

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 9/TT/2015

Coram:

**Shri A.S. Bakshi, Member
Dr. M.K. Iyer, Member**

**Date of Hearing : 23.11.2015
Date of Order : 17.12.2015**

In the matter of:

Truing up of transmission tariff for 2009-14 tariff period and determination of transmission tariff for 2014-19 tariff period for Transmission System associated with 400 kV Central Transmission Project-I in Southern Region under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

And in the matter of:

Power Grid Corporation of India Ltd.
'SAUDAMINI', Plot No-2,
Sector-29, Gurgaon -122 001 (Haryana).

.....**Petitioner**

Versus

1. Karnataka Power Transmission Corporation Ltd.
Kaveri Bhavan, Bangalore-560 009
2. Transmission Corporation of Andhra Pradesh Ltd.
(APTRANSCO), Vidyut Soudha, Hyderabad- 500082
3. Kerala State Electricity Board
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram- 695 004
4. Tami Nadu Generation and Distribution Corporation Ltd.
NPKRR Maaligai, 800, Anna Salai
Chennai- 600 002



5. Electricity Department
Govt. Of Pondicherry, Pondicherry- 605 001
6. Eastern Power Distribution Company of
Andhra Pradesh Limited (APEPDCL),
Seethmmadhara, Vishakhapatnam
7. Southern Power Distribution Company of
Andhra Pradesh Limited (APSPDCL),
Tirupati- 517 501
8. Central Power Distribution Company of
Andhra Pradesh Limited (APCPDCL),
Corporate Office, Hyderabad- 500 063
9. Northern Power Distribution Company of
Andhra Pradesh Limited (APNPDCL),
Opp. NIT Petrol Pump
10. Bangalore Electricity Supply Company Limited
Corporate Office, K.R Circle,
Bangalore- 560 001, Karnataka
11. Gulbarga Electricity Supply Company Limited (GESCOM)
Station Road, Gulbarga, Karnataka
12. Hubli Electricity Supply Company Limited (HESCOM)
Navanagar, PB Road, Hubli, Karnataka
13. MESCOM Corporate Office
Paradigm Plaza, AB Shetty Circle,
Mangalore- 575 001
14. Chamundeswari Electricity Supply Corporation Limited (CESC)
#927, L J Avenue, Ground Floor,
Saraswatipuram, Mysore- 570 009
15. Electricity Department
Government of Goa, Vidyuti Bhawan, Panaji,
Goa- 403001

....Respondents

The following were present:

For Petitioner: Shri Jasbir Singh, PGCIL
 Shri Anshul Garg, PGCIL,
 Shri S.S Raju, PGCIL
 Shri Rakesh Prasad, PGCIL



Shri S. K. Niranjana, PGCIL
Shri M. M. Mondal, PGCIL
Shri S. K. Venkatesan, PGCIL

For Respondent: None

ORDER

The present petition has been preferred by Power Grid Corporation of India Ltd. ('the petitioner'), a transmission licensee, for truing up of capital expenditure and tariff for Transmission System associated with 400 kV Central Transmission Project-I in Southern Region (hereinafter referred as "transmission asset") under Regulation 6 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations") based on actual expenditure for the period 1.4.2009 to 31.3.2014 and for determination of tariff under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations") for the period from 1.4.2014 to 31.3.2019.

2. The respondents are mostly distribution licensees or centralised power procurement companies of States, who are procuring transmission service from the petitioner, mainly beneficiaries of Southern Region.

3. The petitioner has served the petition to the respondents and notice of this application has been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003 ("the Act"). No comments have been received from the public in response to the notices published by the petitioner under Section 64 of



the Electricity Act, 2003 (“the Act”). None of the respondents have filed reply to the petition. The hearing in this matter was held on 23.11.2015. Having heard the representatives of the petitioner and perused the material on record, we proceed to dispose of the petition.

4. The brief facts of the case are as follows:

- a. The investment approval for the transmission assets was accorded by the Ministry of Power, Government of India on 1.12.1998 at total capital investment of ₹35485 lakh. Subsequently, Ministry of Power accorded approval for revised cost estimates for ₹38805 lakh. The cost estimates were further revised to ₹51650 lakh. The Asset was put under commercial operation w.e.f 1.4.1992.
- b. The tariff for period from 1.4.2004 to 31.3.2009 was allowed vide order dated 14.12.2005 in Petition No. 135/2004 in accordance with Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004.
- c. The tariff for tariff period 2009-14 was allowed vide order dated 4.7.2011 in Petition No. 91/2009 in accordance with the 2009 Tariff Regulations. The tariff allowed vide order dated 4.7.2011 for the tariff period 2009-14 is as under:-

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	450.74	450.74	462.70	483.67	492.45
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on equity	2310.55	2310.55	2320.31	2336.20	2342.33
Interest on Working Capital	129.38	133.47	138.29	143.65	148.81
O & M Expenses	1436.05	1517.65	1604.95	1696.89	1793.68
Total	4326.72	4412.41	4526.24	4660.41	4777.27



- d. The Commission, in its order dated 4.7.2011 in Petition No. 91/2009, has determined the tariff based on admitted capital cost of ₹28282.93 lakh as on 31.3.2009 and additional capital expenditure of ₹372.00 lakh for 2011-12 and ₹234.00 lakh for 2012-13 for the tariff period 2009-14.
- e. The MAT rate applicable as on 2008-09 was considered to arrive at the rate of return on equity for the tariff period 2009-14, which is required to be adjusted as per the actual MAT rate applicable for the respective year at the time of truing up of tariff for 2009-14 tariff period.
- f. The instant petition was filed on 31.12.2014.

