

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 170/TT/2020

Coram:

Shri P.K. Pujari, Chairperson

Shri I. S. Jha, Member

Shri Arun Goyal, Member

Date of Order: 19.08.2020

In the Matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and truing up of transmission tariff of the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for Combined Asset consisting of Asset A: LILO of one circuit of 400 kV D/C Kankroli-Zerda Line at Bhinmal along with 80 MVAr Bus Reactor at Bhinmal; Asset B: 315 MVA 400/220 kV ICT-I at Bhinmal along with associated bays; Asset C: 315 MVA 400/220 kV ICT-II at Bhinmal along with associated bays; Asset D: 315 MVA 400/220 kV ICT-III at Hissar along with associated bays at Hissar; Asset E: Two nos. 220 kV Bays at Hissar Sub-Station covered under "Northern Region System Strengthening Scheme-VIII" in the Northern Region

And in the Matter of:

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

.....Petitioner

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.
Vidyut Bhawan, Vidyut Marg, Jaipur-302005.
2. Haryana Power Purchase Centre, II nd Floor,
Shakti Bhawan, Sector-6, Panchkula-134109.
3. Himachal Pradesh State Electricity Board
Vidyut Bhawan, Shimla-171004 (H.P).



4. Punjab State Power Corporation Limited.
Thermal Shed Tia, Near 22 Phatak,
Patiala-147001.
5. Power Development Department,
Janipura Grid Station, Jammu (Tawi)- 180007.
6. Power Purchase Agreement Directorate,
Uttar Pradesh Power Corporation Ltd.,
10th Floor, Shakti Bhawan Extn.
14, Ashok Marg, Lucknow -226001.
7. Delhi Transco Ltd.,
Shakti Sadan,
Kotla Road (near ITO) New Delhi.
8. Chandigarh Electricity Department,
UT-Chandigarh, Div-11, Opposite, Transport Nagar,
Industrial Area Phase-I,
Sector-9, Chandigarh.
9. Uttarakhand Power Corporation Ltd.
Urja Bhawan, Kanwali Road,
Dehradun.
10. 132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
11. Ajmer Vidyut Vitran Nigam Ltd
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
12. Jodhpur Vidyut Vitran Nigam Ltd.
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
13. Jaipur Vidyut Vitran Nigam Ltd
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
14. Northern Central Railway
Allahabad (Uttar Pradesh).
15. BSES Yamuna Power Limited (BYPL),
B Block, Shakti Kiran Building (Near Karkadooma Court),
Karkadooma, 2nd Floor, Delhi, 110092.
16. BSES Rajdhani Power Limited (BRPL),



Bus Terminal, Nehru Place,
BSES Bhawan, Behind Nehru Place ,
New Delhi-110019.

17. Tata Power Delhi Distribution Ltd.
33 kV Substation, Building,
Hudson Lane, Kingsway Camp,
North Delhi-110009.

18. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110002.

...Respondents

For Petitioner : Shri S.S. Raju, PGCIL
Shri A.K. Verma, PGCIL
Shri Vipin Joseph, PGCIL
Shri V.P. Rastogi, PGCIL
Shri B. Dash, PGCIL

For Respondent : Shri R.B. Sharma, Advocate, BRPL

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, for truing up of tariff for the period 1.4.2014 to 31.3.2019 under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff for the period from 1.4.2019 to 31.3.2024 under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of following assets (hereinafter referred to as the “transmission assets/Combined Asset”) under the Northern Region System Strengthening Scheme-VIII in the Northern Region (hereinafter referred to as “the transmission project’):

Asset A: LILO of one circuit of 400 kV D/C Kankroli-Zerda Line at Bhinmal along with 80 MVar Bus Reactor at Bhinmal;



Asset B: 315 MVA 400/220 kV ICT-I at Bhinmal along with associated bays;

Asset C: 315 MVA 400/220 kV ICT-II at Bhinmal along with associated bays;

Asset D: 315 MVA 400/220 kV ICT-III at Hissar along with associated bays at Hissar;

Asset E: Two nos. 220 kV Bays at Hissar Sub-Station.

2. The Petitioner has made the following prayers in this petition:

“1. Approve the additional capitalisation expenditure proposed during 2019-24 tariff block as per para 9.3.

2. Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 7.1 and 9.4 above.

3. Allow the Petitioner to recover the shortfall or refund the excess Annual Fixed Charges, 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 as provided in Tariff Regulation 2014 and Tariff regulations 2019.

4. Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.

5. Allow the Petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.

6. Allow the Petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the beneficiaries.

7. Allow the Petitioner to file a separate petition before the Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 9.11 above.

8. Allow the Petitioner to claim the capital spares at the end of tariff block as per actual.

9. Allow the Petitioner to bill and recover GST on Transmission Charges separately from the beneficiaries, if GST on transmission is withdrawn from negative list at any time in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

and pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice”



Background

3. The brief facts of the case are as under:

a) The Investment Approval for the "Northern Region System Strengthening Scheme-VIII" was accorded by the Board of Directors of the Petitioner Company vide their letter dated 26.10.2006 at an estimated cost of ₹22069 lakh including IDC of ₹1144 lakh (based on 2nd Quarter 2006 price level). The tariff from the date of commercial operation to 31.3.2014 for the assets was allowed vide order dated 16.5.2011 in Petition No. 224/2010 and order dated 28.7.2011 in Petition No. 330/2010 in accordance with the 2009 Tariff Regulations. Further, the tariff of the 2009-14 period was trued up and tariff for the 2014-19 period was allowed vide order dated 15.3.2016 in Petition No. 14/TT/2015. The entire scope of work is covered in the instant petition. The details of the dates of commercial operation of the assets covered in the instant petition are as under:

Asset	Scheduled COD	COD	Time over-run	Time over-run condoned
Asset A	26.12.2009	1.9.2009	Nil	-
Asset B	26.12.2009	1.9.2009	Nil	-
Asset C	30.5.2010	1.4.2010	Nil	-
Asset D	30.5.2010	1.4.2010	Nil	-
Asset E	30.5.2010	1.8.2010	2 Months	-

b) The transmission tariff from COD to 31.3.2014 was trued up and tariff for the 2014-19 period was allowed for the instant assets vide order dated 15.3.2016 in Petition No. 14/TT/2015. The Petitioner has claimed the trued-up transmission tariff for the 2014-19 tariff period in the instant petition and the details are as under:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges approved vide order dated 15.3.2016 in Petition No. 14/TT/2015	3696.51	3715.68	3656.82	3598.92	3542.09
AFC claimed by the Petitioner based on truing up in the instant petition	3628.32	3576.90	3521.03	3466.65	3416.23



4. The Respondents are the distribution licensees and Power Departments, which are procuring transmission service from the Petitioner, mainly beneficiaries of the Northern Region.

