**Reply to Data Gaps Queries raised by Hon’ble Commission on BSPTCL Tariff Petition for FY 2020-21 (Set-II)**

**Submitted to Hon’ble BERC**

**27th December 2019**

**Reply to Data Gaps Queries of BSPTCL (Set-II)**

**Query 1**

*Reply:1* - Audited Regulatory accounts- From reply of the petitioner it is understood that no Regulatory Accounts (including accounting manual) have been prepared and gets Audited as on 31.10.2019 (i.e. within seven months of the end of Financial Accounting year for FY 2018-19) in terms of regulation 5.1 of Bihar Electricity Regulatory Commission (Power Regulatory Accounting) Regulations, 2018), and simply stated that their accounting system is expected to migrate to SAP in near future and only after its to SAP BSPTCL would be in a position to maintain Regulatory accounts for ensuing year. Why penalty should not be imposed and adjusted with ROE for violation of provisions of Bihar Electricity Regulatory Commission (Power Regulatory Accounting) Regulations, 2018 in terms of regulation 48 of said Regulations, 2018.

**Reply 1**

The Hon’ble Commission notified the Bihar Electricity Regulatory Commission (Power Regulatory Accounting) Regulations, 2018) for preparation of separate Regulatory Accounts from the date of notification i.e. from April 2018. It is submitted that as per the requirement, BSPTCL shall maintain separate books of accounts in line with the provision of these Regulations. As soon as BERC notified the said Regulations in April 2018, BSPTCL initiated the process of implementation SAP system. Tender was floated for implementation of SAP and work was awarded subsequently. Works for migration to SAP is currently in progress. SAP system is expected to ‘Go Live’ by March 2020. Further some more time may be required by SAP system to stabilize after becoming ‘Go Live’. Therefore, it is humbly requested to kindly grant time extension for preparation of Regulatory Accounts as per provisions of BERC (Power Regulatory Accounting) Regulations, 2018).

BSPTCL prays to the Hon’ble Commission to kindly grant time extension of 12 months for preparation of Regulatory Accounts as per the provisions of Bihar Electricity Regulatory Commission (Power Regulatory Accounting) Regulations, 2018) and further prays to not impose any penalty in this regard.

**Query 2**

*Reply: 7*- Clarify how long balance sheet will be provisional in terms of THE BIHAR STATE ELECTRICITY REFORMS TRANSFER SCHEME, 2012 and when will it be finalized?

**Reply 2**

BSPTCL submits that the State Government shall notify the Final Transfer Scheme in terms of THE BIHAR STATE ELECTRICITY REFORMS TRANSFER SCHEME, 2012. BSPTCL has no control over the notification of Final Transfer Scheme by the State Government and therefore BSPTCL has no comments to offer in this regard.

**Query 3**

Justify huge differences in estimated capitalization and actual capitalization, this lead to unnecessary increase in tariff

**Reply 3**

BSPTCL had initially submitted proposed capitalization for FY 2018-19 in line with the scheduled date of completion of individual projects. However due to severe RoW and other issues, which were beyond control of BSPTCL, some of the projects got delayed in completion and capitalization. BSPTCL would like to highlight that since most of the projects were equity funded schemes, there was no implication of cost on account of IDC. Further none of the projects witnessed cost escalation as compared to the awarded cost of the project. Only deviation incurred was account of quantity variation during actual implementation as compared to envisaged. All such projects which could not get capitalized in FY 2018-19 have now been capitalized in first quarter of FY 2019-20.

BSPTCL submits that it has proposed capitalization for FY 2019-20 and FY 2020-21 in line with the actual capitalization for FY 2018-19. BSPTCL submits that the actual capitalization for FY 2018-19 is Rs. 1,207.28 Crore as per audited accounts. BSPTCL has proposed Capitalization of Rs. 1,387.08 Crore for FY 2019-20 which is almost in line with the actual capitalization of FY 2018-19. Further, the actual capitalization achieved by BSPTCL for FY 2019-20 (up to October 2019) is Rs. 934 Crore.BSPTCL hence propose to capitalize the balance amount of around Rs. 453 Crore in the remaining five months of FY 2019-20**.**

Further the capitalization proposed for FY 2020-21 is Rs. 1,634.04 Crore which is slightly higher than the actual capitalization of FY 2018-19. BSPTCL has proposed such capitalization in FY 2020-21 on account of completion of all the balance projects of 12th Plan and significant number of projects of 13th plan. BSPTCL has already submitted the break-up of capitalization of FY 2020-21 along with the Tariff Petition.

BSPTCL submits that the proposed capitalization for FY 2019-20 and FY 2020-21 is on realistic basis and based on the actual status of ongoing works till date. Therefore, approving the proposed capitalization would not lead to unnecessary increase in Tariff. BSPTCL hence request the Hon’ble Commission to kindly approve the proposed capitalization for FY 2019-20 and FY 2020-21.