TRUING UP OF ANNUAL FIXED CHARGES FOR TARIFF PERIOD 2009-14

5. The truing up of tariff for 2009-14 tariff period has been determined as discussed below:-

Capital Cost

6. The petitioner has claimed admitted capital cost of ₹28282.93 lakh as on 31.3.2009 for the purpose of tariff. In addition to this, the petitioner has claimed additional capitalization of ₹408.85 lakh and ₹122.70 lakh, during 2012-13 and 2013-14, respectively, on account of tower strengthening executed beyond cut-off date due to change in wind zone.

7. The petitioner has further submitted that 315 MVA ICT-I at Gazuwaka substation had failed due to fault in the 220 kV strung bus of APTRANSCO.



Since, the transformer could not be used until repaired, the same was replaced and the petitioner notified that the transformer was not under commercial operation with effect from 1.5.2009 vide notification dated 18.5.2009. Based on discussions held in 10th TCC and 11th SRPC meetings held on 16.9.2009 and 17.9.2009, the transformer was replaced and same was declared under commercial operation with effect from 1.7.2009 vide notification dated 30.6.2009.

8. The petitioner has submitted that the corresponding GFA, which was not under utilisation for two months in 2009-10 is ₹252.05 lakh and the AFC for the year has been claimed after excluding the above asset for two months.

9. Last proviso to Clause (1) of Regulation 7 of the 2009 Tariff Regulations provides that:

“Provided that the assets forming part of the project, but not in use shall be taken out of the capital cost.”

10. Last proviso to Clause (2) of Regulation 7 of the 2009 Tariff Regulations provides that:

“Provided also that in case of the existing projects, the capital cost admitted by the Commission prior to 1.4.2009 duly trued up by excluding undischarged liability, if any, as on 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14, as may be admitted by the Commission, shall form the basis for determination of tariff”.

11. The capital cost admitted as on 31.3.2009 vide order dated 4.7.2011 in Petition No. 91/2009 has been considered as the opening capital cost as on 1.4.2009 for determination of tariff in accordance with Regulation 7 of the 2009 Tariff Regulations. The admitted capital cost of ₹28282.93 lakh as on 1.4.2009 has been considered to work out the trued up tariff for the tariff period 2009-14.



12. With regard to part of asset not being utilised for two months in 2009-10, the Commission is of the view that the annual fixed charges for the year should be allowed only on the portion of asset being utilised for the year and has therefore, adjusted the tariff for 2009-10 taking into consideration the period for which the portion of the asset was not utilised. The Commission, in the instant order has determined the components of the tariff for 2009-14 to compute AFC corresponding to the entire GFA and has then adjusted the impact of un-utilised asset to determine the AFC that the petitioner is entitled to recover in 2009-10.

Additional Capital Expenditure

13. The petitioner has claimed additional capitalization of ₹408.85 lakh and ₹122.70 lakh, during 2012-13 and 2013-14, respectively, totalling ₹531.55 lakh towards tower strengthening due to change in wind zone beyond cut-off date, in accordance with Clause 2(v) of Regulation 9 of the 2009 Tariff Regulations.

14. Clause 2 of Regulation 9 of the 2009 Tariff Regulations provides as follows:-

“(1) The capital expenditure incurred on the following counts after the cut-off date may, in its discretion, be admitted by the Commission, subject to prudence check:

...

(v) In case of transmission system any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system.....”



15. The total actual additional capitalization of ₹531.55 lakh claimed during the tariff period 2009-14 is less than the additional capitalization of ₹606 lakh for the tariff period 2009-14 approved by the Commission vide order dated 4.7.2011 in Petition No. 91/2009.

16. The Commission vide letter dated 16.11.2015, sought confirmation from the petitioner that the expenditure claimed under additional capitalization is only towards tower strengthening works. The petitioner vide affidavit dated 21.11.2015 submitted that the tower strengthening work was carried out after placement of LOA. So, cost indicated in the petition, i.e., ₹531.55 lakh has been incurred for tower strengthening works only.

17. The total capital cost of the transmission asset including additional capitalization incurred during 2012-13 to 2013-14 works out to ₹28814.48 lakh, which is within the overall estimated cost of ₹51650 lakh given in the investment approval. The total capital cost is within the overall estimated cost and additional capitalization is on account of tower strengthening works, which has already been approved by the Commission in its order dated 4.7.2011 in Petition No. 91/2009. The Commission therefore, approves additional capitalization of ₹408.85 lakh and ₹122.70 lakh for 2012-13 and 2013-14, respectively, in accordance with Clause 2(v) of Regulation 9 of the 2009 Tariff Regulations. The summary of capital cost including additional capitalization is shown in the table below:-



(₹ in lakh)

Particulars	Admitted Capital Cost as on 31.3.2009	Additional Capitalization					Total Additional Capitalization	Total Capital cost including Additional Capitalization
		2009-10	2010-11	2011-12	2012-13	2013-14		
Approved in Order dated 4.7.2011	28282.93	0.00	0.00	372.00	234.00	0.00	606.00	28888.93
Actual	28282.93	0.00	0.00	0.00	408.85	122.70	531.55	28814.48

Debt: Equity

18. Clause 2 of Regulation 12 of the 2009 Tariff Regulations provides that:

“In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2009, debt:equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2009 shall be considered.”

