoing projects as well as new projects proposed in the Business Plan, whereas Annexure-III of Petition (2nd table of the above query) comprises capex and capitalisation only for ongoing projects. BSPTCL has submitted the details of capex and capitalisation for new projects separately in Annexure-VI of the Petition. However, as discussed during the TVS dated 19th January 2022, capex and capitalisation for both ongoing projects as well as new projects have been shown in the revised Annexure-III, which is submitted as Annexure-6 of this submission.

2. Further it is observed from the list of projects furnished in the Annexure-III, all most all the works / projects it was reported that contract is awarded and works started prior to or during 2019 are still under implementation.

The gestation period for completion of works from date of start of work to completion is projected to more than 3 years. Even the works awarded under turnkey basis are also being shown under implementation. Reasons alongwith the status project may be reported project-wise.

Reply:

BSPTCL respectfully submits that the timelines for completion of projects have got adversely affected due to COVID-19 and subsequent lock down/restrictions imposed in the State. BSPTCL has not incurred any cost towards time overrun. There is no concept of time and cost overrun in the tendering process of BSPTCL, the reasons for which have been elaborated in detail in the reply to Query No. 14 of the additional information submitted to the Hon'ble Commission on 18th January 2022.

3. IDC: IDC is being claimed in the petition for FY 2021-22 to FY 2024-25. However, the work-wise details furnished in Annexure-III do not depict the same.

Reply

BSPTCL has provided the desired details of IDC in the revised Annexure-III, which is submitted as Annexure-6 of this submission.

4. IDC of Rs. 8.58 crore capitalised in FY 2020-21 claimed in true up. It is observed from the audited accounts for FY 2020-21 total interest on loans is charged to P&L account and no amount is capitalised, same may be substantiated. Also Provide documents in support of audited balance of IDC capitalized Rs.8.58 Cr.

ADB 12th Plan (ongoing) (Table 2.6 of the petition) - IDC capitalised Rs.3.95 crore and capex capitalised Rs.5.66 crore works out to 70% of the capitalisation. Detailed computation statements showing may be furnished.

As per regulation 25, interest during construction, corresponding to the loan, required to be computed from the date of infusion of debt fund, and after taking into account the prudent phasing of funds upto Scheduled Date of Commercial operation (SCOD) and detailed justifications with supporting documents is required for any delay including un-prudent phasing of funds. Provide the Detailed computation statements as required to justify the requirement of Regulation 25.

Reply:

BSPTCL has capitalised IDC of Rs. 8.58 Crore in FY 2020-21 based on put to use certificate/'Taking Over Certificate' (TOC) issued by the work-in -charge of respective

works. The claimed IDC of Rs. 8.58 Crore is included in the GFA addition during FY 2020-21 and interest expenses booked in the Audited Accounts are net of claimed IDC, which is duly certified by the Statutory Auditors in the Audited Accounts for FY 2020-21. The Audited Accounts have been submitted in **Annexure-1** along with the reply of additional information submitted to the Hon'ble Commission dated 18th January 2022. Further, the details of IDC capitalised under ADB 12th Plan (ongoing) Projects has been submitted in **Annexure-7** of this submission.

As regards IDC, BSPTCL has provided computation of IDC for FY 2020-21 in accordance with provisions of Regulation 25 of BERC MYT Regulations 2018 in **Annexure-8** of this submission. As per provisions of Regulations total IDC is Rs. 23.26 Crore. However, BSPTCL has claimed IDC for FY 2020-21 Rs. 8.58 Crore. Further, BSPTCL submits that this time BSPTCL is submitting IDC as per Regulations only for FY 2020-21 (True Up). BSPTCL shall submit IDC in accordance with provisions of Regulation 25 from FY 2021-22 onwards during the True Up of respective year.

5. **Opening balance of CWIP for FY 2020-21:** As per the Petition (Table 2.2) the opening CWIP is considered at Rs.2284.20 crore in line with the trued-up closing CWIP for FY 2019-20. However, as per the work-wise opening CWIP furnished in Annexure-III the same is shown at Rs.2189.69 crore. Same may be reconciled and details furnished.