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has also been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003. No comments/ objections have been received from the general public in response to the aforesaid notice published in the newspaper by the Petitioner. Reply to the petition has been filed by BSES Rajdhani Power Limited (BRPL), Respondent No.16, vide affidavit dated 13.3.2020, which has raised the issues of Optical Ground Wire (OPGW), consideration of effective tax rate for grossing up of RoE, deferred tax liability for the 2014-19 period, effect of GST and additional taxes, Interest on Working Capital (IWC), need for filing separate security and reimbursement of application filing fees. The Petitioner vide affidavit dated 20.3.2020 has filed a rejoinder to the reply of BRPL. The issues raised by BRPL and the clarifications given by the Petitioner are dealt with in relevant paragraphs of this order.

6. This order is issued considering the submissions made in the petition and affidavits dated 12.3.2020 and 25.6.2020, BRPL's reply vide affidavit dated 13.3.2020 and the Petitioner's rejoinder vide affidavit dated 20.3.2020.

7. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the petition.

Truing up of Annual Fixed Charges of the 2014-19 Tariff Period

8. The Petitioner has claimed the following trued up tariff for the Combined Asset for the period from 1.4.2014 to 31.3.2019:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	916.96	916.96	916.96	916.96	916.96
Interest on Loan	727.74	643.92	560.07	476.22	392.38
Return on Equity	1034.62	1039.37	1038.84	1038.84	1041.64
Interest on Working Capital	108.12	107.85	107.50	107.21	107.05
O&M Expenses	840.88	868.80	897.66	927.42	958.20
Total	3628.32	3576.90	3521.03	3466.65	3416.23

9. The Petitioner has claimed the following Interest on Working Capital (IWC) for the Combined Asset for the period from 1.4.2014 to 31.3.2019:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	70.07	72.40	74.81	77.29	79.85
Maintenance Spares	126.13	130.32	134.65	139.11	143.73
Receivables	604.72	596.15	586.84	577.78	569.37
Total Working Capital	800.92	798.87	796.30	794.18	792.95
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	108.12	107.85	107.50	107.21	107.05

Effective Date of Commercial Operation (E-COD)

10. The Petitioner has stated that E-COD of the combined asset works out to be 1.11.2009. However, E-COD has been worked out based on the capital cost as on 1.4.2014 of the 5 individual assets as under:

Asset	Capital Cost as on 1.4.2014 (₹ in lakh)	COD	No. of days from COD of asset from COD of Project	Weight of cost	Weighted days
Asset A	9299.93	1.9.2009	334	52.92%	176.76
Asset B	2223.53	1.9.2009	334	12.65%	42.26
Asset C	3272.87	1.4.2010	122	18.62%	22.72
Asset D	1849.57	1.4.2010	122	10.52%	12.84
Asset E	927.33	1.8.2010	0	5.28%	0.00
Total	17573.23			100.00%	254.58
Effective COD - 19.11.2009					

Weighted Average Life (WAL) of the Assets

11. The Petitioner has submitted that the capital cost of the sub-station approved as on the date of commercial operation and thereafter for the 2014-19 period included the



cost of IT equipment. However, the IT equipment cost has been separated from the sub-station cost while filing the petition for truing-up of tariff of the 2014-19 period. This issue is discussed in paragraphs 26 and 27 of this order. Since the Assets were combined on 1.4.2014, WAL is required to be determined considering the admitted capital cost as on 1.4.2014. Hence, the capital cost of IT equipment, as submitted by the Petitioner, is considered and adjusted from the sub-station cost as approved as on 1.4.2014 vide order dated 15.3.2016 in Petition No. 14/TT/2015. WAL has been determined based on the admitted capital cost of individual elements as on the date of commercial operation, after adjusting the capital cost of IT equipment from sub-station, and their respective useful life as stipulated in the 2014 Tariff Regulations. Accordingly, the WAL of all the assets has been worked out as 28 years as shown under:

Particulars	Capital Cost as on 31.3.2014 (₹ in lakh) [#] (1)	Life (in years) (2)	Weighted Cost (₹ in lakh) (3)	Weighted Avg. Life of Asset (in years) (4) = (3)/ (1)
Transmission Line	4811.88	35	168415.80	
Sub Station	11680.12	25	292003.00	
PLCC	114.05	15	1710.75	
IT Equipment (Incl. Software)	83.08	6	498.48	
Total	17482.69		482467.03	27.60 years, rounded off to 28 years

[#] Total capital cost as on 31.3.2014 is ₹17573.23 lakh which includes cost of freehold land of ₹90.54 lakh which is not considered for weighted average life of the assets.

Capital Cost as on 1.4.2014

12. The capital cost of the instant assets has been calculated in accordance with Regulation 9(3) of the 2014 Tariff Regulations. The Commission vide order dated 15.3.2016 in Petition No. 14/TT/2015 approved the transmission tariff for the instant assets for the 2014-19 period based on the admitted capital cost of ₹17573.23 lakh as



on 31.3.2014 and projected Additional Capital Expenditure (ACE) of ₹867.48 lakh during the 2014-19 period for the Combined Asset as shown under:

(₹ in lakh)			
Apportioned Approved Capital Cost as per FR	Admitted Capital Cost as on 1.4.2014	ACE 2014-19	Total Capital Cost as on 31.3.2019
22069.00	17573.23	867.48	18440.71

Additional Capital Expenditure (ACE)

13. The Commission vide order dated 15.3.2016 in Petition No. 14/TT/2015 had allowed ACE of ₹867.48 lakh for transmission assets in the 2014-19 tariff period towards balance and retention payments for the works executed within the cut-off date.