19. The petitioner has claimed true up Annual Fixed Charge based on debt:equity ratio of 53.27:46.73 as considered by the Commission in its order dated 4.7.2011 in Petition No. 91/2009. The transmission assets covered in the instant petition were commissioned prior to 1.4.2009. In Petition No. 91/2009, the Commission has considered admitted debt:equity ratio as on 31.3.2009 vide order dated 17.3.2008. The admitted debt:equity ratio of 53.27:46.73 as on 31.3.2009 has been considered as opening debt:equity ratio as on 1.4.2009 for the purpose of trueing up of the approved tariff for tariff period 2009-14, as given under:-



Funding	Admitted as on 31.3.2009 Amount (₹ in lakh)	(%)
Debt	15065.43	53.27
Equity	13217.50	46.73
Total	28282.93	100.00

20. With respect to additional capitalization, the petitioner has submitted the debt:equity ratio of 70:30 for 2012-13 and 2013-14, respectively. Debt:equity ratio is allowed in accordance with Clause 2 of Regulation 12 of the 2009 Tariff Regulations. The overall debt equity as on 31.03.2014 including additional capitalization is as under:-

Funding	Amount (₹ in lakh)	(%)
Debt	15437.52	53.58
Equity	13376.96	46.42
Total	28814.48	100.00

21. The Commission vide letter dated 16.11.2015 had asked the petitioner to submit an undertaking that actual equity infused for additional capitalization during 2009-14 period is not less than 30% of total additional expenditure claimed. The petitioner vide affidavit dated 21.11.2015 submitted that no loan has been deployed for funding additional capital expenditure during 2009-14 and hence, entire expenditure has been funded through equity, which is more than 30%. As per Regulation 12 of the 2009 Tariff Regulations, excess of equity over 30% shall be treated as normative loan. Hence, ROE has been claimed on 30% of additional capitalization as normative equity and balance 70% as normative loan.



22. The Commission has considered the debt:equity ratio proposed by the petitioner for the additional capitalization.

Interest on Loan (“IOL”)

23. The petitioner has not claimed any interest on loan for the tariff period 2009-14 as the entire loan has already been repaid prior to 1.4.2009. With regard to additional capital expenditure incurred during the tariff period 2009-14, as discussed above, the petitioner has submitted that the entire funding has been done through equity and it has claimed normative debt corresponding to 70% of the additional capitalization. The Commission observes that the petitioner has not claimed any interest on loan as the normative loan amount added during 2012-13 and 2013-14 is less than the depreciation allowed for the respective years and therefore, the same is getting repaid in the same year. The petitioner has therefore, not claimed any IOL during 2012-13 and 2013-14. Accordingly, IOL has been considered as NIL for the purpose of truing up of tariff.

Return on Equity (“ROE”)

24. Clause (3), (4) and (5) of the Regulation 15 of the 2009 Tariff Regulations provides that

“(3) The rate of return on equity shall be computed by grossing up the base rate with the Minimum Alternate/Corporate Income Tax Rate for the year 2008-09, as per the Income Tax Act, 1961, as applicable to the concerned generating company or the transmission licensee, as the case may be.

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)



Where “t” is the applicable tax rate in accordance with clause (3) of this regulation.

(5) The generating company or the transmission licensee, as the case may be, shall recover the shortfall or refund the excess Annual Fixed Charge on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax Rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission:

Provided further that Annual Fixed Charge with respect to the tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up in accordance with Regulation 6 of these regulations.”

25. The petitioner has submitted that the MAT rate of 11.330% applicable for 2008-09 was considered in the order dated 4.7.2011. However, for truing up purpose, the computation of RoE for the tariff period 2009-14 has been done on the basis of actual MAT rate applicable during 2009-14. The petitioner has submitted the variation in the MAT rate during 2009-14 as per the Finance Act of the relevant year for the purpose of grossing up of ROE, as below:-

Particulars	MAT Rate(%)	Grossed up RoE (Base rate/(1-t))(%)
2009-10	16.995	18.674
2010-11	19.931	19.358
2011-12	20.008	19.377
2012-13	20.008	19.377
2013-14	20.961	19.610

26. Accordingly, the ROE as trued up is shown in the table below:-

Particulars	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Approved vide order dated 4.7.2011	2310.55	2310.55	2320.31	2336.20	2342.33
As claimed by petitioner	2468.24	2558.64	2561.15	2573.04	2619.61
Allowed after true up	2468.24	2558.64	2561.15	2573.04	2619.61



27. The return on equity allowed in the instant order is more than the ROE allowed vide order dated 4.7.2011 due to increase in the applicable MAT rate for the purpose of grossing up of base rate of return on equity.

Depreciation

28. Clause (42) of Regulation 3 of the 2009 Tariff Regulations defines useful life as follows:-

“‘**useful life**’ in relation to a unit of a generating station and transmission system from the COD shall mean the following, namely:-

.....	
(c) AC and DC sub-station	25 years
(d) Hydro generating station	35 years
(e) Transmission line	35 years”

29. Further, Clause (4) of Regulation 17 of the 2009 Tariff Regulations provides as follows:-

"17. Depreciation:

...
(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system:

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.”

30. Regulation 17 of the 2009 Tariff Regulations provides for the methodology to work out the depreciation. The Commission, in its order dated 4.7.2011, has worked out the depreciation in accordance with Regulation 17 of the 2009 Tariff Regulations.



31. As per Regulation 17 (4) of the 2009 Tariff Regulations, useful life for transmission line, sub-station and PLCC is 35 years, 25 years, and 15 years, respectively. In the present case, weighted average value of asset as on COD (1.4.1992) has been considered to work out the weighted average life of the transmission system as 32 years.