Reply:

BSPTCL submits that in Table 2.2 of the Petition, BSPTCL had considered opening CWIP of Rs. 2284.20 Crore, which is same as closing CWIP of FY 2019-20 approved by the Hon'ble Commission in the previous year's Tariff Order. The closing CWIP of FY 2019-20 also comprises the direct investment and direct capitalisation. However, BSPTCL has not shown the direct investment and direct capitalisation in Annexure-III. As discussed during the TVS, corrected opening and closing CWIP is as under:

(In Rs. Crore)

Sl. No.	Particulars	Claimed in Truing-up of FY 2020-21
1	Opening CWIP (Same as closing CWIP for FY 2019-20 as approved in Table 22 Tariff Order dated 19 th March 2021)	2,284.20
2	* Less: Regulatory Adjustment	55.21
3	Opening CWIP (Same as closing CWIP for FY 2019-20 approved in Annexure-3 of Tariff Order) (1-2)	2,228.99
4	Capital Investment during the Year	1,303.14
5	Less: Capitalization	714.74
6	Less: IDC Capitalized	8.58

Sl. No.	Particulars	Claimed in Truing-up of FY 2020-21
7	Closing CWIP (3+4-5-6)	2,808.81

(* Regulatory adjustment has been considered as per the discussion during TVS. Please refer Table 22 and Annexure 3 of the Tariff Order dated 19th March 2021.)

6. Details of new project proposed for the control period (Table 4.7): The list of works furnished in the petition (Table 4.7) is not appearing in the work-wise details furnished in Annexure-III. Same may be reconciled and revised Annexure-III incorporating description of work identical to the work description shown in the petition.

Reply:

As mentioned earlier, BSPTCL has submitted details of ongoing projects only in Annexure-III of Petition and the details of new projects (shown in Table 4.7 of the Petition) have been submitted in the Annexure-VI of the Petition. However, as discussed in TVS, the capex and capitalisation for both ongoing projects and new projects have been shown in the revised Annexure-III submitted as Annexure-6 of this submission.

7. Provide detailed calculation of claimed 5.21% & 5.24% weighted average rate of depreciation on opening and addition to GFA.

Reply:

BSPTCL submits that the detailed computations for weighted average rate of depreciation on opening and addition to GFA have been provided in the Format F7-2 submitted along with Petition. However, same has been re-submitted in Annexure-9 of this submission for easy reference.

8. Provide calculation how Average CPI Inflation for last three years in Table Error! No text of specified style in document-1 arrived at 5.35%. Also justify how Norms of Annual expenses per personnel in Table Error! No text of specified style in document-2 claimed at 7.7756 and inflated value at 8.1919. Also clarify how Average WPI Inflation for last three years have been calculated.

Reply:

BSPTCL has submitted computations for CPI and WPI in separate sheet named 'CPI & WPI' in Petition formats, which is hidden. However, same has been re-submitted in Annexure-10 of this submission for easy reference.

9. Clarify how Expenditure on CSR Rs. 8.05 Cr, Contribution to CM Relief Fund- Company Rs.5 Cr claimed for sharing inspite of fact that it is not business expenditure. Also Provide details of other interest & finance charges Rs. 1.23 Cr, Advertisement Rs.0.91 Cr.

Reply:

BSPTCL submits that during TVS, BSPTCL agreed not to consider CSR expenses and contribution to CM Relief Fund under A&G expenses. Further, the details of interest and other finance charges of Rs. 1.23 Crore and Advertisement expenses of Rs. 0.91 Crore have been submitted in Annexure-11 and Annexure-12, respectively of this submission.

10. Provide details of the actual Tax of FY 2020-21 and income tax computation sheet showing Profit as per audited account, Expenses or losses allowed but not recorded in audited statement of Profit & Loss, Expenses or losses dis-allowed but recorded in audited statement of Profit & Loss etc, taxable income under business, Income chargeable under other heads, deduction, exemptions, total taxable income etc.

Reply:

Income Tax computations have been submitted in Annexure-13 of this submission.

11. As per Audited Account New Investment during the year FY 2021-22 coming at Rs. 1303.14 Cr (i.e. 2228.99 Cr+723.32 cr assets capitalized-2808.81 cr), however it has been claimed at Rs. 1327.71 Cr. Justify?