14. However, the Petitioner has submitted that the no ACE was incurred during the 2014-19 tariff period. The Petitioner has submitted that ACE approved vide order dated 15.3.2016 for the 2014-19 tariff period has been deferred to the 2019-24 tariff period due to delay in closure of contract by the contractor and is on account of balance and retention payments due to undischarged liability for works executed within the cut-off date which was claimed under Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations. As no ACE is claimed during the 2014-19 period, the admitted capital cost of ₹17573.23 approved vide order dated 15.3.2016 in Petition No. 14/TT/2015 is considered for truing up of the tariff for the 2014-19 period.

Debt-Equity ratio

15. The Petitioner has claimed Debt-Equity ratio of 70:30 as on 31.3.2014. The Commission vide order dated 15.3.2016 in Petition No. 14/TT/2015 approved the Debt-Equity as under:



Srl. No.	Particulars	Debt (₹ in lakh)	Equity (₹ in lakh)	Total Capital Cost as on 31.3.2014 (₹ in lakh)
1	Asset A	6509.95	2789.98	9299.93
2	Combined Asset B & C	3875.09	1621.31	5496.40
3	Combined Asset D & E	1943.83	833.07	2776.90
4	Total	12328.87	5244.36	17573.23
5	Percentage	70.16%	29.84%	100.00%

16. Accordingly, Debt-Equity ratio of 70.16:29.84 is considered for capital cost as on 1.4.2014 as provided in Regulation 19 of the 2014 Tariff Regulations. The details of Debt-Equity ratio in respect of the instant Combined Asset as on 1.4.2014 and as on 31.3.2019 are as under: -

Funding	Capital Cost as on 1.4.2014 (₹ in lakh)	(%)	ACE 2014-19 (₹ in lakh)	(%)	Total Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	12328.87	70.16	0.00	70.00	12328.87	70.16
Equity	5244.36	29.84	0.00	30.00	5244.36	29.84
Total	17573.23	100.00	0.00	100.00	17573.23	100.00

Interest on Loan (IoL)

17. The Petitioner has claimed the weighted average rate of IoL, based on its actual loan portfolio and rate of interest.

18. IoL has been calculated based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. IoL allowed in respect of the Combined Asset is as under:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	12328.87	12328.87	12328.87	12328.87	12328.87
Cumulative Repayments upto Previous Year	3878.49	4787.38	5696.27	6605.16	7514.04
Net Loan-Opening	8450.38	7541.49	6632.60	5723.71	4814.83
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	908.89	908.89	908.89	908.89	908.89
Net Loan-Closing	7541.49	6632.60	5723.71	4814.83	3905.94
Average Loan	7995.94	7087.05	6178.16	5269.27	4360.38
Weighted Average Rate of	9.1376	9.1371	9.1360	9.1346	9.1327



Interest on Loan (%)					
Interest on Loan	730.64	647.55	564.44	481.33	398.22

19. Accordingly, IoL approved earlier vide order dated 15.3.2016 in Petition No. 14/TT/2015, claimed by the Petitioner in the instant petition and trued up in this order is shown in the table below: -

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.3.2016 in Petition No. 14/TT/2015	754.81	696.32	609.02	521.72	434.42
Claimed by the Petitioner in the instant petition	727.74	643.92	560.07	476.22	392.38
Allowed after true-up in this order	730.64	647.55	564.44	481.33	398.22

Return on Equity (RoE)

20. The Petitioner is entitled to RoE for the instant assets in terms of Regulation 24 and 25 of the 2014 Tariff Regulations. The Petitioner has submitted that they are liable to pay income tax at MAT rates and has claimed the following effective tax rates for the 2014-19 tariff period:

Year	Claimed effective tax rate (in %)	Grossed up RoE (Base Rate/1-t) (in %)
2014-15	21.018	19.624
2015-16	21.382	19.715
2016-17	21.338	19.704
2017-18	21.337	19.704
2018-19	21.549	19.757

21. BRPL has submitted that the Petitioner has claimed effective tax rate based on the consolidated income of the company, whereas the income from other business activities of the Petitioner like consulting, communication, planning and design of projects etc. are required to be excluded from the computation of effective rate. BRPL has further submitted that the Deferred Tax Liability (DTL) relevant to the aforesaid



other business also should not be considered in the computation of effective tax rate. In response, the Petitioner vide affidavit dated 25.2.2020 has submitted that it has claimed DTL during the period 2009-14 only for the DTL upto 31.3.2009 and that has materialised. Further, the DTL amount billed / materialised is not considered while grossing up the RoE.

22. We have considered the submissions of the Petitioner and the Respondents, BRPL. The Commission in order dated 27.4.2020 in Petition No. 274/TT/2019 has arrived at the effective tax rate rates for the Petitioner based on the notified MAT rate. The relevant portion of the order dated 27.4.2020 is as under:-

“26. We are conscious that the entities covered under MAT regime are paying Income Tax as per MAT rate notified for respective financial year under IT Act, 1961, which is levied on the book profit of the entity computed as per the Section 115JB of the IT Act, 1961. The Section 115JB(2) defines book profit as net profit in the statement of Profit & Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying income tax on income computed under Section 115JB of the IT Act, 1961 as per the MAT rates of the respective financial year, the notified MAT rate for respective financial year shall be considered as effective tax rate for the purpose of grossing up of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax authorities shall be considered on actual payment. However, penalty (for default on the part of the Assessee) if any imposed shall not be taken into account for the purpose of grossing up of rate of return on equity. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/ DICs as the case may be on year to year basis.

27. Accordingly, following effective tax rates based on notified MAT rates are considered for the purpose of grossing up of rate of return on equity:

Year	Notified MAT rates (inclusive of surcharge & cess)	Effective tax (in %)
2014-15	20.961	20.961
2015-16	21.342	21.342
2016-17	21.342	21.342
2017-18	21.342	21.342
2018-19	21.549	21.549

”



23. The same MAT rates as above are considered for the purpose of grossing up of rate of RoE for trueing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations.