**Query 4**

Submit year wise capex and capitalization projected vis-a-vis actuals w.e.f. FY 2013-14 to 2018-19. And justify projected capitalization for FY 2019-20 & 2020-21

**Reply 4**

The following table shows the year wise capex and capitalization proposed for FY 2013-14 to 2018-19 and the capex and capitalization actually incurred during the respective year.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 |
| Proposed |  |
| Capex | 319.00 | 844.00 | 1,654.91 | 2,456.13 | 1,250.00 | 700.75 |
| Capitalization | 388.00 | 739.00 | 1,157.49 | 1,664.32 | 1,632.26 | 2,706.96 |
| Actual |  |
| Capex | 249.18 | 563.66 | 1,583.01 | 1,871.77 | 1,100.68 | 716.08 |
| Capitalization | 70.23 | 375.51 | 79.36 | 993.08 | 1,255.90 | 1,207.28 |

As seen from the above Table, BSPTCL has been able to increase actual capitalization in recent years (i.e. from FY 2016-17 to FY 2018-19) as compared to the actual capitalization achieved in FY 2013-14 to FY 2015-16. The capitalization is expected to increase in the near future.

BSPTCL has already provided justification for proposed capitalization for FY 2019-20 and FY 2020-21 in its reply to Query No. 3.

**Query 5**

Capitalization is not as per approval in Business Plan. Submit approval in Business plan vis-a-vis projected in this petition and reason of deviations

**Reply 5**

BSPTCL submits that the capitalization for FY 2018-19 is on account of schemes approved in Business Plan and also on account of schemes approved by the Hon’ble Commission in previous Tariff Orders, which were not capitalized before FY 2018-19. The following Table shows the schemes against which Capitalization is proposed for FY 2018-19 and the references of approval given by the Hon’ble Commission in previous Tariff Order.

