CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 293/TT/2022

Coram:

Shri Jishnu Barua, Chairperson
Shri Arun Goyal, Member
Shri P. K. Singh, Member

Date of Order: 29.03.2024

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for determination of transmission tariff from COD to 31.3.2024 of Asset-1: Conversion of existing 2x63 MVAR Line Reactors at Bhachau end of Bhachau-EPGL 400 kV D/C line to Switchable Line Reactors along with two nos. of 400 kV Reactor bays associated with Part A: PG works associated with Western Region Strengthening Scheme-21 and Asset-2: 1 No. 220 kV GIS Line Bay at Bhuj Sub-station associated with Part-B: Extension works at Bhuj Pooling Station for interconnection of RE projects under "Extension works at POWERGRID Sub-stations for inter-connection of RE projects" in the Western Region.

And in the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No-2,
Sector-29, Gurgaon-122001 (Haryana). ……**Petitioner**

Versus

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008.

2. Maharashtra State Electricity Distribution Company Limited,
Hong Kong Bank Building, 3rd Floor,
MG Road, Fort, Mumbai-400001.

3. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road,
Vadodra-390007.

4. Electricity Department,
   Government of Goa,
   Vidyut Bhawan, Panaji,
   Near Mandvi Hotel, Goa-403001.

5. Electricity Department,
   Administration of Daman and Diu,
   Daman-396210.

6. DNH Power Distribution Corporation Limited,
   Vidyut Bhawan, 66 kV Road, Near Secretariat Amli,
   Silvassa-396230.

7. Chhattisgarh State Power Distribution Company Limited,
   P.O. Sunder Nagar, Dangania, Raipur,
   Chhattisgarh-492013.

8. Gujarat Power Corporation Limited,
   Block No. 8, Sixth Floor,
   Udhyog Bhavan, Sector 11,
   Gandhinagar-382001.

9. Netra Wind Private Limited (Alfanar Company),
   504-Delphi, Wing B, Hiranandani Business Park,
   Powai, Mumbai-400076.

10. Jam Khambaliya Transco Limited,
    (A subsidiary of Adani Transmission Limited),
    C 105, Anand Niketan,
    New Delhi-110021.

11. WRSS XXI(A) Transco Limited,
    (A subsidiary of Adani Transmission Limited),
    C 105, Anand Niketan,
    New Delhi-110021. …..**Respondent(s)**

For Petitioner: Shri Zafrul Hassan, PGCIL
Shri Pankaj Sharma, PGCIL

For Respondent: Shri Siddarth Sharma, CTUIL
Shri Akshayvat Kislay, CTUIL

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited for the determination of tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "the 2019 Tariff Regulations") for the period from COD to 31.3.2024 in respect of **Asset 1:** Conversion of existing 2x63 MVAR Line Reactors at Bhachau end of Bhachau-EPGL 400 kV D/C line to Switchable Line Reactors along with two numbers of 400 kV Reactor bays associated with Part A: PG works associated with Western Region Strengthening Scheme-21; and **Asset 2:** 1 number 220 kV GIS Line Bay at Bhuj Sub-station associated with Part-B: Extension works at Bhuj Pooling Station for inter-connection of RE projects (hereinafter referred to as the "transmission assets") under Powergrid works associated with "Extension works at POWERGRID Sub-stations for interconnection of RE projects" (hereinafter referred to as "transmission project") in the Western Region:

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

> *"1) Approve the DOCO as claimed and condone the delay in commissioning of above-mentioned assets as the reasons mentioned at para 5 are beyond the control of petitioner and allow IDC and IEDC as claimed in the petition.*
>
> *2) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred.*
>
> *3) Approve the Transmission Tariff for the tariff block 2019-24 block for the asset covered under this petition, as per para –8.4 above.*
>
> *4) 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 2019 as per para 8 above for respective block.*

5) *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.*

6) *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.*

7) *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.*

8) *Allow the Petitioner to claim the overall security expenses and consequential IOWC on that security expenses separately.*

9) *Allow the petitioner to claim the capital spares at the end of tariff block as per actual.*

10) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate 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.*

11) *Allow interim tariff in accordance with Regulation 10 (3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.*

12) *Allow Final tariff in accordance with Regulation 10 (5) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.*

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 follows:

a. The Investment Approval (IA) of the transmission project was accorded by the Board of Directors (BoD) of the Petitioner in its meeting held on 14.5.2020 and communicated vide Memorandum No. C/CP/PA2021-02-0A-IA001 with an estimated cost of ₹1138 lakh, including an IDC of ₹24 lakh based on the December 2019 price level.

b. The scheme was discussed and agreed upon in the 3rd ECT meeting held on 21.12.2018 for implementation through the RTM route by the Petitioner. In addition, ECT recommended the implementation of an additional 1x500 MVA 400/220 kV (9th) ICT (with associated 400 kV GIS bay and 220 kV AIS bay), for injection from any additional RE project (other than 4000 MW injection under SECI bids up to Tranche IV) in existing Bhuj Pooling Station.

c. The scope of work covered under the transmission project broadly includes:

A. Part – A: PG works associated with Western Region Strengthening Scheme – 21:

- Conversion of existing 2x63 MVAR line reactors at Bhachau end of Bhachau-EPGL 400 kV D/Cc line to switchable line reactors along with two numbers of 400 kV reactor bays.

B. Part – B: Extension works at Bhuj Pooling Station for inter-connection of RE projects:

- 1 number 220 kV GIS line bays at 765/400/220 kV Pooling Station

d. The transmission assets under the transmission project have been completed. The details of the scheduled date of commercial operation (SCOD), date of commercial operation (COD) and time over-run of the transmission assets are as follows:

Sl. No.	Asset	SCOD	Actual COD	Time Over-run
1	Asset-1	15.1.2021	9.8.2021 (actual)	6 months 24 days
2	Asset-2	15.1.2021	29.9.2021 (COD claimed under Regulation 5(2) of the 2019 Tariff Regulations 2019)	8 months 14 days

4. The Respondents are generators, distribution licensees and power departments procuring transmission service from the Petitioner, all of which are mainly beneficiaries of the Western Region.

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has also been published in newspapers in accordance with Section

64 of the Electricity Act, 2003. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No. 1, vide affidavit dated 5.1.2023, has filed its reply and has raised issues of time over-run, Initial Spares, Additional Capital Expenditure (ACE) and GST. The Petitioner has filed its rejoinder to the reply of MPPMCL vide affidavit dated 10.1.2023. The issues raised by MPPMCL and the clarifications given by the Petitioner are considered in the relevant portions of this order.

6. This order is issued considering the submissions made by the Petitioner in the petition dated 31.5.2022 and subsequent affidavits dated 11.8.2022 and 30.3.2023, MPPMCL's reply vide affidavit dated 5.1.2023, CTUIL's reply to queries in RoP vide affidavit dated 17.10.2023 and the Petitioner's rejoinder to the reply of MPPMCL vide affidavit dated 10.1.2023.