Year	Notified MAT rates (inclusive of surcharge & cess) (in %)	Base rate of RoE (in %)	Grossed up RoE (Base Rate/1-t) (in %)
2014-15	20.961	15.50	19.610
2015-16	21.342	15.50	19.705
2016-17	21.342	15.50	19.705
2017-18	21.342	15.50	19.705
2018-19	21.549	15.50	19.758

24. The Petitioner has claimed RoE for the 2014-19 period after grossing up the RoE of 15.50% with Effective Tax rates (based on MAT rates) each year as per the above said Regulation. The RoE is trueed up on the basis of the MAT rate applicable in the respective years and is allowed as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	5244.36	5244.36	5244.36	5244.36	5244.36
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	5244.36	5244.36	5244.36	5244.36	5244.36
Average Equity	5244.36	5244.36	5244.36	5244.36	5244.36
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (%)	19.610	19.705	19.705	19.705	19.758
Return on Equity	1028.44	1033.43	1033.43	1033.43	1036.15

25. Accordingly, details of RoE approved earlier vide order dated 15.3.2016 in Petition No. 14/TT/2015, claimed by the Petitioner in the instant petition and trueed up RoE vide this order for the 2014-19 period are as follows: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.3.2016 in Petition No. 14/TT/2015	1059.37	1084.89	1084.89	1084.89	1084.89
Claimed by the Petitioner in the instant petition	1034.62	1039.37	1038.84	1038.84	1041.64
Allowed after true-up in this order	1028.44	1033.43	1033.43	1033.43	1036.15



Depreciation

26. The Petitioner's claim towards depreciation in this petition was found to be higher than the depreciation allowed for the instant assets in the order dated 15.3.2016 in Petition No. 14/TT/2015. The Petitioner has neither given any justification for claiming higher depreciation than that was allowed earlier in order dated 15.3.2016 nor made any specific prayer for allowing higher depreciation in this petition. Similar matter had come up for consideration of the Commission in Petition No. 19/TT/2020 wherein the Commission vide order dated 9.5.2020 decided as under:

"31. We have considered the submissions of the Petitioner. The instant assets were put into commercial operation during the 2009-14 period and the tariff from the respective CODs to 31.3.2014 was allowed vide orders dated 30.8.2012 and 9.5.2013 in Petition No.343/2010 and Petition No. 147/TT/2011 respectively. Further, the tariff of the 2009-14 period was trued up and tariff for the 2014-19 period was allowed vide order dated 25.2.2016 in Petition No.10/TT/2015. The Petitioner did not claim any capital expenditure towards "IT Equipment" in the above said three petitions where tariff for the instant assets for the 2009-14 period was allowed, tariff of the 2009-14 period was trued up and tariff for 2014-19 period was allowed even though there was a clear provision in the 2009 Tariff Regulations and 2014 Tariff Regulations providing depreciation @15% for IT Equipment. Having failed to make a claim as per the 2009 Tariff Regulations(the period during which COD of assets was achieved), the Petitioner has now, at the time of truing up of the tariff allowed for the 2014-19 period has apportioned a part of the capital expenditure to "IT Equipment". The Petitioner has adopted similar methodology not only in this but in some of the other petitions listed along with the instant petition on 26.2.2020. It is observed that the Petitioner has for the first time apportioned a part of the capital expenditure towards IT Equipment and has claimed depreciation under the head "IT Equipment" @15% at the time of truing up of the tariff of 2014-19 period. Regulation 8(1) of the 2014 Tariff Regulations provides for truing up of the capital expenditure including the additional capital expenditure, incurred upto 31.3.2019, admitted by the Commission after prudence check. We are of the view that scope of truing up exercise is restricted to truing up of the capital expenditure already admitted and apportionment or reapportionment of the capital expenditure cannot be allowed at the time of truing up. Therefore, we are not inclined to consider the Petitioner's prayer for apportionment of capital expenditure towards IT Equipment and allowing depreciation @ 15% from 1.4.2014 onwards. Accordingly, the depreciation @ 5.28% has been considered for IT Equipment as part of the sub-station upto 31.3.2019 while truing up the capital expenditure for the 2014-19 period. During the 2019-24 tariff period, the IT Equipment has been considered separately and depreciation has been allowed @ 15% for the balance depreciable value of IT Equipment in accordance with Regulation 33 read with Sr. No. (p) of the Appendix-I (Depreciation Schedule) of the 2019 Tariff Regulations."



27. In line with above order of the Commission, the Gross Block during the tariff period 2014-19 has been depreciated at weighted average rate of depreciation (WAROD) (As placed in Annexure-1). The WAROD has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations and depreciation allowed during the 2014-19 period is as under: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	17573.23	17573.23	17573.23	17573.23	17573.23
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	17573.23	17573.23	17573.23	17573.23	17573.23
Average Gross Block	17573.23	17573.23	17573.23	17573.23	17573.23
Freehold Land	90.54	90.54	90.54	90.54	90.54
Weighted Average Rate of Depreciation (WAROD)	5.17	5.17	5.17	5.17	5.17
Balance useful life of the asset at the beginning of the year	24	23	22	21	20
Elapsed life	4	5	6	7	8
Aggregated Depreciable Value	15734.42	15734.42	15734.42	15734.42	15734.42
Combined Depreciation during the year	908.89	908.89	908.89	908.89	908.89
Aggregate Cumulative Depreciation	4787.38	5696.27	6605.16	7514.04	8422.93
Remaining Aggregate Depreciable Value	10947.04	10038.15	9129.27	8220.38	7311.49

28. The details of the depreciation approved in earlier order dated 15.3.2016 in Petition No. 14/TT/2015, claimed by the Petitioner in this petition and trued up in the instant order for the 2014-19 period is shown in the table below: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.3.2016 in Petition No. 14/TT/2015	931.79	954.69	954.69	954.69	954.69
Claimed by the Petitioner in the instant petition	916.96	916.96	916.96	916.96	916.96
Allowed after true-up in this order	908.89	908.89	908.89	908.89	908.89



Operation & Maintenance Expenses (O&M Expenses)

29. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. The total O&M Expenses claimed by the Petitioner for the Combined Asset are as under: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Total O&M Expenses	840.88	868.80	897.66	927.42	958.20

30. We have considered the submission of the Petitioner. The O&M Expenses allowed for the Combined Asset as per the norms specified in the 2014 Tariff Regulations are as under: -

	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses					
Sub-station Bays					
400 kV					
No. of bays	7	7	7	7	7
Norms (₹ lakh/Bay)	60.3	62.3	64.37	66.51	68.71
220 kV					
No. of bays	9	9	9	9	9
Norms (₹ lakh/Bay)	42.21	43.61	45.06	46.55	48.1
Transmission line					
D/C Twin/Triple Conductor (kms)	55.01	55.01	55.01	55.01	55.01
Norms (₹ lakh/km)	0.707	0.731	0.755	0.78	0.806
Total O&M Expense (₹ in lakh)	840.88	868.80	897.66	927.43	958.21