|  |  |  |  |
| --- | --- | --- | --- |
| Sr. No. | Name of Scheme/Projects | Capitalization Amount with IDC (Rs. Crore) | References of Approval in Tariff Orders |
| 1. | Construction of 220KV D/C transmission line from BTPS to Hajipur, NIT-95/2014 | 106.76 | Sr no. 1 of Table 6.3 of T.O. FY 19-20 |
| 2. | Construction of 132/33KV GSS Chakiya-NIT-62A/2014 | 1.56 | Sr no. 6 of Table 6.3 of T.O. FY 19-20 |
| 3. | Construction of 132/33KV GSS Jhanjarpur | 12.54 | Sr no. 7 of Table 6.3 of T.O. FY 19-20 |
| 4. | Construction of 132/33KV GSS Pakridayal | 14.02 | Sr no. 8 of Table 6.3 of T.O. FY 19-20 |
| 5. | Construction of 2x20MVA, 132/33KV GSS Tarapur, Teghra and Simri Bakhtiyarpur | 22.44 | Sr no. 12 of Table 6.3 of T.O. FY 19-20 |
| 6. | Construction of 220 KV Kishanganj New- Madhepura D/C  | 136.87 | Sr no. 26 of Table 6.3 of T.O. FY 19-20 |
| 7. | Construction of 220 KV (D/C) Line between Madhepura to Laukhi with AL-59 Conductor | 107.77 | Sr no. 27 of Table 6.3 of T.O. FY 19-20 |
| 8. | Construction of LILO of one circuit of 132KV Laukahi-Supaul Transmission Line at 132/33 KVGSS Raghopur | 14.67 | Sr no. 31 of Table 6.3 of T.O. FY 19-20 |
| 9. | Construction of 132KV S/C Transmission line on D/C Tower between 132/33KV GSS Rosera and Hasanpur Sugar Mill along- with 01 no. 132KV line bay at 132/33KV GSS Rosera | 11.23 | Sr no. 32 of Table 6.3 of T.O. FY 19-20 |
| 10. | Construction of 8 Nos. 132KV line bays at Pandaul-01Nos., Madhubani-02Nos, Jainagar-02, Phulparas-01Nos, Ekma-01Nos and Kusheshwarsthan-01Nos under state plan | 4.51 | Sr no. 33 of Table 6.3 of T.O. FY 19-20 |
| 11. | Construction of New 132 KV S/C Transmission Line on D/C Tower from existing Kuseshwarsthan GSS to Benipur GSS (Line length-37 Km), construction of New 132 KV S/C Transmission Line on D/C Tower from 220/132 KV Samastipur GSS to Upcoming Shahpurpatori GSS (Line Length- 31 CKM), LILO of 132 KV S/C of Muzaffarpur –Sitamarhi at Belsand GSS  | 17.82 | Sr no. 35 of Table 6.3 of T.O. FY 19-20 |
| 12. | Construction of 132/33 KV Grid Sub-station, Belsand (2X10MVA), Shahpur Patori (2X20MVA) and Benipur (2X10MVA) | 38.53 | Sr no. 36 of Table 6.3 of T.O. FY 19-20 |
| 13. | Construction of 2 x160+2x50 MVA ,220/132/33KV GSS Laukah | 61.21 | Sr no. 42 of Table 6.3 of T.O. FY 19-20 |
| 14. | Construction of 132KV Transmission lines connecting the revenue GSS Bakhri, Ballia, Manjhaul, Nirmali, Triveniganj, Banmankhi, Manihari and Piro | 93.49 | Sr no. 44 of Table 6.3 of T.O. FY 19-20 |
| 15. | Construction of 220/132/33KV GSS Kishanganj (new) with bay extensions | 3.77 | Sr no. 45 of Table 6.3 of T.O. FY 19-20 |
| 16. | Construction of 08 nos. 132 KV Line bays each at -Belaganj 01no., Hulasganj-01 no., Jehanabad -01 no., Tekari-02 no., Ataula-01 no., Chandauti-01 no., Nawada-01 no. under Trans. Circle, Gaya for 2nd ckt. stringing of existing 132 KV DCS | 8.73 | Sr no. 53 of Table 6.3 of T.O. FY 19-20 |
| 17. | Construction of 132KV S/C Transmission Line for Solar PV Project of M/s Alfa Infraprop Pvt. Ltd. at Bhagaura from 132KV GSS Rafi Ganj and Construction of 01 no. 132KV line bay at GSS Rafi Ganj | 10.25 | Sr no. 54 of Table 6.3 of T.O. FY 19-20 |
| 18. | Second Circuit Stringing of Existing 03 Nos. of 132 KV Double Circuit Single Strung Transmission Line:i) GSS Belagunj to tapping point of L-32 & L-33 Trans. Line 2.5CKMii)132 KV Gaya-Tekari and 132 KV Tekari-Goh 51.8 CKM iii)132 KV Jehanabad-Ataula (Karpi)22.57 CKM Under Transmission Circle Gaya | 7.93 | Sr no. 56 of Table 6.3 of T.O. FY 19-20 |
| 19. | Construction of 3x50MVA, 132/33KV GSS Ramgarh (Kaimur dist.) and Warislaiganj (Nawada Dist.) | 60.99 | Sr no. 57 of Table 6.3 of T.O. FY 19-20 |
| 20. | Procurement and Construction for Re-conductoring of 06 nos.132KV Transmission lines | 40.40 | Sr no. 59 of Table 6.3 of T.O. FY 19-20 |
| 21. | Procurement and Construction for Re-conductoring of 06 nos.132KV Transmission lines | 40.24 | Sr no. 60 of Table 6.3 of T.O. FY 19-20 |
| 22. | i) LILO of one ckt. At north of muthani railway station from 132KV D/C Pusouli (New) – Mohania Trans. Line to proposed 3x50 MV Ramgarh GSS (BSPTCL of route length 20Km.ii) LILO of 132KV Line Biharsharif – Nawada D/C Trans. Line – Warsaliganj (New) GSS of Route length 40Kms.iii) LILO of one Ckt. Of 132KV Chhapra – Siwan Transmission Line – Siwan (New) GSS near Darauli of route length 45Kms. Turnkey basis under Under State Plan | 26.61 | Sr no. 61 of Table 6.3 of T.O. FY 19-20 |
| 23. | Re-conductoring of 05 nos. 220KV & 132KV Transmission lines -- 254.99 Ckm | 38.67 | Sr no. 67 of Table 6.3 of T.O. FY 19-20 |
| 24. | Construction of 132/33 KV 3x50 MVA Jamui and Banka GSS | 48.70 | Sr no. 72 of Table 6.3 of T.O. FY 19-20 |
| 25. | Construction of 132 KV Transmission Lines required for the connectivity of power to upcoming new 132/33 KV Grid Sub Stations at Korha (Distt- Katihar),Nathnagar (Distt.- Bhagalpur) and Jamui(new)  | 41.74 | Sr no. 73 of Table 6.3 of T.O. FY 19-20 |
| 26. | Capacity Augmentation at GSS Baripahari | 5.61 | 12th Plan Transmission & Sub-Transmission System Strengthening in Bihar-Phase-III) Total Project cost Rs. 1370.02 Crore (Pg. 112 of FY 2015-16 Tariff Order) |
| 27. | Capacity Augmentation at GSS Dumraon | 7.54 |
| 28. | Capicity Augmentation at Gss Begusarai & Purnea | 2.72 |
| 29. | Capacity Augmentation at Sitamarhi & Raxaul | 16.57 |
| 30. | Cap. Augmentation at GSS Chandauti/Jehanabad | 10.62 |
| 31 | Work of capacity augmentation of 132/33GSS Forbesganj,Katihar, Kishanganj , and Saharsa | 0.57 |
| 32 | Earth Filling and Construction Of Boundary wall of Proposed land for 220/132/33KV GSS Supaul (Laukahi) | 9.12 |
| 33. | Earth Filling and Construction Of Boundary wall of Proposed land for 220/132/33KV GSS Samastipur | 8.84 |
| 34. | Construction Of 132 KV bay Extension at remote at GSS Samastipur | 1.77 |
| 35. | Construction of 2x50 MVA, 132/33 KV GSS at Bhabhua | 25.92 | Construction of 17 Nos. 132/33 kV GSS (Project Cost Rs. 668.72 Crore) (Pg. 104 of FY 2015-16 Tariff Order) |
| 36. | Construction of Tr Ln Purnea – Saharsha | 0.08 |
| 37. | 132/33Kv GSS Rosera | 21.47 |
| 38. | 132/33Kv GSS Pupuri | 21.82 |
| 39. | 132/33 kV GSS Benipatti | 26.16 |
| 40. | 132/33kv GSS Mahnar | 19.43 |
| 41. | Construction of 132/33KV Grid Sub-Station At Piro (Bhojpur) (2X20MVA) | 21.13 | Installation of 14 Nos. of GSS through State plan funding (Project Cost Rs. 555.90 Crore) (Pg. 112 of FY 2015-16 Tariff Order) |
| 42 | Construction of associated 132 KV line Bays (No. of Bays-05) for second Circuit Stringing of existing 132 KV double Circuit Single Strung | 7.78 | 132 km double circuit towers single string lines and 132/33 kV GSS (Project Cost Rs. 123.67 Crore) (Pg. 104 of FY 2015-16 Tariff Order) |
| 43. | Construction of drain along road and expended metal fencing in area of proposed 132 KV line Kv GSS jandaha | 0.27 | Construction of control room building, residential complex and building, boundary wall, internal road, etc. at old GSS (Project Cost Rs. 76.83 Crore) but in State Plan (Pg. 103 of FY 2015-16 Tariff Order) |
| 44. | Construction of 132 kv 2 no Bays each at 132kv GSS DARBGANGA & Gangwra | 6.03 | 12th Plan Transmission & Sub-Transmission System Strengthening in Bihar-Phase-II) Total Project cost Rs. 472.53 Crore (Pg. 112 of FY 2015-16 Tariff Order) |
| 45. | Construction of (2X160+3X50)MVA 220/132/33 kv Grid Sub-Station Muasahri With UG-Station Automation System(SAS) | 2.39 |
| 46. | Construction of Bays at GSS Gaihat | 4.36 | BRGF Scheme Phase III (N-1) compliance (Total Project cost Rs. 291.84 Crore) (Pg. 107 of FY 2015-16 Tariff Order, Table 6.6) |
| 47. | Being consultancy charge paid to PGCIL for towards construction of 02 nos. 132 KV bays at 400/220 KV GSS Banka (PG) for evacuation of power from 400/220 KV Banka (PG) | 4.28 | Capital expenditure schemes through Internal Resources (Total Project cost Rs. 112.31 Crore, Table 6.6 on Pg. 107 of FY 2015-16 Tariff Order) |
| 48. | R&M Work of 132/33 KV GSS Saharsha and Katihar | 11.33 | 12th Plan Transmission & Sub-Transmission System Strengthening in Bihar-Phase-III) Total Project cost Rs. 1370.02 Crore (Pg. 112 of FY 2015-16 Tariff Order) |
|  | **TOTAL CAPITALIZATION** | **1,207.28** |  |