32. The depreciation for the tariff period 2009-14 has been worked out in accordance with Regulation 17 of the 2009 Tariff Regulations based on admitted capital expenditure and additional capitalization as under:-

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Approved vide order dated 4.7.2011	450.74	450.74	462.70	483.67	492.45
As claimed by petitioner	450.75	450.73	450.75	464.89	484.83
Allowed after true up	450.74	450.74	450.74	464.89	484.82

33. The depreciation allowed in the instant order is less than the depreciation allowed vide order dated 4.7.2011 due to reduction in actual additional capitalization vis-à-vis that approved vide order dated 4.7.2011.

Operation & Maintenance Expenses (“O&M Expenses”)

34. The petitioner has computed O&M Expenses for the assets mentioned in the petition, in accordance with the O&M norms as specified in Regulation 19(g) of the 2009 Tariff Regulations. Accordingly, the O&M Expenses have been worked out as given below:-



Particulars		2009-10	2010-11	2011-12	2012-13	2013-14
Actual line length (km)	400 kV, 2 conductors, AC Lines	1230.294	1230.294	1230.294	1230.29	1230.294
Actual (No. of Sub-stations)	400 kV Sub-stations	19	19	19	19	19
Norms as per Regulation	400 kV, 2 conductors, AC Lines	0.358	0.378	0.4	0.423	0.447
	400 kV Sub-stations	52.4	55.4	58.57	61.92	65.46
O&M Expenses	400 kV, 2 conductors, AC Lines (₹ lakh/km)	440.45	465.05	492.12	520.41	549.94
	400 kV Sub-stations (₹ lakh/bay)	995.6	1052.6	1112.83	1176.48	1243.74
Total (₹ in lakh)		1436.05	1517.65	1604.95	1696.89	1793.68

35. The O&M Expenses claimed by the petitioner for tariff period 2009-14 are same as that approved in the tariff order dated 4.7.2011 in Petition No. 91/2009. Accordingly, the O&M Expenses claimed by the petitioner, allowed and trued up are the same, and are as follows:-

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Approved vide order dated 4.7.2011	1436.05	1517.65	1604.95	1696.89	1793.68
As claimed by petitioner	1436.05	1517.65	1604.95	1696.89	1793.68
Allowed after true up	1436.05	1517.65	1604.95	1696.89	1793.68

Interest on working capital (“IWC”)

36. Sub-clause (c) of Clause (1) of Regulation 18 of the 2009 Tariff Regulations provides the components of the working capital for the transmission system and Clause (3) of Regulation 18 of the 2009 Tariff Regulations provides for the rate of interest of working capital.



37. The petitioner has submitted that the rate of interest on working capital has been considered as 12.25% as per Clause (3) of Regulation 18 of the 2009 Tariff Regulations and the components of working capital are also considered in accordance with Sub-clause (c) of Clause (1) of Regulation 18 of the 2009 Regulations.

38. The Commission in its order dated 4.7.2011 in Petition No. 91/2009 approved rate of interest on working capital of 12.25% as applicable for 2008-09. In accordance with Clause (3) of Regulation 18 of the 2009 Tariff Regulations, rate of interest on working capital shall be on normative basis and in case of transmission assets declared under commercial operation prior to 1.4.2009, shall be equal to short-term Prime Lending Rate as applicable as on 1.4.2009. State Bank of India short-term Prime Lending Rate on 1.4.2009 was 12.25%. Therefore, interest rate of 12.25% has been considered to work out the interest on working capital in the instant case.

39. The IWC trued up is as under:-

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	215.41	227.65	240.74	254.53	269.05
O & M expenses	119.67	126.47	133.75	141.41	149.47
Receivables	747.95	777.61	793.32	813.84	842.09
Total	1083.03	1131.73	1167.80	1209.78	1260.62
Rate of Interest (%)	12.25	12.25	12.25	12.25	12.25
Interest	132.67	138.64	143.06	148.20	154.43

40. The IWC claimed by the petitioner, allowed and trued up are as shown in the table below:-



(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Approved vide order dated 4.7.2011	129.38	133.47	138.29	143.65	148.81
As claimed by petitioner	132.67	138.64	143.06	148.20	154.42
Allowed after true up	132.67	138.64	143.06	148.20	154.43

41. The IWC has increased on account of increase in receivables due to variation in ROE on account of applicable MAT rate during the 2009-14 tariff period.

ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD

42. The detailed computation of the various components of the trued up annual fixed charges for the transmission asset for the tariff period 2009-14 is summarised below:-

(₹ in lakh)					
Particulars	2009-10*	2010-11	2011-12	2012-13	2013-14
Gross Block					
Opening Gross block	28282.93	28282.93	28282.93	28282.93	28691.78
Addition during 2009-14 due to Projected Additional Capitalization	0.00	0.00	0.00	408.85	122.70
Closing Gross block	28282.93	28282.93	28282.93	28691.78	28814.48
Average Gross block	28282.93	28282.93	28282.93	28487.36	28753.13
Depreciation					
Rate of Depreciation (%)	1.594	1.594	1.594	1.632	1.686
Depreciable Value	25075.56	25075.56	25075.56	25259.54	25498.74
Elapsed Life (Beginning of the year)	16	17	18	19	20
Weighted Balance Useful life of the assets	16	15	14	13	12
Remaining Depreciable Value	7211.82	6761.08	6310.34	6043.58	5817.89
Depreciation	450.74	450.74	450.74	464.89	484.82
Cumulative Depreciation/ Advance against Depreciation	18314.48	18765.22	19215.96	19680.85	20165.67