31. The details of the O&M Expenses approved in earlier order dated 15.3.2016 in Petition No. 14/TT/2015, claimed by the Petitioner in the instant petition and trued up in the instant order is shown in the table below: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.3.2016 in Petition No. 14/TT/2015	840.88	868.80	897.66	927.42	958.20



Claimed by the Petitioner in the instant petition	840.88	868.80	897.66	927.42	958.20
Allowed after true-up in this order	840.88	868.80	897.66	927.43	958.21

Interest on Working Capital (IWC)

32. IWC for the 2014-19 tariff period has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and is allowed as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O & M Expenses	70.07	72.40	74.81	77.29	79.85
Maintenance Spares	126.13	130.32	134.65	139.11	143.73
Receivables	602.79	594.38	585.28	576.35	568.06
Total Working Capital	798.99	797.10	794.74	792.75	791.64
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	107.86	107.61	107.29	107.02	106.87

33. The details of IWC approved earlier order dated 15.3.2016 in Petition No. 14/TT/2015, IWC claimed by the Petitioner in the instant petition and trued up IWC in the instant order for the 2014-19 period is shown as under: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.3.2016 in Petition No. 14/TT/2015	109.66	110.97	110.55	110.19	109.88
Claimed by the Petitioner in the instant petition	108.12	107.85	107.50	107.21	107.05
Allowed after true-up in this order	107.86	107.61	107.29	107.02	106.87

Approved Annual Fixed Charges of the 2014-19 Tariff Period

34. The trued up annual fixed charges for the instant transmission assets for the 2014-19 tariff period are as under: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	908.89	908.89	908.89	908.89	908.89
Interest on Loan	730.64	647.55	564.44	481.33	398.22
Return on Equity	1028.44	1033.43	1033.43	1033.43	1036.15



Interest on Working Capital	107.86	107.61	107.29	107.02	106.87
O&M Expenses	840.88	868.80	897.66	927.43	958.21
Total	3616.72	3566.27	3511.70	3458.09	3408.34

35. Accordingly, the Annual Transmission Charges approved earlier vide order dated 15.3.2016 in Petition No. 14/TT/2015, claimed by the Petitioner in the instant petition and approved after true-up in the instant order is shown in the table below: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.3.2016 in Petition No. 14/TT/2015	3696.51	3715.68	3656.82	3598.92	3542.09
Claimed by the Petitioner in the instant petition	3628.32	3576.90	3521.03	3466.65	3416.23
Allowed after true-up in this order	3616.72	3566.27	3511.70	3458.09	3408.34

Determination of Annual Fixed Charges for the 2019-24 Tariff Period

36. The Petitioner has claimed following the transmission charges for the Combined Asset for the 2019-24 period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	925.89	951.51	953.69	326.99	326.99
Interest on Loan	322.00	263.90	190.69	132.11	101.93
Return on Equity	1002.40	1026.84	1039.06	1039.06	1039.06
Interest on Working Capital	69.43	70.71	71.11	62.13	62.92
O&M Expenses	816.69	845.72	875.32	906.39	937.23
Total	3136.41	3158.68	3129.87	2466.68	2468.13

37. The Petitioner has claimed the following IWC for the Combined Asset for the 2019-24 period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	68.06	70.48	72.94	75.53	78.10
Maintenance Spares	122.50	126.86	131.30	135.96	140.58
Receivables	385.62	389.43	385.87	304.11	303.46
Total Working Capital	576.18	586.77	590.11	515.60	522.14
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	69.43	70.71	71.11	62.13	62.92



Capital Cost

38. Regulation 19 of the 2019 Tariff Regulations provide as under:

“19 Capital Cost: (1) *The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence check in accordance with these regulations shall form the basis for determination of tariff for existing and new projects.*

(2) *The Capital Cost of a new project shall include the following:*

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) *Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) *Expenditure on account of change in law and force majeure events; and*
- (o) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

(3) *The Capital cost of an existing project shall include the following:*

- (a) *Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*
- (b) *Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*



(c) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
(d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
(e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
(f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.”

(4) The capital cost in case of existing or new hydro generating station shall also include:

(a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
(b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.

(5) The following shall be excluded from the capital cost of the existing and new projects:

(a) The assets forming part of the project, but not in use, as declared in the tariff petition;
(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be decapitalised only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.

(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and
(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”



39. The capital cost of ₹17573.23 lakh as on 31.3.2019 worked out for the Combined Asset has been considered as opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

Additional Capital Expenditure (ACE)

40. Regulation 24 and Regulation 25 of the 2019 Tariff Regulations provides as under:

“24. Additional Capitalisation within the original scope and upto the cut-off date

(1) The Additional Capital Expenditure in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law; and*
- (f) Force Majeure events:*

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.

25. Additional Capitalisation within the original scope and after the cut-off date:

(1) The ACE incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:

- a) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;*
- b) Change in law or compliance of any existing law;*
- c) Deferred works relating to ash pond or ash handling system in the original scope of work;*
- d) Liability for works executed prior to the cut-off date;*
- e) Force Majeure events;*
- f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and*



g) Raising of ash dyke as a part of ash disposal system.

(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:

(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”

41. The Petitioner has claimed ₹867.48 lakh as ACE for the instant assets during the 2019-24 period and has submitted the Auditor Certificate dated 30.7.2019 in support. The Petitioner has submitted that the ACE approved vide order dated 15.3.2016 for the 2014-19 tariff period has been deferred to the 2019-24 tariff period due to delay in closure of contract by the contractor and it is on account of balance and retention payments due to undischarged liability for works executed within the cut-off date. The Petitioner has claimed the following capital cost for the Combined Asset as on 31.3.2024:

(₹ in lakh)			
Total Capital Cost as on 1.4.2019	Estimated ACE		Total Capital Cost as on 31.3.2024
	2019-20	2020-21	
17573.23	433.75	433.75	18440.71

42. The Petitioner has submitted the asset-wise details of the estimated ACE claimed for the 2019-24 period as under:

(₹ in lakh)						
Srl. No.	Asset	Party Name	Particulars	Amount (2019-20)	Amount (2020-21)	Total
1	Asset A	L & T	Supply Retention	129.96	129.96	259.92
		L & T	Erection retention	19.51	19.51	39.02



Asset A Total				149.47	149.47	298.94
2	Asset B	L & T	Supply Retention	122.62	122.62	245.25
		L & T	Erection retention	19.51	19.51	39.02
Asset B Total				142.13	142.13	284.27
3	Asset C	L & T	Supply Retention	122.62	122.62	245.25
		L & T	Erection retention	19.51	19.51	39.02
Asset C Total				142.13	142.13	284.27
Total				433.75	433.75	867.48

43. The Petitioner has further submitted that presently no undischarged liability is envisaged/ pending other than what is claimed in the instant petition.