7. The hearing in this matter was held on 27.9.2023, and the order was reserved.

8. Having heard the learned counsel and representatives of the Petitioner, and after perusing the material on record, we proceed to dispose of the petition.

DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

9. The Petitioner has claimed the following transmission charges in respect of the transmission assets for the 2019-24 tariff period:

Asset-1

(₹ in lakh)

Particulars	**2021-22 (pro-rata 235 days)**	**2022-23**	**2023-24**
Depreciation	5.51	14.02	15.35
Interest on Loan	4.34	10.61	10.79
Return on Equity	6.00	15.35	16.78
O&M Expenses	44.36	71.32	73.82
Interest on Working Capital	1.89	3.23	3.36
Total	**62.10**	**114.53**	**120.10**

Asset-2

(₹ in lakh)

Particulars	2021-22 (pro-rata 184 days)	2022-23	2023-24
Depreciation	14.07	31.49	32.11
Interest on Loan	10.23	21.78	20.42
Return on Equity	14.13	31.87	32.58
O&M Expenses	8.51	17.47	18.09
Interest on Working Capital	0.83	1.78	1.80
Total	**47.77**	**104.39**	**105.00**

10. The Petitioner has claimed the following Interest on Working Capital (IWC) in respect of the transmission assets for the 2019-24 tariff period:

Asset-1

(₹ in lakh)

Particulars	2021-22 (pro-rata 235 days)	2022-23	2023-24
O&M Expenses	5.74	5.94	6.15
Maintenance Spares	10.34	10.70	11.07
Receivables	11.89	14.12	14.44
Total Working Capital	27.97	30.65	30.41
Rate of Interest (in %)	10.50	10.50	10040
Interest on Working Capital	**1.89**	**3.23**	**3.36**

Asset-2

(₹ in lakh)

Particulars	2021-22 (pro-rata 184 days)	2022-23	2023-24
O&M Expenses	1.41	1.46	1.51
Maintenance Spares	2.53	2.62	2.71
Receivables	11.68	12.87	12.91
Total Working Capital	15.62	16.95	17.13
Rate of Interest (in %)	10.50	10.50	10.50
Interest on Working Capital	**0.83**	**1.78**	**1.80**

Date of Commercial Operation ("COD")

11. The Petitioner has claimed the COD of Asset-1 as 9.8.2021 and COD of Asset-2 as 29.9.2021 under Regulation 5(2) of the 2019 Tariff Regulations.

12. In support of the COD of Asset-1, the Petitioner has submitted a CEA energization certificate dated 26.6.2021 required under Regulation 43 of Central Electricity Authority (CEA) (Measures relating to Safety and Electric Supply) Regulations, 2010, a WRLDC charging certificate dated 15.9.2021, a self-declaration COD letter dated 13.8.2021 and the Petitioner's CMD's certificate as required under the Grid Code.

13. Taking into consideration the CEA energisation certificate, WRLDC charging certificate, the Petitioner's CMD Certificate, the COD of Asset-1 is approved as 9.8.2021.

14. The Petitioner has submitted that the power flow in case of Asset-2, i.e. 1 number 220 kV GIS line bay at Bhuj Sub-station, could not be achieved due to the non-availability of the corresponding transmission line being constructed by Netra Wind Private Limited (NWPL). Further, the Petitioner has submitted that the Petitioner, in accordance with the 2019 Tariff Regulations, had given one month's notice to NWPL prior to completion/ no-load charging of Asset-2 vide letter dated 26.8.2021 and only after one month's notice, the COD is being invoked w.e.f. 29.9.2021 in accordance with Regulation 5(2) of the 2019 Tariff Regulations. The Petitioner has submitted the CEA energization certificate, no-load RLDC charging certificate and the Petitioner's CMD's certificate as per the relevant Grid Code to establish that Asset-2 is complete in all respects, except the power flow by 29.9.2021.

15. Regulation 5 of the 2019 Tariff Regulations provides as follows:

> *"**5. Date of Commercial Operation:** (1) The date of commercial operation of a generating station or unit thereof or a transmission system or element thereof and associated communication system shall be determined in accordance with the*

provisions of the Grid Code.

(2) In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:

Provided that the transmission licensee seeking the approval of the date of commercial operation under this clause shall give prior notice of at least one month, to the generating company or the other transmission licensee and the long term customers of its transmission system, as the case may be, regarding the date of commercial operation:

Provided further that the transmission licensee seeking the approval of the date of commercial operation of the transmission system under this clause shall be required to submit the following documents along with the petition:

(a) Energisation certificate issued by the Regional Electrical Inspector under Central Electricity Authority;
(b) Trial operation certificate issued by the concerned RLDC for charging element with or without electrical load;
(c) Implementation Agreement, if any, executed by the parties;
(d) Minutes of the coordination meetings or related correspondences regarding the monitoring of the progress of the generating station and transmission systems;
(e) Notice issued by the transmission licensee as per the first proviso under this clause and the response;
(f) Certificate of the CEO or MD of the company regarding the completion of the transmission system including associated communication system in all respects.

(3) The date of commercial operation in case of integrated mine(s), shall mean the earliest of —

a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or
b) the first date of the year succeeding the year in which the value of production estimated in accordance with Regulation 7A of these regulations, exceeds total expenditure in that year; or
c) the date of two years from the date of commencement of production:

Provided that on earliest occurrence of any of the events under sub-clauses (a) to (c) of Clause (3) of this Regulation, the generating company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one week prior intimation to the beneficiaries of the end-use or associated generating station(s);

Provided further that in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause

(3) of this Regulation;

Provided also that the generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation."

16. We have considered the Petitioner's submissions. As per Regulation 5(2) of the 2019 Tariff Regulations, the COD of a transmission system or an element thereof may be approved if the said system has been prevented from being put into regular service for reasons not attributable to the transmission licensee. As per Regulation 5(2) of 2019 Tariff Regulations, the Petitioner shall have to give prior notice of at least one month to the transmission licensee regarding the date of commercial operation.

17. The Petitioner has sought declaration of COD for the Asset-2 as 29.9.2021 under Regulation 5(2) of the 2019 Tariff Regulations. In support of COD of Asset-2, the Petitioner has submitted the CEA energization certificate dated 19.8.2021 under Regulation 43 of Central Electricity Authority (CEA) (Measures relating to Safety and Electric Supply) Regulations, 2010, 'No-load' RLDC charging certificate dated 26.11.2021 and their CMD's Certificate as required under the Grid Code. The Petitioner, vide letter dated 26.8.2021, has issued prior notice of one month, as required under Regulation 5(2) of the 2019 Tariff Regulations, to NWPL and informed that the transmission assets will be ready for charging in September 2021.