Reply:

BSPTCL submits that the actual capex as per audited accounts is Rs. 1303.14 Crore for FY 2020-21 and same has been reconciled in the revised Annexure-III submitted as Annexure-6 of this submission.

12. Furnish documents in support of equity fund received during the year 2020-21 (note-13 to audited account)

Reply:

The documentary evidence for equity funds received during FY 2020-21 has been submitted in Annexure-14 of this submission.

13. Original depreciable value of opening GFA Claimed at Rs.8016.63 Cr however it is Rs. 8071.38 cr as per para 4.6.12 of truing up order of Fy 2019-20 based on last year audit account.

Reply:

BSPTCL submits that the Hon'ble Commission has approved closing GFA of Rs. 9,486.39 Crore in True up of FY 2019-20, which is considered as opening GFA for FY 2020-21 by BSPTCL in its Petition in Form F7-2. Further, BSPTCL has arrived at depreciable GFA of Rs. 8,016.63 Crore after netting off value of land of Rs. 1,469.76 Crore (as booked in Audited Accounts) from the opening GFA for FY 2020-21 considering the approach adopted by the Hon'ble Commission in the previous Tariff Order. Hence, there is no discrepancy in deriving depreciable GFA at the beginning of the year.

14. Clarify, natural head of Audited Account with supporting documents, claimed of grant under table-2-5 at Rs. 25.29 Cr. Furnish information in form no. F-7(b)&(c).

Reply:

BSPTCL submits that NIT-wise details of grant of Rs. 25.29 Crore has been submitted in the revised Annexure-III, which is submitted as Annexure-6 of this submission. Also, NIT-wise TOCs have been given in Annexure- 15 of this submission.

As regards information required in Form 7 (b) and (c), BSPTCL requests the Hon'ble Commission to give an exemption for this year. BSPTCL may submit such information from next year onwards.

15. Justify with supporting documents, treatment in tariff petition of Rs.22.21 Cr consumer contribution received during the year (Note-14 of audited account). Also furnish status of work, done or anticipated to be done if it is a fund received for earned mark fixed assets.

Reply:

BSPTCL has submitted supporting documents for consumer contribution of Rs. 22.21 Crore in Annexure-16 of this submission.

16. Weighted Average Interest rate for FY 2020-21, furnish documents in support of rate of interest claimed including other terms and conditions of loan availed.

Reply:

Supporting documents for rate of interest have been submitted in Annexure-17 of this submission.

17. Clarify why weighted average rate of interest for the purpose of truing up have not been calculated based on the audited actual loan portfolio of Rs.2214.13 Cr if it is in



accordance with terms and conditions of relevant loan agreements. Further as per Audited Account average rate is coming at 3.75% (i.e. $59.33 \text{ Cr of } 1589.08 \text{ Cr} \div (964.03 + 2214.13) \div 2$) of average loan, clarify with supporting data with reference to rate of interest claimed in the petition for truing up.

Reply:

BSPTCL respectfully submits that in the query, the Hon'ble Commission has considered the average loan for computing interest rate of 3.75%. However, Regulation 24 (g) of BERC MYT Regulations, 2018 provides for considering actual loan portfolio at the beginning of year for computation of weighted average rate of interest. The relevant extract of the Regulation is as under:

"24. weighted average rate of interest

.....

(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: (Emphasis added)

..... "

BSPTCL has computed the weighted average rate of interest of 9.10% on opening loan portfolio for FY 2020-21 as per the above provision of Regulations. BSPTCL has submitted the computation of interest rate of 9.10% in the separate sheet named as 'Int Rate' in Petition formats, which is hidden. However, the same has been re-submitted in Annexure-18 of this submission for easy reference.

18. Additions to loan/Addition to equity, for the purpose of truing up, loan & equity addition have been claimed on adhoc basis without furnishing the details of actual loan/equity availed, its utilization. Furnish the details of loan/equity utilized towards capitalized assets, CWIP and kept in bank as of close of financial year 2020-21 and its reconciliation with audited account.