44. We have considered the submissions made by the Petitioner. It is observed that ACE claimed by the Petitioner during the 2019-24 period pertains to balance and retention payment to L&T, pending due to contract closure. Hence, ACE claimed by the Petitioner has been allowed under Regulation 25(1)(d) of the 2019 Tariff Regulations as it is towards liability for works executed prior to the cut-off date.

45. Accordingly, ACE, during the 2019-24 period, and capital cost as on 31.3.2024 is approved as under:

(₹ in lakh)			
Capital Cost as on 1.4.2019	ACE		Total Capital Cost as on 31.3.2024
	2019-20	2020-21	
17573.23	433.75	433.75	18440.71

The total capital cost as on 31.3.2024 of ₹18440.71 lakh is within the apportioned approved capital cost of ₹22069.00 lakh.

Debt-Equity ratio

46. Regulation 18 of the 2019 Tariff Regulations provides as under:

“18. Debt-Equity Ratio: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:



Provided that:

- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:*
- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*
- iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.*

Explanation-*The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.*

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019, if the equity actually deployed as on 1.4.2019 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 of these regulations.

(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.”

The Petitioner has claimed Debt-Equity ratio of 70:30 for ACE for the 2019-24 period and the same ratio has been considered. The details of the debt and equity



considered for the purpose of computation of tariff for the 2019-24 tariff period is as under: -

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	%	ACE for 2019-24 (₹ in lakh)	%	Capital Cost as on 31.3.2024 (₹ in lakh)	%
Debt	12328.87	70.16	607.24	70.00	12936.11	70.15
Equity	5244.36	29.84	260.24	30.00	5504.60	29.85
Total	17573.23	100.00	867.48	100.00	18440.71	100.00

Return on Equity (RoE)

47. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations provide as under:

“30. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system;

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

ii. in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;

iii. in case of a thermal generating station, with effect from 1.4.2020:

a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;



b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:

Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.”

“31. Tax on Return on Equity: (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

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

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

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.

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on year to year basis.”

48. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. Accordingly, the MAT rate (including applicable Surcharge and Health & Education Cess) applicable in 2019-20 has been considered for the purpose of RoE, which shall be trued up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the Combined Asset is as under:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	5244.36	5374.49	5504.60	5504.60	5504.60
Additions	130.13	130.12	0.00	0.00	0.00
Closing Equity	5374.49	5504.60	5504.60	5504.60	5504.60
Average Equity	5309.42	5439.54	5504.60	5504.60	5504.60
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity	997.19	1021.63	1033.85	1033.85	1033.85

Interest on Loan (IoL)

49. Regulation 32 of the 2019 Tariff Regulations provides as under:

“32. Interest on loan capital: (1) The loans arrived at in the manner indicated in regulation 18 of these regulations shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.”



50. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed to allow the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period at the time of true up. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed for the Combined Asset is as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	12328.87	12632.50	12936.11	12936.11	12936.11
Cumulative Repayments upto Previous Year	8422.93	9352.22	10305.76	11271.22	11599.66
Net Loan-Opening	3905.94	3280.27	2630.35	1664.89	1336.45
Additions	303.63	303.61	0.00	0.00	0.00
Repayment during the year	929.29	953.54	965.46	328.44	328.44
Net Loan-Closing	3280.27	2630.35	1664.89	1336.45	1008.01
Average Loan	3593.11	2955.31	2147.62	1500.67	1172.23
Weighted Average Rate of Interest on Loan (%)	9.1300	9.1261	9.1197	9.1071	9.0717
Interest on Loan	328.05	269.70	195.86	136.67	106.34

Depreciation

51. Regulation 33 of the 2019 Tariff Regulations provides as under:

"33. Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element there of including communication system. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.

(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 a 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.



(3) *The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:*

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:

Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

(4) *Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.*

(5) *Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I 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 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2019 from the gross depreciable value of the assets.*

(7) *The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure five years before the completion of useful life of the project along with justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure.*

(8) *In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the decapitalized asset during its useful services.”*

52. The IT equipment has been considered as a part of the Gross Block and depreciated using WAROD (As placed in Annexure-2). WAROD has been worked out after taking into account the depreciation rates of IT and non-IT assets as prescribed



in the 2019 Tariff Regulations. The salvage value of IT equipment has been considered nil, i.e. IT asset has been considered as 100 per cent depreciable. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation upto 31.3.2019. The depreciation allowed for the Combined Asset is as under: -

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	17573.23	18006.98	18440.71	18440.71	18440.71
Additional Capitalisation	433.75	433.73	0.00	0.00	0.00
Closing Gross Block	18006.98	18440.71	18440.71	18440.71	18440.71
Average Gross Block	17790.11	18223.85	18440.71	18440.71	18440.71
Freehold Land	90.54	90.54	90.54	90.54	90.54
Weighted Average Rate of Depreciation (WAROD)	5.22	5.23	5.24	Spreading	
Balance useful life at the beginning of the year	19	18	17	16	15
Elapsed life	9	10	11	12	13
Aggregate Depreciable value	15938.82	16330.57	16526.23	16526.23	16526.23
Combined Depreciation during the year	929.29	953.54	965.46	328.44	328.44
Aggregated Cumulative Depreciation	9352.22	10305.76	11271.22	11599.66	11928.10
Remaining Aggregated Depreciable Value	6586.59	6024.81	5255.01	4926.57	4598.14

Operation & Maintenance Expenses (O&M Expenses)