18. In this regard, the Petitioner, during the course of the hearing dated 27.9.2023, had submitted that as per the minutes of the meeting dated 24.1.2023 of the 38th JCC meeting held on 26.11.2022, the associated connectivity line of the generator, i.e. the Netra-Bhuj Pooling Station 220 kV S/C line, along with the associated bay at generation end was put into commercial operation on 25.11.2022.

19. Taking into consideration that NWPL did not file its reply in spite of having given two opportunities, one more opportunity was given to NWPL and other Respondents to file their reply, especially regarding the Petitioner's prayer for approval of the COD of the Asset-2 under Regulation 5(2) of the 2019 Tariff Regulations.

20. It is observed that no reply has been received from NWPL and other Respondents except MPPMCL. The CTUIL has filed the status of the execution of the transmission line under the scope of NWPL as per the Commission's direction vide RoP dated 27.9.2023.

21. Taking into consideration the CEA energisation certificate, 'No load' RLDC charging certificate, the Petitioner's CMD certificate and the submissions made by the Petitioner during the hearing dated 27.9.2023, the COD of Asset-2 is approved as 29.9.2021 under Regulation 5(2) of the 2019 Tariff Regulations.

Capital Cost

22. Regulation 19 of the 2019 Tariff Regulations provides as follows:

> ***"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 renovation and modernisation as admitted by this Commission in accordance with these regulations;*

(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 upto 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 de-capitalised 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."

23. The Petitioner vide Auditor's Certificates dated 8.12.2021 has claimed the capital cost incurred as on COD and the projected ACE in respect of the transmission assets, and the same is as follows:

(₹ in lakh)

Assets	**FR Apportioned approved cost**	**Expenditure up to COD**	**Projected ACE**			**Estimated completion cost**
			2021-22	**2022-23**	**2023-24**	
Asset-1	341.25	75.37	180.60	33.25	17.47	306.69
Asset-2	796.75	442.54	110.43	25.20	-	578.17
Total	**1138.00**					**884.86**

Cost over-run

24. The Petitioner has submitted that the total approved cost as per IA is ₹1138.00 lakh, and the estimated completion cost is ₹884.86 lakh. Therefore, there is no cost over-run with respect to the transmission assets.

Time over-run

25. As per IA dated 14.5.2020, the SCOD of the transmission project was 8 months from the date of IA. Accordingly, the SCOD of the transmission assets is 15.1.2021, against which the transmission assets were put into commercial operation as follows:

Assets	SCOD	COD	Time over-run
Asset-1	15.1.2021	9.8.2021	205 days
Asset-2		29.9.2021	256 days

26. Thus, there is a time over-run of 205 days and 256 days in the execution of Asset-1 and Asset-2, respectively.

27. The Petitioner has submitted that the main reason for the time over-run in the case of the transmission assets was the outbreak of the COVID-19 Pandemic and the subsequent lockdowns and restrictions imposed in the wake of the outbreak of COVID-19 pandemic.

28. The Petitioner has submitted that the specific COVID-19 related challenges, which included supplier-delivery issues, worker absenteeism due to illness, delayed issuance of permits, travel restrictions, and loss of time or inefficiencies due to the need to practice social distancing on the job site, affected the implementation of the transmission assets. The contractor was not able to carry out the works in view of the restrictions placed by the Governments to prevent the spread of the outbreak. Further, the Petitioner submitted that the lack of engineering and technical support and supply chain disruptions were the major factors impacting project schedule and implementations. Therefore, the commissioning of the transmission project also faced delays due to the squeezing of supply lines and construction activities.

29. The Petitioner has submitted that the Ministry of Power (MoP), in its letter dated 27.7.2020, allowed the extension of SCOD by 5 months in case of all the inter-State transmission projects, which were under construction as on 25.3.2020, to mitigate the issues of disruption in supply chains and manpower, caused due to outbreak of the COVID-19 pandemic. MoP vide letter dated 12.6.2021 allowed further extension in SCOD by 3 months to all inter-State projects with SCOD after 1.4.2021. As per the extension granted by MoP due to the COVID-19 pandemic, the revised SCOD of the transmission project is 20.11.2021. The details of time over-run in respect of transmission assets as per the revised SCOD are as follows:

Assets	Revised SCOD (as per MoP Letters dated 27.7.2020 and 12.6.2021)	COD	Time over-run as per IA	Time over-run (considering MoP letters)
Asset-1	15.9.2021	9.8.2021	205 days	No delay
Asset-2		29.9.2021	256 days	Delay of 14 days

30. The Petitioner has requested to condone the marginal time over-run of 14 days in execution of Asset-2 under Regulation 22(2)(c) of the 2019 Tariff Regulations.

31. MPPMCL has submitted that the MoP's circulars dated 27.7.2020 and 12.6.2021 are only applicable for inter-State Transmission Projects, whereas the instant transmission assets are limited to only Gujarat State. MPPMCL has submitted that the Petitioner has also not submitted any documentary evidence confirming that the transmission project is an inter-State Transmission Project. MPPMCL has further submitted that the circular dated 12.6.2021 is only applicable for the inter-State Transmission Projects which are under construction with SCOD coming after 1.4.2021, whereas the original SCOD for the instant transmission project was 15.1.2021. Therefore, the circular dated 12.6.2021 is not applicable in the instant

case. As such, the time over-run is solely attributable to Petitioner, and it prayed that the delay on this ground should not be condoned.

32. In response, the Petitioner has reiterated its submissions made in the petition.

33. We have considered the submissions of the Petitioner and MPPMCL and have perused the record. The Petitioner has submitted that the time over-run in case of the transmission assets was due to COVID-19 and the transmission assets are eligible for time extensions allowed by the MoP letters. The Petitioner has submitted that as per the extended timeline, there is no time over-run in the case of Asset-1, and there is a marginal time over-run of 14 days in the case of Asset-2 and accordingly prayed for condonation of the same.