Reply:

BSPTCL has considered Debt-Equity ratio as 70:30 for the projects capitalised under 12th Plan (12th Plan ongoing projects and 12th Plan old projects) and Debt-Equity ratio of 80:20 for the projects capitalised under State Plan in 13th Plan. BSPTCL has considered entire amount of capitalisation from ADB loan under Debt in line with the approach adopted by the Hon'ble Commission in the previous year Order. Further, BSPTCL has submitted NIT-wise details of loan, equity, grant and consumer contribution in revised Annexure-III submitted as Annexure-6 of this submission. Also, put to use certificates (TOC) for capitalised projects have been submitted in Annexure-15 of this submission. Details of loan equity, CWIP and kept in bank have been submitted in Annexure-24.



19. Provide details with natural head of Audited Account of security deposit as appearing under disclosure note 4 (c) of Audited account.

Reply:

Details of security deposit asked by Hon'ble Commission has been shown as deposit and retention from suppliers and customers in Note 18 of the Audited Accounts.

20. Note- 14 (disclosure), disclosure to audited account, states that there are 144 No of substations, however it is claimed at 146, clarify.

Reply:

BSPTCL respectfully submits that data regarding number of substations has been revised after finalization of Annual Accounts. Number of substations submitted in the Tariff Petition is correct number and the list of substations has been provided in Format F5-1 submitted along with the Petition.

21. Note-14 (disclosure), disclosure to audited account, states that there are 2345 No, of employees, however it is claimed at 2334, clarify.

Reply:

BSPTCL submits that the data regarding number of employees has been revised after finalization of Annual Accounts. Number of employees submitted in the Petition is the correct number.

22. Justify your capex estimates with reference to Capital Commitment stated in Note- 18 (disclosure) to audited account.

Reply:

BSPTCL submits that the capital commitment for FY 2021-22 and FY 2022-23 as specified in Note 18 of disclosure is based on estimation, which is slightly different from capex claimed in the Tariff Petition. Both the figures are based on estimation. However, BSPTCL will submit the actual figures at the time of true up of respective years.

Submission of additional information/clarification against MOM of TVS dated 19th January 2022

1. Reconciliation of Transmission Loss:

BSPTCL respectfully submits that there is difference in methodology used for computation of Transmission Loss by SLDC and DISCOMs. SLDC has been computing Transmission Loss considering the provisions of BERC Grid Code Regulations. The methodology used by SLDC to compute State Transmission Loss is as under:

- I. Input energy is calculated as drawal of the State from ISTS as per the SEM data provided by ERLDC plus total Generation of the State, which is connected to State Transmission System (excluding those which are embedded to DISCOMs),
- II. Output energy is calculated from actual energy drawal by all intra-State entities including STOA and LTA customers recorded by energy meters at the interface,
- III. Percentage Transmission Loss = $\{(\text{Net energy input to the State Transmission System} - \text{Net energy drawal from the State Transmission System}) * 100 / \text{Net energy input to the State Transmission System}\}$

Further, in accordance with Clause 15.12.3 (a) of BERC Grid Code Regulations, 2010, SLDC considers data from ABT meters installed on LV side of 33 kV Transformers for computation of Transmission Loss, whereas DISCOMs considers data from feeder meters. Moreover, out of the total operational feeders, meters are yet to be installed for more than half the feeders. BSPTCL is in process of procurement and installation of meters in un-metered feeders.

In the absence of complete feeder metering, reconciliation of meter readings on LV side of transformers cannot be done with meter readings from feeder meter data. Therefore, there are chances of margin of errors in computation of State Transmission Loss.

BSPTCL further submits that until all feeder metering is done, the Hon'ble Commission may consider the loss submitted by DISCOMs. Detailed computation of transmission losses provided by SLDC has been submitted in **Annexure-19** of this submission.

2. Total State loss with detailed breakup of BSPTCL, BGCL, and OA losses:

Detailed State loss as sought by the Hon'ble Commission has been submitted in **Annexure-19** of this submission.

3. Revenue from Transmission Charges:

The Hon'ble Commission has asked for reconciliation of transmission charges booked in Audited Accounts of DISCOMs. In this regard, BSPTCL submits that BSPTCL

recovers transmission charges from SBPDCL, NBPDC and Railways as per their demand. BSPTCL is not aware of accounting methodology of DISCOMs. BSPTCL has booked the revenue based on the bills raised against the entities, which are in turn based on the amounts approved by the Hon'ble Commission. BSPTCL has submitted the copies of the bills raised to DISCOMs in **Annexure-20** of this submission.