BSPTCL submits that capitalization sought during FY 2018-19 is against the schemes which are recognized by the Hon’ble Commission in latest Tariff Order (FY 2019-20) as Ongoing Schemes and also against those schemes which were not part of the list of Ongoing Schemes but have been approved by the Hon’ble Commission in previous Tariff Orders and have not been capitalized in years before FY 2018-19.

With regards to capitalization proposed in FY 2019-20 and FY 2020-21, BSPTCL has claimed capitalization only against the schemes approved in Business Plan (i.e. out of Ongoing Schemes in Table 6.3 and Upcoming list of schemes in Table 6.4 considered in Tariff Order for FY 2019-20).

**Query 6**

Reply-5: In absence of assets register give justification as to why the financial implication involved such as depreciation, interest on loan and ROE should be allowed?

**Reply 6**

BSPTCL submits that BSPTCL has restructured from erstwhile BSEB in November 2012. It is submitted that out of the existing asset base of BSPTCL, most of the assets are new and have been added after restructuring of erstwhile BSEB i.e. after November 2012. The following table shows the asset base of BSPTCL excluding land in November 2012 vis-a-vis the asset base excluding land as on March 2019 in line with audited accounts of respective years.

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Nov 2012 | March 2019 | % Addition |
| Gross Fixed Asset without Land | 2,206.52 | 7,002.98\* | 69% |
| Accumulated Depreciation | 603.87 | 1,691.46\* | 64% |

*\*Difference in GFA and Accumulated Depreciation numbers as compared to Annual Accounts due to Change in Accounting Policy to Ind AS*

As seen from the above Table, most of the assets are newly added after restructuring of erstwhile BSEB and have depreciated only in the last few years, hence there is no chance of these assets being fully depreciated (i.e. up to 90%).

With regards to assets created before restructuring of erstwhile BSEB, it is submitted that normally Transmission assets get worn out before completion of Useful life due to technological advances and the same can be verified by the Hon’ble Commission once BSPTCL finalizes its Fixed Asset Register. BSPTCL hence request the Hon’ble Commission to kindly allow depreciation as claimed in the Tariff Petition for FY 2018-19, FY 2019-20 and FY 2020-21 till finalization of Fixed Asset Register.

BSPTCL further submits the Opening Loan and Opening Equity is considered by BSPTCL in line with the amounts approved by Hon’ble Commission in Truing-up. Also, it has claimed Interest on Long Term Loan and Return on Equity in line with the Regulation on the basis of normative consideration of loan addition of 70% and normative consideration of Equity addition of 30% of the total capitalization. BSPTCL request the Hon’ble Commission to allow Interest on Loan and Return on Equity in line with the Regulations and as per the methodology adopted by the Hon’ble Commission in previous Tariff Orders.