34. The MoP vide letters dated 27.7.2020 and 12.6.2021 has extended the SCOD by 5 months and 3 months, respectively, for the inter-State transmission project because of the COVID-19 pandemic. The relevant extracts of the letter dated 27.7.2020 are as follows:

> *"Sub: Extension to TSP/Transmission Licensees for completion of under construction inter-State transmission projects*
>
> *Sir,*
>
> *I am directed to state that transmission utilities have pointed out that construction activities at various transmission project sites have been severely affected by the nationwide lockdown measures announced since 25th march,2020 to contain outbreak of COVID-19 and have requested for extension of Scheduled Commercial Operation (SCOD) to mitigate the issues of disruption in supply chains and manpower, caused due to outbreak of COVID-19 pandemic.*
>
> *2. It has been, therefore, decided that;*
>
> *i. All inter-state transmission projects, which were under construction as on date of lock-down i.e. 25th March 2020, shall get an extension of five months in respect of SCOD*

ii. *This order shall not apply to those projects, whose SCOD date was prior to 25th March 2020*

iii. *Start date of Long Term Access granted to a generator by CTU based on completion of a transmission line, whose SCOD is extended by 5 months due to COVID-19 as mentioned above at point(i), shall also be extended by 5 months."*

3. This issue with the approval of Competent Authority."

35. The relevant extracts of the letter dated 12.6.2021 of MoP, which provided an extension of 3 months in respect of SCOD for inter-State transmission projects, is as follows:

> *"Sub: Extension to TSP/Transmission Licensees for completion of under construction* inter-State transmission projects – reg.
>
> *Sir,*
>
> *I am directed to state that transmission utilities have approached this Ministry stating that construction activity at various transmission projects sites have been severely affected by the current second wave of COVID-19 pandemic and various measures taken by State/UT Governments to contain the pandemic; such as night curfew, imposition of section 144, weekend lockdown and complete lockdown. In this regard they have requested for extension of Scheduled Commercial Operation Date (SCOD) for the undergoing Transmission projects to mitigate the issues of disruption in supply chains and manpower, caused due to COVID-19 pandemic.*
>
> *2. The matter has been examined in the Ministry and it has been noted that unlike last year complete lock-down in the entire country, this time different States/UTs have ordered lock-down in their State/UTs as per their own assessments. Therefore, after due consideration, it has been decided that;*
>
> i. *All inter-state transmission projects, which are under construction with SCOD coming after 01 April 2021 shall get an extension of three (3) months in respect of their SCOD;*
>
> ii. *The commencement date of Long Term Access (LTA) to a generator by CTU based on completion of a transmission line, whose SCOD is extended by three (3) months due to COVID-19 as mentioned above at point(i), shall also be extended by three (3) months.*
>
> *3. This issue with the approval of Competent Authority."*

36. In terms of the above letters dated 27.7.2020 and 12.6.2021, the COD of the transmission assets was to be extended by 5 months in the case of the transmission

projects that were under construction on 25.3.2020 and by 3 months in the case of the transmission projects which were under construction with SCOD after 1.4.2021, respectively. As per the IA, the SCOD of the transmission project is 15.1.2021. Thus, the transmission project was neither under construction on 25.3.2020 nor was the SCOD of the transmission assets after 1.4.2021. Therefore, the relief granted under the MoP letters dated 27.7.2020 and 12.6.2021 is not applicable in the instant case. Therefore, the delay of 205 days and 256 days in execution of Asset-1 and Asset-2, respectively, is not condoned.

37. As such, the details of time over-run considered in case of the transmission assets are as follows:

Assets	Original SCOD	COD	Time over-run	Time over-run condoned	Time over-run not condoned
Asset-1	15.1.2021	9.8.2021	205 Days	-	205 Days
Asset-2		29.9.2021	256 Days	-	256 days

Interest During Construction (IDC) and Incidental Expenditure During Construction (IEDC)

38. The Petitioner has claimed IDC for the transmission assets and has submitted the statement showing IDC claim, discharge of IDC liability as on COD and thereafter, and the same is as follows:

(₹ in lakh)

Assets	IDC as per Auditor's Certificate	IDC discharged up to COD	IDC discharged during 2021-22	IDC discharged during 2022-23	IDC discharged during 2023-24
Asset-1	1.09	1.02	0.07	-	-
Asset-2	1.30	0.28	1.02	-	-

39. We have considered the submissions of the Petitioner. As the time over-run in case of the transmission asses is not condoned, the IDC claimed by the Petitioner for

the period beyond the SCOD has to be disallowed. It is observed that the complete IDC of ₹1.09 lakh (for Asset-1) and ₹1.30 lakh (for Asset-2) is drawn after the SCOD, i.e. during the period of time over-run (January, 2021 to September, 2021). Therefore, the complete IDC is disallowed as shown in the following table.

(₹ in lakh)

Assets	IDC as per Auditor's Certificate	IDC disallowed due to time over-run not condoned	IDC allowed	IDC discharged upto COD	IDC discharged during 2021-22	IDC discharged during 2022-23	IDC discharged during 2023-24
Asset-1	1.09	1.09	NIL				
Asset-2	1.30	1.30	NIL				

40. The Petitioner has claimed IEDC for the transmission assets as per the Auditor's certificate. The Petitioner has further submitted that the entire amount of IEDC for the transmission assets has been discharged up to COD. As the entire time over-run in the case of the transmission assets has been disallowed, the IEDC for Asset-1 and Asset-2 has been allowed in proportion from the date of IA to the SCOD. The IEDC claimed as per Auditor's Certificate, IEDC considered and discharged up to the COD as follows:

(₹ in lakh)

Assets	IEDC claimed as per Auditor's certificate (A)	IEDC disallowed due to time over-run not condoned (B)	IEDC allowed (C)=(A-B)
Asset-1	5.72	2.61	3.11
Asset-2	8.32	4.26	4.06

Initial Spares

41. Regulation 23(d) of the 2019 Tariff Regulations provides that Initial Spares shall be capitalised as a percentage of plant and machinery cost up to the cut-off date, subject to the following ceiling norms:

*""**23. Initial Spares:** Initial spares shall be capitalised as a percentage of the Plant and Machinery cost, subject to following ceiling norms:*
….

(d) Transmission System

(i) Transmission line- 1.00%
(ii) Transmission sub-station

- Green Field- 4.00%
- Brown Field- 6.00%
(iii) Series Compensation devices and HVDC Station- 4.00%
(iv) Gas Insulated Sub-station (GIS)
- Green Field- 5.00%
- Brown Field- 7.00%
(v) Communication System- 3.50%
(vi) Static Synchronous Compensator- 6.00%"

42. The Initial Spares claimed by the Petitioner are as follows:

(₹ in lakh)

Assets	**Components of the asset**	**Plant and Machinery cost for calculation of Initial Spares**	**Initial Spares claimed**		**Ceiling limit as per Regulations (in %)**
			Amount	**Percentage (in %)**	
Asset-1	Sub-station	279.89	5.81	2.08	6.00
Asset-2	Sub-station	548.55	33.32	6.07	7.00

43. MPPMCL has submitted that the Petitioner has not provided the details of the Initial Spares and requested to restrict the same as per the applicable regulation by applying a prudence check of admissible completion cost.

44. In response, the Petitioner submitted that the Initial Spares for the transmission assets are within the norm under Regulation 23 of the 2019 Tariff Regulations and has prayed to allow the Initial Spares as claimed in the petition.