Particulars	2009-10*	2010-11	2011-12	2012-13	2013-14
Interest on Loan					
Gross Normative Loan	-	-	-	-	-
Cumulative Repayment up to Previous Year	-	-	-	-	-
Net Loan-Opening	-	-	-	-	-
Addition due to Additional Capitalization	-	-	-	-	-
Repayment during the year	-	-	-	-	-
Net Loan-Closing	-	-	-	-	-
Average Loan	-	-	-	-	-
Weighted Average Rate of Interest on Loan (%)	-	-	-	-	-
Interest	-	-	-	-	-
Return on Equity					
Opening Equity	13217.50	13217.50	13217.50	13217.50	13340.15
Additions	0.00	0.00	0.00	122.65	36.81
Closing Equity	13217.50	13217.50	13217.50	13340.15	13376.96
Average Equity	13217.50	13217.50	13217.50	13278.83	13358.56
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	16.995	19.931	20.008	20.008	20.961
Return on Equity (Pre Tax) (%)	18.674	19.358	19.377	19.377	19.610
Return on Equity (Pre Tax)	2468.24	2558.64	2561.15	2573.04	2619.61
Interest on Working Capital					
Maintenance Spares	215.41	227.65	240.74	254.53	269.05
O & M expenses	119.67	126.47	133.75	141.41	149.47
Receivables	747.95	777.61	793.32	813.84	842.09
Total	1083.03	1131.73	1167.80	1209.78	1260.62
Interest	132.67	138.64	143.06	148.20	154.43
Annual Transmission Charges					
Depreciation	450.74	450.74	450.74	464.89	484.82
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	2468.24	2558.64	2561.15	2573.04	2619.61
Interest on Working Capital	132.67	138.64	143.06	148.20	154.43
O & M Expenses	1436.05	1517.65	1604.95	1696.89	1793.68
Total	4487.69	4665.67	4759.90	4883.02	5052.54

*AFC worked out for the entire Asset, however, net AFC entitlement discussed subsequently.

43. The petitioner in its petition has adjusted the impact of un-utilised portion of asset and has submitted its AFC entitlement for 2009-10 as follows:



Particulars	Amount (₹ in lakh)
Actual Trued up Tariff for 2009-10	4487.71
Capital Cost of entire asset as on 31.3.2009	28282.93
Capital Cost of failed ICT at Gazuwaka	252.05
Capital Cost for the period 1.4.2009 to 30.4.2009 & 1.7.2009 to 31.3.2010	28282.93
Capital cost for the period 1.5.2009 to 30.6.2009	28030.88
AFC for the period 1.5.2009 to 30.6.2010	741.29
AFC for the period 1.4.2009 to 30.4.2009 and 1.7.2009 to 31.3.2010	3739.76
Total AFC for 2009-10	4481.04

44. The Commission as discussed earlier in the instant order, has ruled that tariff only for the utilised portion of the asset needs to be allowed and has accordingly adjusted the impact of un-utilised portion of the asset for 2009-10 as shown below:

Particulars	Amount (₹ in lakh)
Actual Trued up Tariff for 2009-10	4487.69
Capital Cost of entire asset as on 31.3.2009	28282.93
Capital Cost of failed ICT at Gazuwaka	252.05
Capital Cost for the period 1.4.2009 to 30.4.2009 & 1.7.2009 to 31.3.2010	28282.93
Capital cost for the period 1.5.2009 to 30.6.2009	28030.88
AFC for the period 1.5.2009 to 30.6.2010	741.28
AFC for the period 1.4.2009 to 30.4.2009 and 1.7.2009 to 31.3.2010	3739.74
Total AFC approved for 2009-10	4481.02

DETERMINATION OF ANNUAL TRANSMISSION CHARGES FOR 2014-19

45. The petitioner has claimed the transmission charges as under:-

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	489.84	496.78	526.03	576.91	640.27
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	2623.22	2627.75	2644.97	2671.57	2697.39
Interest on Working	162.41	165.72	169.91	174.90	180.28



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Capital					
O & M Expenses	1642.74	1697.96	1754.52	1812.40	1872.66
Total	4918.21	4988.21	5095.43	5235.78	5390.60

46. The details submitted by the petitioner in support of its claim for interest on working capital are given hereunder:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	246.41	254.69	263.18	271.86	280.90
O & M expenses	136.90	141.50	146.21	151.03	156.06
Receivables	819.70	831.37	849.24	872.63	898.43
Total	1203.01	1227.56	1258.63	1295.52	1335.39
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	162.41	165.72	169.91	174.90	180.28

Capital Cost

47. Clause (1) and (3) of Regulation 9 of the 2014 Tariff Regulations provides as follows:-

“(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of determination of tariff for existing and new projects.”

“(3) The Capital cost of an existing project shall include the following:
(a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014;
(b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 14; and
(c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15.”

48. The petitioner has claimed capital expenditure of ₹28814.48 lakh as on 31.3.2014 including additional capitalization during tariff period 2009-14.

49. The trued up capital cost of ₹28814.48 lakh as on 1.4.2014 is considered for the purpose of tariff for tariff period 2014-19.



Additional Capital Expenditure

50. The petitioner has claimed additional capitalization of ₹154.03 lakh, ₹431.12 lakh, ₹473.36 lakh, and ₹469 lakh for 2015-16, 2016-17, 2017-18, and 2018-19, respectively, and de-capitalization of ₹64 lakh in 2018-19. The net total additional capitalization projected is ₹1463.01 lakh towards replacement of Sub-station equipments under CTP-I, which were commissioned in 1991 and 1992. The additional capitalization has been claimed under Clause 3(vii) and 3(ix) of Regulation 14 of the 2014 Tariff Regulations beyond cut-off date.