**Query 7**

Clarify how O&M cost incurred for creation of capital assets is accounted, and why it is not capitalized?

**Reply 7**

O&M expenses comprises of Employee, A&G and R&M expenses. R&M expenses are of nature of expenses which incur only after the asset is commissioned and capitalized and therefore none of the R&M expenses are accounted during the construction period.

With regards to Employee expenses, it is submitted that none of the employees are dedicated to carry out only those individual works which are in construction phase. Employees are shared resource and are utilized to serve overall assets of BSPTCL. Number of employees hence cannot be segregated between individual works for construction projects and for commissioned projects. Similarly, A&G expenses are administrative in nature and are spent as per the requirement of the respective Transmission Circle. Each Transmission Circle may have combination of works under construction and works that are already commissioned. Therefore, separate segregation for individual works under construction and individual works after commissioning is not possible.

BSPTCL is in the process of finalizing the Fixed Asset Register, which will have complete details of each of the individual assets for BSPTCL. BSPTCL would be in a position to provide Employee and A&G expenses for each individual asset during construction phase only after finalization of Fixed Asset Register.

**Query 8**

Depreciation is allowed up to 90%. None of the documents including audited account shows which assets have been allowed 90% depreciation and under such circumstances how & why depreciation should be allowed?

**Reply 8**

Reply is already provided in Query no. 6

**Query 9**

Why employee expense not capitalized?

**Reply 9**

Reply is already provided in Query no. 7

**Query 10**

Reply-8: From reply of the petitioner it is seen that:

1. Amount of supervision charges is also kept under Grant & Consumer Contribution, bifurcate each amount stated in para-5&7 of Table-2 of the reply into supervision charges and construction of line
2. With reference to para-5,7&8 of Table-2 of the reply, furnish details of CAPEX namely approved amount of CAPEX in business plan, amount of CAPEX incurred as on 31.03.2019, amount of CAPEX Capitalized as on 31.03.2019, Actual date of start of work, Original Scheduled completion period and Revised Scheduled completion period
3. With reference to para-2, 4 &6 of Table-2 of the reply, these seem to be in the nature of supervision charges (i.e non-tariff income). And if it is in the nature of CAPEX, furnish details of CAPEX namely approved amount of CAPEX in business plan, amount of CAPEX incurred as on 31.03.2019, amount of CAPEX Capitalized as on 31.03.2019, Actual date of start of work, actual date of completion of work, original scheduled completion period and revised scheduled completion period

**Reply 10**

1. BSPTCL submits that even though the heads coming under Table 2 of the reply displays inclusion of supervision charges, the same is not reflecting in the amount displayed against these works. Hence supervision charges are not part of the amount stated in Table 2 of the reply
2. It is submitted that the list of works provided in Table 2 is with regards to Deposit Works received under Consumer Contribution. BSPTCL submits that deposit works are specific works which are undertaken as per the specific requirement of a particular consumer for which funding is provided by the same consumer. Such nature of work is not part of the Business Plan submitted to the Hon’ble Commission for approval and hence does not have impact in Tariff. Also, the funding is through Consumer Contribution which is excluded while computing the ARR of Transmission Licensee. Hence none of the works stated in Table 2 of the reply are considered for approval of the Hon’ble Commission nor it is requested by BSPTCL to consider such works in Truing-up of FY 2018-19 or for future years.
3. Reply same as ‘b’ above

**Query 11**

Reply: 12- Furnish details of Employees cost incurred towards employees of BTPS (i.e. Bihar State Power Generation Company Limited) in FY 2018-19 and justify your claim of allowance of salary of BSPGCL employees in Transmission Company i.e. BSPTCL

**Reply 11**

BSPTCL submits that none of the employees of BSPGCL/BTPS are employed with BSPTCL. BSPTCL has been witnessing shortage of manpower owning to the increase in its asset base in the past few years. As the State Generating Company was about to shut down its operation, it was decided by the Holding Company to transfer the surplus manpower in those Companies where there was shortage of resources. BSPTCL also submits that as per Notification no. 17 dated 30.10.2012 all the employees belonging to BSEB as on the date of unbundling of BSEB are the employees of Bihar State Power Holding Company Limited and they can be transferred to any Company as per its discretion. Since there was an increase in number of employees in FY 2018-19 owning to transfer of employees from BSPGCL/BTPS, there was marginal increase in employee cost from FY 2017-18 to FY 2018-19. It is therefore submitted that the Employee cost reflecting in Audited accounts of BSPTCL for FY 2018-19 is only against the own employees of BSPTCL as per its requirement.

**Query 12**

Reply: 13(3)- As replied advertisement expenses incurred is on account of tenders floated inviting bidders for execution of 13th plan. Justify your claim as a part of ARR despite of fact that this is the expenses in the nature of IEDC (Incidental Expenditure during Construction period).

**Reply 12**

BSPTCL submits that advertisement expenses are of the nature of preliminary expenses incurred before the start of the project. BSPTCL has charged advertisement expenses for tenders floated for execution of 13th plan in line with the Accounting Standard 26 which states that such nature of preliminary expenses shall be charged to the P&L in the same year in which these expenses have incurred. Accordingly, advertisement expenses are claimed in FY 2018-19.