45. We have considered the submissions of the Petitioner and MPPMCL. The Initial Spares for the transmission assets are allowed as per the respective percentage of the plant and machinery cost as on the cut-off date. The Initial Spares allowed for the transmission assets are as follows:

(₹ in lakh)

Assets	Components of the asset	Plant and Machinery cost for calculation of Initial Spares	Initial Spares claimed	Ceiling limit as per Regulations (in %)	Initial Spares allowable	Excess Initial Spares	Initial Spares allowed
Asset-1	Sub-station	279.89	5.81	6.00	17.49	-	5.81
Asset-2	Sub-station	548.55	33.32	7.00	38.78	-	33.32

46. The Initial Spares claimed with respect to Asset-1 and Asset-2 are within the norms. The capital cost allowed on COD is as follows:

(₹ in lakh)

Assets	Capital cost claimed as on COD (Auditor's Certificate) (A)	IDC disallowed due to time over-run not condoned (B)	Undischarged IDC as on COD (C)	IEDC disallowed (D)	Excess Initial Spares (E)	Capital cost as on COD (F) = (A-B-C-D-E)
Asset-I	75.37	1.08	0.00	2.61	-	71.67
Asset-II	442.54	1.30	0.00	4.26	-	436.98

Additional Capital Expenditure ("ACE")

47. Regulation 24 and Regulation 25 of the 2019 Tariff Regulations provide as follows:

"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 23of 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 additional capital expenditure 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;

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."

48. The Petitioner has claimed that the ACE incurred/ projected to be incurred is mainly on account of balance/ retention payments and, hence, the same is claimed under Regulation 24(1)(a) and Regulation 24(1)(b) of the 2019 Tariff Regulations. The Petitioner has claimed capital cost as per the cash IDC discharge as on 31.3.2024, and the same is as follows:

(₹ in lakh)

Assets	Apportioned approved cost	Expenditure up to COD	Projected ACE			Estimated completion cost
			2021-22	2022-23	2023-24	
Asset-I	341.25	75.37	180.60	33.25	17.47	306.69
Asset-II	796.75	442.54	110.43	25.20	-	578.17

49. MPPMCL has submitted that the Petitioner's claim of ACE may only be allowed at the time of truing up of tariff when the actual ACE is finalized.

50. In response, the Petitioner has submitted that the admissibility of ACE incurred after COD is to be dealt with in accordance with the provisions of Regulation 24 of the 2019 Tariff Regulations. The Petitioner has submitted that the ACE incurred/ projected to be incurred in the contextual asset is mainly on account of balance/ retention payments, and hence, the same may be allowed.

51. The Petitioner, vide affidavit dated 11.8.2022, has submitted the following details with respect to discharged and deferred payments:

(₹ in lakh)

Asset	Party	Particulars	2021-22	2022-23	2023-24
Asset-1	Shinjitsu India Private Limited	Sub-station	149.90 (Works deferred for execution)	5.06 (Works deferred for execution)	-
	Civil Package	Civil	18.00 (Works deferred for execution)	2.00 (Works deferred for execution)	-
	Shinjitsu India Private Limited	Sub-station	12.70 (Discharge)	26.19 (Discharge)	17.47 (Discharge)
Total			**180.60**	**33.25**	**17.47**

Asset	Party	Particulars	2021-22	2022-23	2023-24
Asset-2	KPTL	Sub-station	73.19 (Works deferred for execution)	-	-
	Civil Package	Civil	15.00 (Works deferred for execution)	5.00 (Works deferred for execution)	-
	KPTL	Sub-station	18.45 (Discharge)	20.20 (Discharge)	-
	KPTL	IT Equipment	3.79 (Discharge)	-	-
Total			**110.43**	**25.20**	**-**

52. We have considered the submissions of the Petitioner and MPPMCL. The projected ACE allowed under Regulation 24(1)(a) of the 2019 Tariff Regulations on account of balance/ retention payments and under Regulation 24(1)(b) of the 2019 Tariff Regulations on account of works deferred for execution are as follows:

Asset-1:

(₹ in lakh)

Particulars	**2021-22**	**2022-23**	**2023-24**
ACE as per Auditor's Certificate	180.60	33.25	17.47
Add: IDC Discharged	0.00	0.00	0.00
ACE allowed in the instant order	**180.60**	**33.25**	**17.47**

Asset-2:

(₹ in lakh)

Particulars	**2021-22**	**2022-23**	**2023-24**
ACE as per Auditor's Certificate	110.43	25.20	0.00
Add: IDC Discharged	0.00	0.00	0.00
ACE allowed in the instant order	**110.43**	**25.20**	**0.00**

53. The capital cost considered for the transmission assets for the 2019-24 tariff period is as follows:

(₹ in lakh)

Assets	**Capital cost as on COD**	**Projected ACE**			**Capital cost as on 31.3.2024**
		2021-22	**2022-23**	**2023-24**	
Asset-1	71.67	180.60	33.25	17.47	302.99
Asset-2	436.98	110.43	25.20	0.00	572.61

Debt-Equity ratio

54. Regulation 18 of the 2019 Tariff Regulations provides as follows:

*"**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."

(6) Any expenditure incurred for the emission control system during the tariff period as may be admitted by the Commission as additional capital expenditure for determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation."

55. The debt-equity ratio considered for the purpose of computation of tariff for the transmission assets for the 2019-24 tariff period is as follows:

Asset-1

Funding	Capital cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	50.22	70.07	161.92	70.00	212.09	70.02
Equity	21.45	29.93	69.40	30.00	90.90	29.98
Total	**71.67**	**100.00**	**231.32**	**100.00**	**302.99**	**100.00**

Asset-2

Funding	Capital cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	305.89	70.00	94.94	70.00	400.83	70.00
Equity	131.09	30.00	40.69	30.00	171.78	30.00
Total	**436.98**	**100.00**	**135.63**	**100.00**	**572.61**	**100.00**

Depreciation

56. Regulation 33 of the 2019 Tariff Regulations provides as follows:

> ***"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 thereof 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 de-capitalized asset during its useful services.

(9) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (8) of this Regulation.

(10) Depreciation of the emission control system of an existing or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on straight line method, with salvage value of 10%, over a period of-

a) twenty five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or
b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or

c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life."