51. Clause 3(vii) and Clause 3(ix) of Regulation 14 of the 2014 Tariff Regulations provides as follows:

“(vii) Any additional capital expenditure which has become necessary for efficient operation of generating station other than coal/lignite based stations or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level”;.....

“(ix) In case of transmission system, any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolescence of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system”

52. The petitioner submitted that the sub-station equipment proposed for replacement at substations under CTP-1 covered under this petition were commissioned in 1991 and 1992. These equipments are going to complete 25 years of service in 2016 and 2017. The equipments are in use from the date of



commissioning. During various routine/alter tests, critical conditions are observed and the equipments are giving operational problems and are a threat to the reliability and security of the grid. The designs have undergone substantial changes over the period and manufacturers have discontinued the product models. The suppliers are unable to replenish parts required for quick restoration and repairs are unviable. In view of absence of proper support from suppliers, due to obsolescence of design, the maintenance of these equipments is not possible anymore and this is a serious threat to the reliability and security of grid operation.

53. The Commission vide letter dated 16.11.2015 directed the petitioner to submit supporting documents such as correspondence with OEMs regarding obsolescence of technology, whether any deliberations regarding additional capitalization has taken place at RPC level with beneficiaries, basis of cost estimates of items considered for additional capitalization and information regarding treatment of de capitalization of assets.

54. The petitioner vide affidavit dated 21.11.2015, submitted various correspondences with OEMs for circuit breaker, CT, CVT and PLCC, where the OEMs have acknowledged that certain old and obsolete equipments are not under production and hence, spare parts are unavailable for repair purposes. Further, the petitioner has stated that in 2009-14 tariff period, the Commission had approved replacement of problematic/defective equipments through additional capitalization for seven projects and the same approach has been adopted for additional capitalization during the 2014-19 tariff period. As regards



the basis of cost estimates, the petitioner submitted that such estimate for different equipment are based on latest available Letter of Award (LOA). Further, the petitioner submitted that the de-capitalization is proposed in 2018-19 subject to adjustment during truing up of 2014-19 tariff period.

55. The additional capitalization proposed by the petitioner during 2014-19 period is for replacement of equipments, that are going to complete 25 years during the tariff period. Further, the petitioner has also submitted the letter from Original Equipment Manufacturers that certain old and obsolete equipments are not under production and hence, spare parts are unavailable for repair purposes. As the additional capitalization proposed by the petitioner during 2014-19 is for replacement of problematic/defective equipments, the additional capitalization proposed by the petitioner is approved. The summary of total capital cost including additional capitalization considered by the Commission is given below:-

(₹ in lakh)

Particulars	Admitted Capital Cost as on 31.3.2014	Additional Capitalization					Total Additional Capitalization	Total Capital cost including Additional Capitalization
		2014-15	2015-16	2016-17	2017-18	2018-19*		
Amount	28814.48		154.03	431.12	473.36	404.50	1463.01	30277.49

*Net of De-capitalization

Debt: Equity Ratio

56. Clause 3 of Regulation 19 of the 2014 Tariff Regulations specifies as follows:-

“(3) In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2014, debt:equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2014 shall be considered.”



57. The admitted debt:equity ratio of 53.58:46.42 for the tariff period ending 31.3.2014 has been considered as opening debt:equity ratio as on 1.4.2014 after considering additional capitalization of ₹531.55 lakh in debt:equity ratio of 70:30. The details of the opening debt:equity considered for the purpose of tariff for the 2014-19 tariff period is as follows:-

Particulars	Amount (in ₹ lakh)	(%)
Debt	15437.52	53.58
Equity	13376.96	46.42
Total	28814.48	100.00

58. The debt:equity ratio for additional capitalization proposed during the tariff period 2014-19 is considered on normative basis. i.e, 70:30.

Interest on Loan (“IOL”)

59. The petitioner has not claimed any interest on loan for the tariff period 2014-19 as the complete loan has already been repaid before the tariff period 2014-19. With regard to additional capital expenditure projected during the tariff period 2014-19, the petitioner has submitted that the funding has been done through debt:equity ratio of 70:30 and it has claimed debt corresponding to 70% of the additional capitalization. The Commission observes that the petitioner has not claimed any interest on loan as the loan amount added corresponding to year-wise additional capitalization is less than the depreciation allowed for the respective years and therefore, the same is getting repaid in the same year. The petitioner has therefore, not claimed any IOL during 2014-19. Accordingly, Interest on Loan has been considered as NIL for the purpose of tariff.

Return on Equity (“ROE”)

60. Clause (1) and (2) of Regulation 24 and Clause (2) of Regulation 25 of the 2014 Tariff Regulations specifies as under:-

“24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.
(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system....
.....”

“25. Tax on Return on Equity:

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where “t” is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.”

61. The petitioner has computed ROE at the rate of 19.610% after grossing up the ROE with MAT rate as per the above Regulation. The petitioner has further submitted that the grossed up ROE is subject to truing up based on the actual tax paid along with any additional tax or interest, duly adjusted for any refund of tax including the interest received from IT authorities, pertaining to the tariff period 2014-19 on actual gross income of any financial year. Any under-recovery or over-recovery of grossed up ROE after truing up shall be recovered or refunded to the beneficiaries on year to year basis.