Further it is submitted that IEDC expenses are of nature of expenses which are incurred during the construction phase from the date of start of the work till the project reaches its completion stage. Advertisement expenses cannot be treated as IEDC and hence are claimed under A&G expenses as a part of ARR of Transmission Business.

**Query 13**

Reply:16-

1. Furnish documents in support of sharing of share of BSPHCL into different company along with calculation sheet for FY 2018-19, 2019-20 & 2020-21.
2. Justify prudency of expenses of BSPHCL Rs.13.18 Crore.
3. BSPHCL is primarily an investment Company as per THE BIHAR STATE ELECTRICITY REFORMS TRANSFER SCHEME, 2012 and will look after/ give services for common infrastructure till assets and manpower of all the companies are allocated to the concerned companies. How long will it further exist?
4. There is no income to the BSPGCL. As such how the fixed expenses of BSPGCL are met?

**Reply 13**

1. As already mentioned in the Tariff Petition, the cost sharing between the subsidiary Companies including BSPTCL is as per the amount of equity shares issued by the Holding Company to the respective Subsidiary Company. There is no calculation sheet for working out the cost of Holding Company. BSPTCL has claimed the expenses of Holding Company in line with the amount reflected in Audited Accounts of BSPHCL. BSPTCL has already provided Balance Sheet of BSPHCL as Annexure 3 of Reply to Data Gaps dated 06.12.2019 for verification of expenses claimed by BSPTCL.BSPTCL has not claimed any increase in amount of Holding company expenses for FY 2019-20 and FY 2020-21 and is claimed as actual of FY 2018-19.
2. BSPTCL submits that the amount of Rs. 13.18 Crore claimed in FY 2018-19 is true and fair amount and is as per the audited Accounts of BSPHCL. Regulation 22(2) of Tariff Regulation, 2007 states that Truing-up shall be based on numbers reflecting in audited accounts. The relevant extract is as follows.

*“……. the Commission shall undertake a similar exercise as in sub-clause (1) above based on the final actual figures as per the audited accounts. This exercise based on the audited accounts shall be called ‘Truing up’….”*

BSPTCL has accordingly claimed Holding Company expenses in Truing-up as per audited accounts.

1. BSPTCL submits that the formation of BSPHCL (Holding Company) is through Transfer Scheme Notification notified by the State Government. BSPTCL has no control over the formation and existence of BSPHCL and therefore BSPTCL has no comments to offer in this regard
2. The query is related to the functioning of BSPGCL. BSPGCL being a separate entity has its own way of functioning. BSPTCL has no comments to offer with regards to income and expenses of BSPGCL.

**Query 14**

Reply: 18- Petitioner is replying in general without furnishing specific information with respect to List of work capitalized in FY 2018-19 not included in Business plan. Furnish the following information as detailed below:

1. List of work not included in Business plan showing work wise CAPEX approved, work wise CAPEX incurred, work wise CAPEX Capitalized, Year of assets put to use, Status of financial closure and details of Commission`s approval as on 31.03.2019. And if financial closure still not done as on 31.03.2019 furnish further information namely Actual date of start of work, original scheduled completion period, revised scheduled completion period and year wise expenditure to be incurred and capitalized in subsequent year.
2. Furnish a undertaking to certify that except List of work stated in a) above, petitioner is not incurring/will not incur any capital expenditure on capital work other than those approved in business plan (vide commissions order in Case No. 42&51 of 2018).
3. Furnish a undertaking to certify that capital expenditure and capitalization shown in the instant petition are for capital work approved in the business plan in Case No. 42&51 of 2018; And any capital work undertaken other than those approved in business plan vide order in Case No. 42&51 of 2018 are subject to separate filling and approval under the provisions of Bihar Electricity Regulatory Commission (Procedure for filing Capital investment and Capitalization plan) Regulations, 2018

**Reply 14**

1. The list of Works which are not included in Business plan but has been claimed in Capitalization of FY 2018-19, work wise CAPEX approved, showing work wise CAPEX incurred, work wise CAPEX Capitalized is submitted as **Annexure 1**. BSPTCL submits that such works have been missed out by BSPTCL in the list of Ongoing works submitted in the last Tariff Petition.

BSPTCL prays to the Hon’ble Commission to kindly consider these works for approval of Capitalization of FY 2018-19, since these works are already approved by the Hon’ble Commission in previous Tariff Orders.

1. BSPTCL submits that it is not in a position to submit an undertaking that there are no other ongoing works except for the works listed out in the above reply. BSPTCL can provide such an undertaking only after the finalization of Fixed Asset Register.
2. Reply same as ‘b’ above

**Query 15**

Reply: 20- Detailed calculation was asked about availability of transmission system for June 2018, September 2018, December 2018 and March 2019 which have not been provided. Provide detailed calculations of the data taken in transmission system availability for June 2018, September 2018, December 2018 and March 2019

**Reply 15**

BSPTCL submits the detailed calculation of availability of transmission system for June 2018, September 2018, December 2018 and March 2019 as **Annexure 2.**

**Query 16**

Reply:21- Reply of the petitioner is not satisfactory:

1. Clarify, how in absence of actual information, Commission would come to know that actual equity funding is more than normative one? Furnish Actual Source of Capital Cost incurred as on 31.03.2019, Capital Cost capitalized as on 31.03.2019 as claimed in the petition bifurcating the said amount of Capital Cost incurred, Capital cost capitalized and approved capital cost into each element as stated in Table 6.3 (Sl. No 1 to 79 in the same sequence and same description) & Table 6.4 (Sl. No 1 to 60 in the same sequence and same description) of the tariff order Issued on 15th February 2019
2. Clarify, how without having supporting documents with reference to loan, Commission would come to know that interest have been calculated in accordance with terms and conditions of relevant loan agreements as stated in the Regulations. Furnish ADB Loan documents showing amount of Loan received during the year?
3. Supporting documents enclosed as Annexure 8 shows letter no-3134 dated 18/12/2018, 3157 dated 21/12/2018, 702 dated 13/03/2019, 1585 dated 31/05/2018, 1584 dated 31/05/2018, 1583 dated 31/05/2018 does not exclusively state that this is in the nature of equity, Clarify? Also
4. Most of the work seems to be new work and not came before the Commission for approval in terms of Bihar Electricity Regulatory Commission (Procedure for filing Capital investment and Capitalisation plan) Regulations, 2018, Justify along with supporting documents?
5. Furnish a statement of equity received during the year showing date of receipt and letter number with a reference that this is in line with audited figures

**Reply 16**

1. The details of information with regards to Actual Source of Capital Cost incurred as on 31.03.2019, Capital Cost capitalized as on 31.03.2019, Capital cost capitalized and approved capital cost into each element as stated in Table 6.3 & Table 6.4 of MYT Tariff Order is submitted as **Annexure 3.**
2. BSPTCL submits that there is no loan agreement of BSPTCL with ADB for funding of capital expenditure. The ADB Scheme was introduced in 2012 wherein separate entities were not in existence. The funds were received by erstwhile BSEB through the State Government. After restructuring, the funds of ADB schemes are routed from the State Government to BSPHCL (Holding Company) and then from the Holding Company to BSPTCL. The funds are claimed from the Holding Company by BSPTCL based on the requirement and status of works of these ADB funded schemes. It is therefore submitted that there are no Loan documents showing amount of loan received during the year. BSPTCL has already submitted supporting documents with regards to rate of Interest as Annexure 4 of reply dated 06.12.2019.
3. It is submitted that the supporting documents enclosed as Annexure 8 of the Reply dated 06.12.2019 are State Government Notification for disbursement of amounts towards capital expenditure of individual works in the form of Equity to be considered by BSPTCL. The State Government disburse such funds under *“Mukhya Shirsha – 4801”* for consideration of Equity.
4. BSPTCL submits that the works submitted towards Capitalization of FY 2018-19 are not new works but old works which were not capitalized in previous years before FY 2018-19. BSPTCL has already received approval of the Hon’ble Commission for these works. The references of approval by the Hon’ble Commission have already been submitted in Table of Reply to Query 5 of this reply.
5. BSPTCL submits the amount of Equity received during the year showing date of receipt and letter number of State Government as **Annexure 4**.

**Query 17**

Reply:22- Reply of the petitioner is not satisfactory: Information furnished in Annexure-9 does not shows, date of infusion of debt, rate of interest charged, basis of allocation interest to different element, amount attributable to delayed period or non-prudent phasing etc. Also amount capitalized through IDC and IDC as on 31.03.2019 of this statement is not in line with audited account and petition

**Reply 17**

BSPTCL submits the detailed calculation of IDC along with the date of infusion of debt, rate of interest charged and basis of allocation interest to different element as **Annexure 5.**

BSPTCL submits that the working of IDC provided for FY 2018-19 (i.e. Rs. 13.18 Crore) is in line with the audited accounts and as per claimed in Tariff Petition.

**Query 18**

Reply:23- Reply of the petitioner is incomplete and not in prescribed format i.e. information not furnished in the same line as stated in Table 6.3 (Sl. No 1 to 79 in the same sequence and same description) & Table 6.4 (Sl. No 1 to 60 in the same sequence and same description) of the tariff order issued on 15th February 2019. Further figures in serial number 10 to 12 of format 5(6) have not been bifurcated into IDC & IEDC, total of 10 to 12 are not matching with the figures of audited A/c FY 18-19. Furnish the complete required information

**Reply 18**

BSPTCL has submitted the Format F-5(6) in line with Table 6.3 & Table 6.4 of Tariff Order dated 15th February 2019 as **Annexure 3**. BSPTCL also submits IDC separately shown in the same format. For FY 2019-20 and FY 2020-21. The capitalization and Closing CWIP of FY 2018-19 is in line with the Audited Accounts of FY 2018-19.

BSPTCL prays to the Hon’ble Commission to kindly consider the actual capitalization of Rs. 567.59 Crore up to 31.03.2018 as submitted in form F-5(6) against the list of ongoing schemes approved by the Hon’ble Commission in Tariff Order dated 15th February 2019.