57. We have considered the submissions of the Petitioner. The depreciation has been worked out considering the admitted capital expenditure as on COD. The weighted average rate of depreciation (WAROD) has been worked out and placed as an Annexure for Asset-1 and Asset-2 as per the rates of depreciation specified in the 2019 Tariff Regulations. Depreciation allowed in respect of the transmission assets for the 2019- 24 tariff period is as follows:

Asset-1

(₹ in lakh)

	Particulars	**2021-22 (pro-rata 235 days)**	**2022-23**	**2023-24**
	Depreciation			
A	Opening Gross Block	71.67	252.27	285.52
B	ACE	180.60	33.25	17.47
C	Closing Gross Block (A+B)	252.27	285.52	302.99
D	Average Gross Block (A+C)/2	161.97	268.90	294.26
E	Weighted average rate of Depreciation (WAROD) (in %)	5.17	5.14	5.15
F	Balance useful life of the asset (Year)	25	25	24
G	Lapsed life at the beginning of the year (Year)	0	0	1
H	Aggregate Depreciable Value	145.78	242.01	264.83
I	**Combined Depreciation during the year**	**5.39**	**13.83**	**15.15**
J	Aggregate Cumulative Depreciation	5.39	19.22	34.37
K	Remaining Aggregate Depreciable Value	140.38	222.78	230.46

Asset-2

(₹ in lakh)

	Particulars	**2021-22 (pro-rata 184 days)**	**2022-23**	**2023-24**
	Depreciation			
A	Opening Gross Block	436.98	547.41	572.61
B	ACE	110.43	25.20	0.00
C	Closing Gross Block (A+B)	547.41	572.61	572.61

D	Average Gross Block (A+C)/2	492.20	560.01	572.61
E	Weighted average rate of Depreciation (WAROD) (in %)	5.61	5.57	5.55
F	Balance useful life of the asset (Year)	25	25	24
G	Lapsed life at the beginning of the year (Year)	0	0	1
H	Aggregate Depreciable Value	444.80	506.02	517.36
I	**Combined Depreciation during the year**	**13.92**	**31.18**	**31.80**
J	Aggregate Cumulative Depreciation	13.92	45.10	76.90
K	Remaining Aggregate Depreciable Value	430.88	460.92	440.46

Interest on Loan ("IoL")

58. Regulation 32 of the 2019 Tariff Regulations provides as follows:

> ***"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.*
>
> *(5a) The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company 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."

59. The weighted average rate of interest on loan (WAROI) has been considered on the basis of the rate prevailing as on COD. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the time of true-up. Therefore, the IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations for the transmission assets, and the same is as follows:

Asset-1

(₹ in lakh)

	Particulars	2021-22 (pro-rata 235 days)	2022-23	2023-24
A	Gross Normative Loan	50.22	176.64	199.91
B	Cumulative Repayments upto Previous Year	-	5.39	19.22
C	Net Loan-Opening (A-B)	50.22	171.24	180.69
D	Additions due to ACE	126.42	23.28	12.23
E	Repayment during the year	5.39	13.83	15.15
F	Net Loan-Closing (C+D-E)	171.24	180.69	177.77
G	Average Loan (C+F)/2	110.73	175.97	179.23
H	Weighted Average Rate of Interest on Loan (in %)	5.95%	5.95%	5.95%
I	**Interest on Loan**	**4.24**	**10.47**	**10.66**

Asset-2

(₹ in lakh)

	Particulars	2021-22 (pro-rata 184 days)	2022-23	2023-24
A	Gross Normative Loan	305.89	383.19	400.83
B	Cumulative Repayments upto Previous Year	-	13.92	45.10
C	Net Loan-Opening (A-B)	305.89	369.27	355.72
D	Additions due to ACE	77.30	17.64	-
E	Repayment during the year	13.92	31.18	31.80
F	Net Loan-Closing (C+D-E)	369.27	355.72	323.92
G	Average Loan (C+F)/2	337.58	362.50	339.82
H	Weighted Average Rate of Interest on Loan (in %)	5.95%	5.95%	5.95%
I	**Interest on Loan**	**10.13**	**21.57**	**20.22**

Return on Equity ("RoE")

60. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations provide as follows:

> ***"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 cutoff date beyond the original scope, excluding additional capitalization on 7 account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to ceiling of 14%.*
> >
> > *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."*
>
> *(3) The return on equity in respect of additional capitalization on account of emission control system shall be computed at the base rate of one year marginal cost of lending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of*

operation (ODe) occurs plus 350 basis point, subject to ceiling of 14%;"

"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:

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.

Illustration-

(i) In case of a generating company or a transmission licensee paying Minimum Alternate Tax (MAT) @ 21.55% including surcharge and cess:

Rate of return on equity = 15.50/(1-0.2155) = 19.758%

(ii) In case of a generating company or a transmission licensee paying normal corporate tax including surcharge and cess:

- *(a) Estimated Gross Income from generation or transmission business for FY 2019-20 is ₹ 1,000 crore;*
- *(b) Estimated Advance Tax for the year on above is ₹ 240 crore;*
- *(c) Effective Tax Rate for the year 2019-20 = ₹ 240 Crore/₹ 1000 Crore = 24%;*
- *(d) Rate of return on equity = 15.50/ (1-0.24) = 20.395%.*

(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."

61. The Petitioner has submitted that the MAT rate is applicable to the Petitioner's company. Accordingly, the MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which will be trued-up with the actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. The RoE allowed for the transmission assets is as follows:

Asset-1

(₹ in lakh)

	Particulars	2021-22 (pro-rata 235 days)	2022-23	2023-24
A	Opening Equity (A)	21.45	75.63	85.61
B	Additions (B)	54.18	9.98	5.24
C	Closing Equity (C) = (A+B)	75.63	85.61	90.85
D	Average Equity (D) = (A+C)/2	48.54	80.62	88.23
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782
H	**Return on Equity**	**5.87**	**15.14**	**16.57**

Asset-2

(₹ in lakh)

	Particulars	2021-22 (pro-rata 184 days)	2022-23	2023-24
A	Opening Equity (A)	131.09	164.22	171.78
B	Additions (B)	33.13	7.56	-
C	Closing Equity (C) = (A+B)	164.22	171.78	171.78
D	Average Equity (D) = (A+C)/2	147.66	168.00	171.78
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782
H	**Return on Equity**	**13.98**	**31.55**	**32.26**

Operation & Maintenance Expenses ("O&M Expenses")

62. The O&M Expenses claimed by the Petitioner for the transmission assets for the 2019-24 tariff period are as follows:

Asset-1

(₹ in lakh)

Particulars	2021-22 (pro-rata 235 days)	2022-23	2023-24
2 Numbers of 400 kV Reactor Bays			
Number of reactor bay	2	2	2
Norms	34.45	35.66	36.91
Total O&M Expenses	**44.36**	**71.32**	**73.82**

Asset-2

(₹ in lakh)

Particulars	2021-22 (pro-rata 184 days)	2022-23	2023-24
220 kV GIS Line Bay at Bhuj Sub-station			
Number of line bays	1	1	1
Norms	16.88	17.47	18.09
Total O&M Expenses	**8.51**	**17.47**	**18.09**

63. The Regulation 35(3)(a) of the 2019 Tariff Regulations provide as follows:

"35. Operation and Maintenance Expenses:

(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***
Norms for sub-station Bays (₹ Lakh per bay)					
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*
Norms for Transformers (₹ Lakh per MVA)					
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*
Norms for AC and HVDC lines (₹ Lakh per km)					
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*