53. The O&M Expenses claimed by the Petitioner for the instant Combined Asset for the 2019-24 period are as under:

	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses					
400 kV					
No. of bays	7	7	7	7	7
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
220 kV					
No. of bays	9	9	9	9	9
Norms (₹ lakh/Bay)	22.51	23.3	24.12	24.96	25.84
Transformer(s)					
400 kV					



Capacity MVA	945	945	945	945	945
Norms (₹ lakh/MVA)	0.358	0.371	0.384	0.398	0.411
Transmission Line					
D/C Twin/Triple Conductor (kms)	55.01	55.01	55.01	55.01	55.01
Norms (₹ lakh/km)	0.707	0.731	0.755	0.78	0.806
PLCC					
Original Capital Cost	114.05	114.05	114.05	114.05	114.05
Norms (₹ lakh)	2% on Original Capital Cost				
Total O&M expense (₹ in lakh)	816.69	845.72	875.32	906.39	937.23

54. Regulation 35(3)(a) of the 2019 Tariff Regulations provides as under:

“(3) Transmission system: (a) The following normative operation and maintenance expenses shall be admissible for the transmission system:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					



<i>HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)</i>	834	864	894	925	958
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)</i>	1,666	1,725	1,785	1,848	1,913
<i>500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)</i>	2,252	2,331	2,413	2,498	2,586
<i>±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)</i>	2,468	2,555	2,645	2,738	2,834
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563	2,653	2,746	2,842	2,942

Provided that the O&M expenses for the GIS bays shall be allowed as worked out by multiplying 0.70 of the O&M expenses of the normative O&M expenses for bays;

Provided further that:

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;*
- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
- iii. the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*
- iv. the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;*
- v. the O&M expenses of ±800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme; and*
- vi. the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.*



(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of sub-station bays, transformer capacity of the transformer (in MVA) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA and per km respectively.

(c) The Security Expenses and Capital Spares for transmission system shall be allowed separately after prudence check:

Provided that the transmission licensee shall submit the assessment of the security requirement and estimated security expenses, the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification.

(4) Communication system: The operation and maintenance expenses for the communication system shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up.”

55. We have considered the submissions of the Petitioner. The O&M Expenses have been allowed as per the norms specified in the 2019 Tariff Regulations and are as under:

	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses					
Sub-station Bays					
400 kV					
No. of bays	7	7	7	7	7
Norms (₹ lakh/Bay)	60.3	62.3	64.37	66.51	68.71
220 kV					
No. of bays	9	9	9	9	9
Norms (₹ lakh/Bay)	42.21	43.61	45.06	46.55	48.1
Transformer					
400 kV					
Capacity (MVA)	945	945	945	945	945
Norms (₹ lakh/MVA)	0.358	0.371	0.384	0.398	0.411
Transmission line					
D/C Twin/Triple Conductor (kms)	55.01	55.01	55.01	55.01	55.01
Norms (₹ lakh/km)	0.707	0.731	0.755	0.78	0.806
PLCC					
Original Capital Cost	114.05	114.05	114.05	114.05	114.05
Norms (₹ lakh)	2% on Original Capital Cost				
Total O&M Expense (₹ in lakh)	816.69	845.71	875.32	906.40	937.22



Interest on Working Capital (IWC)

56. Regulation 34(1)(c), Regulation 34(3), Regulation 34(4) and Regulation 3(7) of the 2019 Tariff Regulations provide as under:

“34. Interest on Working Capital

(1) ...

(c) For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:

- i. Receivables equivalent to 45 days of fixed cost;*
- ii. Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
- iii. Operation and maintenance expenses, including security expenses for one month”*

“(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

Provided that in case of truing-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency.”

“3. Definitions . - In these regulations, unless the context otherwise requires:-

(7) ‘Bank Rate’ means the one year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;”

57. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%.

58. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, whereas, ROI for 2020-21 onwards has been considered as 11.25% (SBI 1-year MCLR applicable



as on 1.4.2020 of 7.75% plus 350 basis points). The components of the working capital and interest thereon allowed are as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	68.06	70.48	72.94	75.53	78.10
Maintenance Spares	122.50	126.86	131.30	135.96	140.58
Receivables	386.15	389.16	386.75	303.70	303.02
Total Working Capital	576.72	586.50	590.99	515.19	521.70
Rate of Interest (%)	12.05%	11.25%	11.25%	11.25%	11.25%
Interest on Working Capital	69.49	65.98	66.49	57.96	58.69

Annual Fixed Charges for the 2019-24 Tariff Period

59. The transmission charges allowed for the instant transmission assets for the 2019-24 tariff period are as under: -

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	929.29	953.54	965.46	328.44	328.44
Interest on Loan	328.05	269.70	195.86	136.67	106.34
Return on Equity	997.19	1021.63	1033.85	1033.85	1033.85
Interest on Working Capital	69.49	65.98	66.49	57.96	58.69
O&M Expenses	816.69	845.71	875.32	906.40	937.22
Total	3140.72	3156.56	3136.97	2463.31	2464.54

Filing Fee and the Publication Expenses

60. BRPL has submitted that though the Commission can allow filing fee and publication expenses at its discretion under Regulation 70(1) of the 2019 Tariff Regulations, but the exercise of such discretion is a judicial discretion in the adjudication of tariff for which no justification has been filed by the Petitioner. BRPL also referred to the Commission's order dated 11.9.2008 in Petition No. 129 of 2005 where it declined the claim of Central Power Sector undertakings for allowing the reimbursement of the application filing fee. The Petitioner, in response has submitted that it has requested for reimbursement of expenditure by the beneficiaries towards petition filing fee and publication expense, in terms of Regulation 70(1) of the 2019 Tariff Regulations. Further, the Petitioner also referred to the Commission's order



dated 28.3.2016 in Petition No. 137/TT/2015 where it allowed the recovery of petition filing fee and expenditure for publication of notices from beneficiaries on pro-rata basis.

61. We have considered the submissions of the Petitioner and BRPL. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. 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 Regulation 70(1) of the 2019 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

62. The Petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for the 2019-24 tariff period. The Petitioner shall also be entitled for recovery of RLDC fee and charges in accordance with Regulations 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Goods and Services Tax

63. The Petitioner has submitted that, if GST is levied at any rate and at any point of time in future on charges of transmission of electricity, the same shall be borne and additionally paid by the Respondents to the Petitioner and the same shall be charged and billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Government/ Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

64. BRPL has submitted that the demand of the Petitioner is premature and need not be considered at this juncture. In response, the Petitioner has submitted that currently transmission of electricity by an electric transmission utility is exempt from GST.