**Query 19**

Reply:25- For the purpose of truing up of FY 2018-19, regulation 22(2) of Bihar Electricity Regulatory Commission (Terms and conditions for determination of Tariff) Regulations, 2007 specifies that “the Commission shall undertake truing up exercise based on the final actual figures as per the audited accounts “. Hence, please justify the submission that petitioner has followed the same methodology as under taken by the Commission in its earlier tariff order which would have been based on truing up exercise based upon the final actual figures of concern audited accounts

**Reply 19**

BSPTCL confirms that it has followed the same methodology as undertaken by the Hon’ble Commission in its earlier Tariff Order whereby truing up exercise is based upon the final actual figures of concern audited accounts of FY 2018-19. BSPTCL has submitted the Audited Accounts of FY 2018-19 along with the Tariff Petition for verification of the amounts claimed in the True-Up Petition.

**Query 20**

Reply: 26 & 24- Reply is contradictory to what stated in the petition. As stated in this reply, furnish detailed working sheet of calculation of rate of depreciation 4.84% on opening depreciable GFA and 3.42% on addition thereof. Also furnish depreciation calculation sheet of depreciation claimed in the audited account.

**Reply 20**

The detailed working calculation of rate of depreciation of 4.84% on Opening depreciable GFA and 3.42% on addition to GFA is provided in the Table below.

|  |  |  |
| --- | --- | --- |
| **Sl.No.** | **Particulars** | **FY 2018-19** |
| 1 | Opening GFA as per AS shown in table 2-4 | 6,385.61 |
| 2 | Less Opening of Land  | 1,405.30 |
| 3 | Opening Depreciable GFA (A) | 4,980.31 |
| 4 | Depreciation charged on opening Depreciable GFA (B)  | 241.33 |
| **5** | **Weighted average rate of depreciation on opening depreciable GFA (B/A) (%)** | **4.84%** |
| 6 | Net Addition to GFA during the year (D) | 1,201.88 |
| 7 | Less Land Addition (E) | 9.71 |
| 8 | Addition to Depreciable GFA (F=D-E) | 1,192.17 |
| 9 | Depreciation charged on addition to Depreciable GFA (G)  | 40.82 |
| **10** | **Weighted average rate of depreciation on addition depreciable GFA (G/F) (%)** | **3.42%** |
| 11 | Total Depreciation charged as per audited accounts (B+G) | 282.15 |

The detailed calculation sheet of depreciation as reflecting in Audited Accounts of FY 2018-19 is attached as **Annexure 6**.

**Query 21**

Reply: 29-

1. From reply of the petitioner it is understood that petitioner is unable to differentiate between regulatory accounts and financial accounts, all income earned by the petitioner must offered to ARR. Furnish break up of Rs.359.86 Crore stated in audited A/C.
2. As quoted in reply, with reference to direction of the Commission for claim of interest earned on capital fund, furnish certified copy of record kept for recording of actual interest on scheme wise grant, equity and loan fund.

**Reply 21**

1. The following table shows the break-up of Rs. 359.86 Crore stated in audited Accounts under Prior Period Items

|  |  |  |
| --- | --- | --- |
| Sr. No. | Particulars | Amount (Rs. Crore) |
| 1. | Interest on State Govt. Fund | 115.59 |
| 2. | Acriation of Interest on Capital Fund | 261.14 |
| 3. | Electricity Charges | 1.69 |
| 4. | Less Interest on Advance Tax Default | 0.90 |
| 5. | Less Income Tax and Interest | 17.67 |
|  | Total | 359.86 |

It is submitted that Rs. 261.14 Crore reflecting in the above Table has already been considered as Non-Tariff Income by the Hon’ble Commission while Truing-up of FY 2017-18. The relevant extracts are as follows.

*“As such, the commission considers the interest earned on capital fund Rs.261.14 crore (as stated in note-18 of audited accounts) as non-tariff income for FY 2017-18 in truing up. However, the BSPTCL may claim separately on the basis of actual refund or utilisation if any made in the year in which the amount is actually refunded or utilised subject to the condition that licensee have kept proper record for recording of actual interest on scheme wise grant, equity and loan fund.”*

1. BSPTCL submits certified copy of record kept on actual interest of Capital fund as **Annexure 7**.

**Query 22**

Reply: 36- Regulation 4 read with Regulation 6 of Bihar Electricity Regulatory Commission (Procedure for filing Capital investment and Capitalisation plan) Regulations, 2018: - The Licensee shall make assessment of infrastructure requirement and file rolling capital investment plan for next 10 years along with every year ARR, justify why not filled?

**Reply 22**

BSPTCL submits that details of Capital investment and Capitalisation plan has already been submitted in the Business Plan for FY 2019-20 to FY 2021-22. The Hon’ble Commission has also approved the list of schemes to be carried out in the existing Control Period. BSPTCL submits that there has been no deviation in the works to be carried out by BSPTCL and are in line with the approval of Business Plan. Hence no such Investment Plan was filed by BSPTCL for the next 10 years.

However, BSPTCL submits that it shall approach the Hon’ble Commission for approval of Investment Plan as and when there would be a deviation from the approved Business Plan and in case additional works are to be taken up by BSPTCL other than those approved by the Hon’ble Commission.

BSPTCL prays to the Hon’ble Commission to kindly allow BSPTCL to approach the Hon’ble Commission for approval of additional works required to be taken up as per the network requirements, which are not approved in Business Plan.