Particulars	*2019-20*	*2020-21*	*2021-22*	*2022-23*	*2023-24*
Double Circuit (Bundled conductor with four or more sub-conductors)	*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					
HVDC Back-to-Back stations (₹ Lakh per 500 MW) (Except Gazuwaka BTB)	*834*	*864*	*894*	*925*	*958*
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	*1666*	*1725*	*1785*	*1848*	*1913*
500 kV Rihand-Dadri HVDC bipole scheme (₹ Lakh) (1500 MW)	*2252*	*2331*	*2413*	*2498*	*2586*
±500 kV Talcher- Kolar HVDC bipole scheme (₹ Lakh) (2000 MW)	*2468*	*2555*	*2645*	*2738*	*2834*
±500 kV Bhiwadi-Balia HVDC bipole scheme (₹ Lakh) (2500 MW)	*1696*	*1756*	*1817*	*1881*	*1947*
±800 kV, Bishwanath-Agra HVDC bipole scheme (₹ Lakh)(3000 MW)	*2563*	*2653*	*2746*	*2842*	*2942*

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 (2500 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."

64. The O&M Expenses have been worked out as per the norms in the 2019 Tariff Regulations, and the same are as follows:

Asset-1

(₹ in lakh)

Particulars	2021-22 (pro-rata 235 days)	2022-23	2023-24
2 Numbers of 400 kV Reactor Bays			
Number of reactor bay	2	2	2
Norms	34.45	35.66	36.91
Total O&M Expenses	**44.36**	**71.32**	**73.82**

Asset-2

(₹ in lakh)

Particulars	2021-22 (pro-rata 184 days)	2022-23	2023-24
220 kV GIS Line Bay at Bhuj Sub-station			
Number of line bays	1	1	1
Norms	16.88	17.47	18.09
Total O&M Expenses	**8.51**	**17.47**	**18.09**

Interest on Working Capital ("IWC")

65. Regulation 34(1)(c), Regulation 34(3), Regulation 34(4) and Regulation 3(7) of

the 2019 Tariff Regulations specify as follows:

> ***"34. Interest on Working Capital:*** *(1) The working capital shall cover:*
>
> ***…****…..*
>
> (c) ***For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:***
>
> *i. Receivables equivalent to 45 days of annual 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.*
>
> *(2) The cost of fuel in cases covered under sub-clauses (a) and (b) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 39 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted average for the third quarter of preceding financial year in case of each financial year for which tariff is to be determined:*
>
> *Provided that in case of new generating station, the cost of fuel for the first financial year shall be considered based on landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 39 of these regulations) and gross calorific value of the fuel as per actual weighted average for three months, as used for infirm power, preceding date of commercial operation for which tariff is to be determined.*
>
> *(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:-*
>
> *'****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;"*

66. 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 10.50%.

67. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for 2021-22, and 10.50% (SBI 1-year MCLR applicable as on 1.4.2022 of 7.00% plus 350 basis points) for 2022-23 and 12.00% (SBI 1-year MCLR applicable as on 1.4.2022 of 8.50% plus 350 basis points) for 2023-24.

68. The components of the working capital and interest allowed thereon are as follows:

Asset-1

(₹ in lakh)

	Particulars	**2021-22 (pro-rata 235 days)**	**2022-23**	**2023-24**
A	Working Capital for O&M Expenses (O&M Expenses for one month)	5.74	5.94	6.15
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	10.34	10.70	11.07
C	Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	11.82	14.05	14.76
D	**Total Working Capital**	**27.90**	**30.69**	**31.98**
E	Rate of Interest (in %)	10.50	10.50	12.00
F	**Interest on Working Capital**	**1.89**	**3.22**	**3.84**

Asset-2

(₹ in lakh)

	Particulars	**2021-22 (pro-rata 184 days)**	**2022-23**	**2023-24**
A	Working Capital for O&M Expenses (O&M Expenses for one month)	1.41	1.46	1.51
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	2.53	2.62	2.71
C	Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	11.58	12.77	12.84
D	**Total Working Capital**	**15.52**	**16.84**	**17.06**
E	Rate of Interest (in %)	10.50	10.50	12.00
F	**Interest on Working Capital**	**0.82**	**1.77**	**2.05**

Annual Fixed Charges for the 2019-24 Tariff Period

69. The transmission charges allowed for the transmission assets for the 2019-24

tariff period is as follows:

Asset-1

(₹ in lakh)

	Particulars	2021-22 (pro-rata 235 days)	2022-23	2023-24
A	Depreciation	5.39	13.83	15.15
B	Interest on Loan	4.24	10.47	10.66
C	Return on Equity	5.87	15.14	16.57
D	O&M Expenses	44.36	71.32	73.82
E	Interest on Working Capital	1.89	3.22	3.84
F	**Total**	**61.75**	**113.98**	**120.04**

Asset-2

(₹ in lakh)

	Particulars	2021-22 (pro-rata 184 days)	2022-23	2023-24
A	Depreciation	13.92	31.18	31.80
B	Interest on Loan	10.13	21.57	20.22
C	Return on Equity	13.98	31.55	32.26
D	O&M Expenses	8.51	17.47	18.09
E	Interest on Working Capital	0.82	1.77	2.05
F	**Total**	**47.36**	**103.54**	**104.42**

Filing Fee and the Publication Expenses

70. The Petitioner has sought reimbursement of the fee paid by it for filing the petition and publication expenses. The Petitioner shall be entitled to reimbursement of the filing fees and publication expenses in connection with the present petition directly from the beneficiaries on a pro-rata basis in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

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

Regulations 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Goods and Services Tax

72. 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 has to be borne and additionally paid by the Respondent(s) to the Petitioner and the same will 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, and the same may be allowed to be recovered from the beneficiaries.

73. MPPMCL submitted that the demand of the Petitioner is premature and need not be considered at this juncture as the same is not applicable to transmission of electricity. In response, the Petitioner has reiterated its submission.

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

Security Expenses

75. The Petitioner has submitted that security expenses in respect of transmission assets are not claimed in the instant petition, and it would claim them separately.

76. We have considered the Petitioner's submissions . The Petitioner has claimed consolidated security expenses on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The Commission, vide order dated 3.8.2021 in Petition No. 260/MP/2020, approved security expenses from 1.4.2019 to 31.3.2024. Therefore, the Petitioner's prayer in the

instant petition for allowing it to file a separate petition for claiming the overall security expenses has become infructuous.

Capital Spares

77. The Petitioner has sought reimbursement of capital spares at the end of the tariff period. The Petitioner's claim, if any, shall be dealt with in accordance with the provisions of the 2019 Tariff Regulations

Sharing of Transmission Charges

78. The Petitioner has submitted that the tariff of the transmission assets will be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and will be shared by the beneficiaries as per the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2020 (2020 Sharing Regulations).