62. The petitioner has further submitted that adjustment due to any additional tax demand including interest duly adjusted for any refund of the tax including



interest received from IT authorities shall be recoverable/adjustable after completion of income tax assessment of the financial year.

63. We have considered the submissions made by the petitioner. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of return on equity with the effective tax rate for the purpose of return on equity. It further provides that in case the generating company or transmission licensee is paying Minimum Alternative Tax (MAT), the MAT rate including surcharge and cess will be considered for the grossing up of return on equity. The petitioner has submitted that MAT rate is applicable to the petitioner's company. Accordingly, the MAT rate applicable during 2013-14 has been considered for the purpose of return on equity, which shall be trued up with actual tax rate in accordance with Regulation 25 (3) of the 2014 Tariff Regulations. Accordingly, the ROE determined by the Commission is given below:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	13376.96	13376.96	13423.17	13552.51	13694.52
Addition due to Additional Capitalization	0.00	46.21	129.34	142.01	121.35
Closing Equity	13376.96	13423.17	13552.51	13694.52	13815.87
Average Equity	13376.96	13400.07	13487.84	13623.52	13755.20
Return on Equity Base Rate (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for the year(%)	20.961	20.961	20.961	20.961	20.961
Rate of Return of Equity (Pre-Tax) (%)	19.610	19.610	19.610	19.610	19.610
Return on Equity(Pre-Tax)	2623.22	2627.75	2644.97	2671.57	2697.39



Depreciation

64. Clause (2), (5) and (6) of Regulation 27 of the 2014 Tariff Regulations provide as follows:-

"27. Depreciation:

...(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of transmission system, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis

...

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-II** to these regulations for the assets of the generating station and transmission system:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2014 from the gross depreciable value of the assets."

65. The petitioner has computed depreciation considering capital expenditure of ₹28814.48 lakh as on 31.3.2014.

66. We have considered the submission made by the petitioner with reference to depreciation. Depreciation is allowed as provided under Regulation 27 of the 2014 Tariff Regulations. The details of the depreciation allowed are given hereunder:-

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross block	28814.48	28814.48	28968.51	29399.63	29872.99
Additions during the year due to projected additional capitalization	0.00	154.03	431.12	473.36	404.50
Closing Gross block	28814.48	28968.51	29399.63	29872.99	30277.49
Rate of Depreciation	1.700	1.719	1.802	1.947	2.106
Depreciable Value	25553.95	25623.27	25886.58	26293.60	26688.64
Elapsed Life (Beginning of the	21	22	23	24	25



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
year)					
Weighted Balance Useful life of the assets	11	10	9	8	7
Remaining Depreciable Value	5388.28	4967.75	4734.29	4615.28	4433.40
Depreciation	489.84	496.78	526.03	576.91	633.34

Operation & Maintenance Expenses (“O&M Expenses”)

67. The petitioner has computed normative O&M Expenses as per sub clause (a) of Clause (3) of Regulation 29 of the 2014 Tariff Regulations. Accordingly, the petitioner’s entitlement to O&M Expenses has been worked out as given hereunder:-

Particulars		2014-15	2015-16	2016-17	2017-18	2018-19
Actual line length (km)	400 kV, 2 conductors, AC Lines	1230.29	1230.29	1230.29	1230.29	1230.29
Actual (No. of Sub-stations)	400 kV Sub-stations	19	19	19	19	19
Norms as per Regulation	400 kV, 2 conductors, AC Lines	0.404	0.418	0.432	0.446	0.461
	400 kV Sub-stations	60.30	62.30	64.37	66.51	68.71
O&M Expenses	400 kV, 2 conductors, AC Lines (₹ lakh/km)	497.04	514.26	531.49	548.71	567.17
	400 kV Sub-stations (₹ lakh/bay)	1145.7	1183.7	1223.03	1263.69	1305.49
Total (₹ in lakh)		1642.74	1697.96	1754.52	1812.40	1872.66

68. The petitioner has submitted that O&M Expenses for the tariff period 2014-19 have been arrived on the basis of normalized actual O&M Expenses during the period 2008-13. The petitioner has further submitted that the wage revision of the employees of the petitioner Company is due during 2014-19 and actual impact of wage hike, which will be effective at a future date, has not been factored in fixation of the normative O&M rate specified for the tariff period 2014-



19. The petitioner has prayed to be allowed to approach the Commission for suitable revision in the norms of O&M Expenses for claiming the impact of such increase.

69. The O&M Expenses have been worked out as per the norms of O&M Expenses specified in the 2014 Tariff Regulations. As regards impact of wage revision, we would like to clarify that any application filed by the petitioner in this regard will be dealt with in accordance with the appropriate provisions of the 2014 Tariff Regulations.

70. The details of O&M Expenses allowed are given hereunder:-

(₹ in lakh)

Particulars	Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses allowed	1642.74	1697.96	1754.52	1812.40	1872.66

Interest on Working Capital (“IWC”)

71. Clause 1 (c) of Regulation 28 and Clause 5 of Regulation 3 of the 2014 Tariff Regulations specify as follows:-

“28. Interest on Working Capital

- (c)(i) Receivables equivalent to two months of fixed cost;
- (ii) Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 29; and
- (iii) Operation and maintenance expenses for one month”

“(5) ‘Bank Rate’ means the base rate of interest as specified by the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points;”

72. The petitioner has submitted that it has computed IWC for the tariff period 2014-19 considering the SBI Base Rate as on 1.4.2014 plus 350 basis points. The rate of interest on working capital considered for the purpose of computation of tariff is 13.50%.