4. Details of Transmission Lines:

Details of Transmission Lines has been submitted in **Annexure-21** of this submission.

5. Regulatory Accounts:

BSPTCL requests the Hon'ble Commission to give exemption for this year. It is also respectfully submitted that no other entity in the country is preparing Regulatory Accounts.

6. Capex and Capitalization:

As asked by the Hon'ble Commission, BSPTCL has incorporated new projects in revised Annexure-III, which is submitted as **Annexure-6** of this submission.

7. Weighted average rate of depreciation:

BSPTCL submits that BSPTCL has given detailed computation of weighted average rate of depreciation in Form 7-2 in Formats submitted along with the Tariff Petition and same has been submitted in **Annexure-9** of this submission. As regards information on historical cost of assets created out of grant and accumulated depreciation, BSPTCL requests the Hon'ble Commission to give an exemption for this year. BSPTCL may submit such information from next year onwards.

8. Income Tax Refund:

Details of Income Tax refund have been submitted in **Annexure-13** of this submission.

9. Norms of O&M expenses:

BSPTCL has submitted revised norms for O&M expenses in Annexure-5 of reply submitted on 18th January 2022.

10. CSR expenses and contribution to CM relief fund:

BSPTCL has agreed with the opinion of the Hon'ble Commission.

11. Audited Account and bifurcation of schedule into BSPTCL and SLDC

BSPTCL submits that Audited Accounts has been submitted in Annexure-1 of the reply submitted on 18th January 2022 and Schedules bifurcating into BSPTCL and SLDC have been submitted in **Annexure-22** of this submission.

Additional Submission

EMPLOYEE EXPENSES

In the Tariff Petition, BSPTCL has claimed normative employee expenses for FY 2020-21 considering the norms of the Hon'ble Commission. Regulation 21.1 of MYT Regulations, 2018 allow terminal benefits over and above normative employee expenses. The relevant extract of the Regulations is as under:

"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 time expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears and Interim Relief, governed by the following formula:

....."

Further, Regulation 21.1 of MYT Regulations, 2021 also allow terminal benefits over and above normative employee expenses. The relevant extract of the Regulations is as under:


"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 time expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears and Interim Relief, governed by the following formula:

....."

In FY 2020-21, BSTCL has incurred Rs. 40.79 Crore towards terminal benefits, which has been booked in Annual Accounts. BSPTCL requests the Hon'ble Commission to allow terminal benefits for FY 2020-21 and onwards.

Further, BSPTCL has projected the terminal benefits from FY 2021-22 and onwards at the same level as actual terminal benefits of FY 2020-21. However, BSPTCL shall claim actual amount of terminal benefits based on actuarial valuation at time of truing up for respective years.



Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
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Terminal Benefits (Rs. Crore)	40.79	40.79	40.79	40.79	40.79
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Accordingly, revised Employee Expenses of BSPTCL are as under:

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Normative Employee Expenses	181.01	200.07	226.23	252.64	285.06
Terminal Benefits (Rs. Crore)	40.79	40.79	40.79	40.79	40.79
Total Employee Expenses	221.8	240.86	267.02	293.43	325.85

BSPTCL humbly requests the Hon'ble Commission to kindly allow actual uncontrollable Terminal Benefits in addition to the normative Employee Expenses, for FY 2020-21 and onwards, in accordance with the applicable provisions of BERC MYT Regulations, 2018 and BERC MYT Regulations, 2021.

ENTRY TAX FOR BRGF SCHEMES:

As stated in the Petition, earlier BSPTCL used to submit only awarded/estimated cost as total project cost and same has been approved by the Hon'ble Commission. However, BSPTCL has paid entry tax for each of the projects. As discussed during TVS, BSPTCL has submitted details of Entry Tax regarding BRGF schemes in **Annexure-23** of this submission. The Entry Tax paid by BSPTCL is as per the law of the land and uncontrollable in nature, and is therefore, required to be allowed for recovery by BSPTCL.

BSPTCL humbly requests the Hon'ble Commission to kindly allow entry tax amount over and above the CAPEX approved by the Hon'ble Commission in the previous Tariff Order from time to time.