Asset-1:

79. The COD of Asset-1 has been approved as 9.8.2021, and accordingly, the transmission charges approved for Asset-I in this order shall be billed, recovered and shared as per the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

Asset-2:

80. The COD of Asset-2 has been approved as 29.9.2021 under Regulation 5(2) of the 2019 Tariff Regulations, as NWPL was not ready on that date.

81. The Commission directed the CTUIL to submit the status of the execution of NWPL. In response, CTUIL vide affidavit dated 17.10.2023 has submitted as follows:

The digitally signed status as submitted by M/s Netra Wind Private Ltd on

*CTU Stage-I/Stage-II status monitoring portal is annexed as "**Annexure-A**". The same was confirmed by M/s Netra Wind Private Ltd. in the 41st WR Joint Coordination Committee/Project Review meeting held on 27.09.2023. The minutes of the same are awaited. Date of commissioning of total generation (anticipated/actual) is tabulated for your kind perusal:*

Phase	***Capacity***	***Date of Commissioning***
Phase - 1	*55*	*Tue. 11 Apr 2023*
Phase - 2	*39.6*	*Fri. 14 Jul 2023*
Phase - 3	*24.7*	*Fri. 4 Aug 2023*
Phase - 4	*51*	*Wed. 15 Nov 2023*
Phase - 5	*43*	*Wed. 31 Jan 2024*
Phase - 6	*86.7*	*Sat. 30 Mar 2024*

82. We have considered the submissions of the Petitioner and CTUIL.

83. As stated above, the COD of Asset-2 has been approved as 29.9.2021 under Regulation 5(2) of the 2019 Tariff Regulations as the associated generator, i.e. NWPL, was not ready. Thus, there is a mismatch in the COD of the transmission system and the generation.

84. Regulation 13(12) of the 2020 Sharing Regulations provides as follows:

"13. Treatment of transmission charges and losses in specific cases

(12) In case of a transmission system where COD has been approved in terms of proviso (ii) of Clause (3) of Regulation 4 of the Tariff Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019 or where deemed COD has been declared in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges for the transmission system shall be:

(a) paid by the inter-State transmission licensee whose transmission system is delayed till its transmission system achieves COD, or

(b) paid by the generating company whose generating station or unit(s) thereof is delayed, till the generating station or unit thereof, achieves COD, or

(c) shared in the manner as decided by the Commission on case to case basis, where more than one inter-State transmission licensee is involved or both transmission system and generating station are delayed."

85. The Petitioner has constructed the Asset-2, i.e. one 220 kV GIS line bay at Bhuj Sub-station for evacuation of 300 MW wind generation of NWPL. Out of the total LTA of 300 MW granted to NWPL, the wind generation of 119.3 MW achieved COD on

different dates, while 180.7 MW has not achieved COD as on date. The issue for our consideration is how would the transmission charges of 300 MW pertaining to the LTA granted will be shared by the NWPL. Considering the date of commissioning of the wind generation capacity by NWPL, the transmission charges for Asset-2 shall be recovered as follows:

COD of the transmission asset	**Wind generation capacity (MW) commissioned**	**Date of commissioning of Wind generation capacity**	**Liability of transmission charges**
29.9.2021	Nil	--	From 29.9.2021 to 10.4.2023: transmission charges proportionate to 300 MW shall be borne by NWPL.
	55 MW	11.4.2023	**From 11.4.2023 to 13.7.2023:** Transmission charges proportionate to 55 MW out of 300 MW shall be included in the common pool and balance 245 MW shall be borne by NWPL.
	39.6 MW	14.7.2023	**From 14.7.2023 to 3.8.2023:** Transmission charges proportionate to 94.6 MW out of 300 MW shall be included in the common pool and balance 205.4 MW shall be borne by NWPL.
	24.7 MW	4.8.2023	From 4.8.2023: Transmission charges proportionate to 119.3 MW out of 300 MW shall be included in common pool and balance 180.7 MW shall be borne by NWPL till COD of 180.70 MW. After COD of 180.7 MW, It shall be included in the Common Pool and shall be recovered as per the provisions of the 2020 Sharing Regulations as
	180.7 MW	Yet to be commissioned.	

			provided in Regulation 57 of the 2019 Tariff Regulations.

86. To summarize:

a. AFC allowed for the 2019-24 tariff period is as follows:

(₹ in lakh)

Particulars	2021-22	2022-23	2023-24
Asset-1	61.75	113.98	120.04
Asset-2	47.36	103.54	104.42

87. The Annexure to this order form part of the order.

88. This order disposes of Petition No. 293/TT/2022 in terms of the above findings and discussions.

sd/-	sd/-	sd/-
(P. K. Singh)	**(Arun Goyal)**	**(Jishnu Barua)**
Member	**Member**	**Chairperson**

ANNEXURE

Asset-1

Capex	Admitted capital cost as on COD	Projected ACE					Admitted capital cost as on 31.3.2024	Depreciation Rate (in %)	Annual Depreciation				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Building	-	-	-	18.01	2.00	-	20.00	3.34	-	-	-	-	-
Transmission Line	-	-	-	-	-	-	-	5.28	-	-	-	-	-
Substation	71.67	-	-	162.60	31.25	17.47	282.99	5.28	-	-	0.30	0.63	0.67
PLCC	-	-	-	-	-	-	-	6.33	-	-	-	-	-
IT Equipment	-	-	-	-	-	-	-	15.00	-	-	8.08	13.19	14.48
Total	**71.67**	**-**	**-**	**180.60**	**33.25**	**17.47**	**302.99**		**-**	**-**	**8.38**	**13.83**	**15.15**
								Avg. Gross Block	**-**	**-**	**161.97**	**268.90**	**294.26**
								WAROD (in %)	**0.00**	**0.00**	**5.17**	**5.14**	**5.15**

Asset-2

Capex	Admitted capital cost as on COD	Projected ACE					Admitted capital cost as on 31.3.2024	Depreciation Rate (in %)	Annual Depreciation				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Building	-	-	-	15.00	5.00	-	20.00	3.34	-	-	0.25	0.59	0.67
Transmission Line	-	-	-	-	-	-	-	5.28	-	-	-	-	-
Substation	420.67	-	-	91.64	20.20	-	532.51	5.28	-	-	24.63	27.58	28.12
PLCC	-	-	-	-	-	-	-	6.33	-	-	-	-	-
IT Equipment	16.31	-	-	3.79	-	-	20.10	15.00	-	-	2.73	3.02	3.02
Total	**436.98**	**-**	**-**	**110.43**	**25.20**	**-**	**572.61**		-	**-**	**27.61**	**31.18**	**31.80**
								Avg. Gross Block	**-**	**-**	**492.20**	**560.01**	**572.61**
								WAROD (in %)	**0.00**	**0.00**	**5.61**	**5.57**	**5.55**