Hence, the transmission charges currently charged are exclusive of GST. Further, if GST is levied at any rate and at any point of time in future, the same shall be borne and additionally paid by the Respondents to the Petitioner and the same shall be charged and billed separately.

65. We have considered the submission of the Petitioner and BRPL. Since, GST is not levied on transmission service at present we are of the view that Petitioner's prayer is premature.

Security Expenses

66. The Petitioner has submitted that security expenses for the instant assets are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential IWC. The Petitioner has requested to consider the actual security expenses incurred during 2018-19 for claiming estimated security expenses for 2019-20 which shall be subject to true up at the end of the year based on the actuals. The Petitioner has submitted that similar petition for security expenses for 2020-21, 2021-22, 2022-23 and 2023-24 shall be filed on a yearly basis on the basis of the actual expenses of previous year subject to true up at the end of the year on actual expenses. The Petitioner has submitted that the difference, if any, between the estimated security expenses and actual security expenses as the audited accounts may be allowed to be recovered from the beneficiaries on a yearly basis.

67. BRPL has submitted that the approach adopted by the Petitioner towards claim of security expenses does not warrant the need for IWC as the same is claimed in advance. The Petitioner, in response, has submitted that the expenses are not claimed in the instant petition and shall be claimed separately in a separate petition along with other assets.



68. We have considered the submissions of the Petitioner and BRPL. We are of the view that the Petitioner should claim security expenses for all the transmission assets in one petition. It is observed that the Petitioner has already filed the Petition No. 260/MP/2020 claiming consolidated security expenses on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19. Therefore, security expenses will be dealt with in Petition No. 260/MP/2020 in accordance with the applicable provisions of the 2019 Tariff Regulations.

Capital Spares

69. The Petitioner has sought reimbursement of Capital Spares at the end of tariff block. The Petitioner’s claim, if any, shall be dealt with in accordance with the provisions of the 2019 Tariff Regulations.

Sharing of Transmission Charges

70. 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 for the 2014-19 period and Regulation 57 of the 2019 Tariff Regulations for the 2019-24 period.

71. To summarise, the trued-up Annual Fixed Charges allowed for the instant assets for the 2014-19 tariff period are as under:

	(₹ in lakh)				
Combined Asset	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges	3616.72	3566.27	3511.70	3458.09	3408.34



The Annual Fixed Charges allowed for the Combined Asset for the 2019-24 tariff period in this order are as under:

(₹ in lakh)					
Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	3140.72	3156.56	3136.97	2463.31	2464.54

72. This order disposes of Petition No. 170/TT/2020.

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



ANNEXURE-1

DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION FOR THE 2014-19 PERIOD

2014-19	Capital Expenditure	Combined Admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Projected Additional Capitalization (₹ in lakh)					Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)					
			2014-15	2015-16	2016-17	2017-18	2018-19			2014-15	2015-16	2016-17	2017-18	2018-19	
	Land - Freehold	90.54	0.00	0.00	0.00	0.00	0.00	90.54	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
	Land - Leasehold	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00	0.00
	Building Civil Works & Colony	793.56	0.00	0.00	0.00	0.00	0.00	793.56	3.34%	26.50	26.50	26.50	26.50	26.50	26.50
	Transmission Line	4811.88	0.00	0.00	0.00	0.00	0.00	4811.88	5.28%	254.07	254.07	254.07	254.07	254.07	254.07
	Sub Station	11680.12	0.00	0.00	0.00	0.00	0.00	11680.12	5.28%	616.71	616.71	616.71	616.71	616.71	616.71
	PLCC	114.05	0.00	0.00	0.00	0.00	0.00	114.05	6.33%	7.22	7.22	7.22	7.22	7.22	7.22
	IT Equipment (Incl. Software)	83.08	0.00	0.00	0.00	0.00	0.00	83.08	5.28%	4.39	4.39	4.39	4.39	4.39	4.39
	Total	17573.23	0.00	0.00	0.00	0.00	0.00	17573.23	Total	908.89	908.89	908.89	908.89	908.89	908.89
				Average Gross Block (₹ in lakh)											
											17573.23 17573.23 17573.23 17573.23 17573.23				
									Weighted Average Rate of Depreciation						
											5.17% 5.17% 5.17% 5.17% 5.17%				
											5.17% 5.17% 5.17% 5.17% 5.17%				



ANNEXURE-2

DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION FOR THE 2019-24 PERIOD

2019-24 Capital Expenditure	Combined Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Projected Additional Capitalization (₹ in lakh)					Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)		
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22
Land - Freehold	90.54	0.00	0.00	0.00	0.00	0.00	90.54	-	0.00	0.00	0.00
Land - Leasehold	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.34%	0.00	0.00	0.00
Building Civil Works & Colony	793.56	0.00	0.00	0.00	0.00	0.00	793.56	3.34%	26.50	26.50	26.50
Transmission Line	4811.88	0.00	0.00	0.00	0.00	0.00	4811.88	5.28%	254.07	254.07	254.07
Sub Station	11680.12	415.75	424.02	0.00	0.00	0.00	12519.89	5.28%	627.69	649.86	661.05
PLCC	114.05	0.00	0.00	0.00	0.00	0.00	114.05	6.33%	7.22	7.22	7.22
IT Equipment (Incl. Software)	83.08	18.00	9.71	0.00	0.00	0.00	110.79	15.00%	13.81	15.89	16.62
Total	17573.23	433.75	433.73	0.00	0.00	0.00	18440.71	Total	929.29	953.54	965.46
Average Gross Block (₹ in lakh)									17790.11	18223.85	18440.71
Weighted Average Rate of Depreciation									5.22%	5.23%	5.24%
<p>*Since the asset has completed 12 years of life as on 31.3.2022, the remaining depreciable value of ₹5255.01 lakh as on 31.3.2022 has been spread across the balance useful life of 16 years in accordance with Regulation 33(5) of the 2019 Tariff Regulations. The annual depreciation from 2022-23 onwards is ₹328.44 lakh.</p>											