73. The interest on working capital is worked out in accordance with Regulation 28 of the 2014 Tariff Regulations. The rate of interest on working capital considered is 13.50% (SBI Base Rate of 10% plus 350 basis points). The interest on working capital as determined is shown in the table below:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	246.41	254.69	263.18	271.86	280.90
O & M expenses	136.89	141.50	146.21	151.03	156.05
Receivables	819.70	831.37	849.24	872.63	897.25
Total	1203.01	1227.56	1258.63	1295.52	1334.20
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	162.41	165.72	169.91	174.90	180.12

Annual Transmission Charges

74. The Annual Transmission Charges allowed for the transmission asset is given hereunder:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	489.84	496.78	526.03	576.91	633.34
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	2623.22	2627.75	2644.97	2671.57	2697.39
Interest on WC	162.41	165.72	169.91	174.90	180.12
O&M Expenses	1642.74	1697.96	1754.52	1812.40	1872.66
Total	4918.21	4988.21	5095.43	5235.78	5383.51



75. The detailed computation of various components of annual fixed charges for the tariff period 2014-19 is summarized below:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Block					
Opening Gross block	28814.48	28814.48	28968.51	29399.63	29872.99
Addition during 2014-19 due to Projected Additional Capitalization	0.00	154.03	431.12	473.36	404.50
Closing Gross block	28814.48	28968.51	29399.63	29872.99	30277.49
Average Gross block	28814.48	28891.50	29184.07	29636.31	30075.24
Depreciation					
Rate of Depreciation (%)	1.700	1.719	1.802	1.947	2.106
Depreciable Value	25553.95	25623.27	25886.58	26293.60	26688.64
Elapsed Life (Beginning of the year)	21	22	23	24	25
Weighted Balance Useful life of the assets	11	10	9	8	7
Remaining Depreciable Value	5388.28	4967.75	4734.29	4615.28	4433.40
Depreciation	489.84	496.78	526.03	576.91	633.34
Cumulative Depreciation/ Advance against Depreciation	20655.51	21152.29	21678.32	22255.23	22888.58
Interest on Loan					
Gross Normative Loan	-	-	-	-	-
Cumulative Repayment up to Previous Year	-	-	-	-	-
Net Loan-Opening	-	-	-	-	-
Addition due to Additional Capitalization	-	-	-	-	-
Repayment during the year	-	-	-	-	-
Net Loan-Closing	-	-	-	-	-
Average Loan	-	-	-	-	-
Weighted Average Rate of Interest on Loan (%)	-	-	-	-	-
Interest	-	-	-	-	-
Return on Equity					
Opening Equity	13376.96	13376.96	13423.17	13552.51	13694.52



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Additions	0.00	46.21	129.34	142.01	121.35
Closing Equity	13376.96	13423.17	13552.51	13694.52	13815.87
Average Equity	13376.96	13400.07	13487.84	13623.52	13755.20
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	20.961	20.961	20.961	20.961
Return on Equity (Pre Tax) (%)	19.610	19.610	19.610	19.610%	19.610
Return on Equity (Pre Tax)	2623.22	2627.75	2644.97	2671.57	2697.39
Interest on Working Capital					
Maintenance Spares	246.41	254.69	263.18	271.86	280.90
O & M expenses	136.89	141.50	146.21	151.03	156.05
Receivables	819.70	831.37	849.24	872.63	897.25
Total	1203.01	1227.56	1258.63	1295.52	1334.20
Interest	162.41	165.72	169.91	174.90	180.12
Annual Transmission Charges					
Depreciation	489.84	496.78	526.03	576.91	633.34
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	2623.22	2627.75	2644.97	2671.57	2697.39
Interest on Working Capital	162.41	165.72	169.91	174.90	180.12
O & M Expenses	1642.74	1697.96	1754.52	1812.40	1872.66
Total	4918.21	4988.21	5095.43	5235.78	5383.51

Filing Fee and Publication Expenses

76. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 52 of the 2014 Tariff Regulations. The petitioner shall be entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly from the beneficiaries on pro-rata basis in accordance with clause (1) of Regulation 52 of the 2014 Tariff Regulations.



Licence Fee and RLDC Fees and Charges

77. The petitioner has requested to allow the petitioner to bill and recover License fee and RLDC fees and charges, separately from the respondents. The petitioner shall be entitled for reimbursement of licence fee and RLDC fees and charges in accordance with Clause (2)(b) and (2)(a), respectively, of Regulation 52 of the 2014 Tariff Regulations.

Service Tax

78. The petitioner has sought to recover service tax on Transmission Charges separately from the Respondents, if at any time service tax on transmission is withdrawn from negative list in future. We are of the view that the petitioner's prayer is premature.

Deferred Tax Liability

79. The petitioner has sought recovery of deferred tax liability before 1.4.2009 from the beneficiaries or long term consumers/ DICs as and when materialized under Regulation 49 of the 2014 Tariff Regulations. The deferred tax liability shall be dealt as per Regulations 49 of the 2014 Tariff Regulations, as amended. Accordingly, the petitioner is entitled to recover the deferred tax liability upto 31.3.2009 whenever the same materializes, directly from the beneficiaries or long term transmission customers /DICs.

Sharing of Transmission Charges

80. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity Regulatory



Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time, as provided in Regulation 43 of the 2014 Tariff Regulations.

81. This order disposes of Petition No. 9/TT/2015.

Sd/-
(Dr. M. K. Iyer)
Member

Sd/-
(A.S. Bakshi)
Member

