

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 3/TT/2020

Coram:

Shri I. S. Jha, Member
Shri Arun Goyal, Member

Date of Order : 08.02.2021

In the Matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for truing up of transmission tariff of 2014-19 tariff block and determination of tariff of 2019-24 tariff block for Nellore-Gooty 400 kV D/C (Quad) line with associated bay extension at Nellore and Gooty Sub-station under Transmission System associated with SRSS XVIII-A (Formerly KUMPP Part A)

And in the Matter of:

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

.....Petitioner

Versus

1. Karnataka Power Transmission Corporation Ltd.,
Kaveri Bhavan, Bangalore-560009.
2. Transmission Corporation of Andhra Pradesh Ltd.,
(APTRANSCO), Vidyut Soudha, Hyderabad-500082.
3. Kerala State Electricity Board,
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram-695004.
4. Tamil Nadu Generation and Distribution Corporation Ltd.,
(Formerly Tamil Nadu Electricity Board -TNEB)
NPKRR Maaligai, 800, Anna Salai, Chennai-600002.



5. Electricity Department,
Government of Pondicherry,
Pondicherry-605001.
6. Eastern Power Distribution Company of Andhra Pradesh Ltd.,
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam, Andhra Pradesh.
7. Southern Power Distribution Company of Andhra Pradesh Ltd.,
Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta, Tirupati-517501,
Chittoor District, Andhra Pradesh.
8. Central Power Distribution Company of Andhra Pradesh Ltd.,
Corporate Office, Mint Compound,
Hyderabad-500063, Telangana.
9. Northern Power Distribution Company of Andhra Pradesh Ltd.,
Opp. NIT Petrol Pump, Chaitanyapuri, Kazipet,
Warangal-506004, Telangana.
10. Bangalore Electricity Supply Company Ltd.,
Corporate Office, K. R. Circle,
Bangalore-560001, Karanataka.
11. Gulbarga Electricity Supply Company Ltd.,
(GESCOM) Station Main Road,
Gulbarga, Karnataka.
12. Hubli Electricity Supply Company Ltd.,
(HESCOM) Navanagar,
PB Road, Hubli, Karnataka
13. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle
Mangalore-575 001,
Karnataka.
14. Chamundeswari Electricity Supply Corporation Ltd.,
927, L J Avenue, Ground Floor,
New Kantharaj Urs Road Saraswatipuram,
Mysore-570009, Karnataka.
15. Electricity Department,
Government of Goa,
Vidyuti Bhawan, Panaji, Goa 403001.



16. Transmission Corporation of Telangana Ltd.,
Vidhyut Sudha, Khairatabad,
Hyderabad, 500082.

17. Tamil Nadu Transmission Corporation
NPKRR Maaligai, 800,
Anna Salai Chennai-600002.

...Respondents

For Petitioner : Shri S. S. Raju, PGCIL
Shri A. K. Verma, PGCIL
Shri B. Dash, PGCIL

For Respondent : Smt. Ramalakshmi, TANGEDCO

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 of 2014-19 tariff period 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 Nellore-Gooty 400 kV D/C (Quad) line with associated bay extension at Nellore and Gooty Sub-station under Transmission System associated with SRSS XVIII-A (Formerly KUMPP Part A) (hereinafter referred to as “the transmission project”).

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

“1) 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 10.1 and 11.0 above.

2) Approve the Completion cost and additional capitalization incurred during 2014-19.



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 as per para 10.1 and 11.0 above for respective block.

4) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspaper is in term 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 additional RoE of 0.5 % during 2014-19 period as per para 5.5 above.

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 respondents.

8) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 11.6 above.

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.

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 (IA) for the transmission project was accorded by Board of Directors of Petitioner Company vide Memorandum No. C/CP/Krishnapatnam UMPP Part-A, dated 15.12.2010 at an estimated cost of ₹77921 lakh, which included IDC of ₹4900 lakh. Consequent to revision in scope of work, Revised Cost Estimate (RCE) for the transmission system was approved by the Board of Directors of the Petitioner Company vide letter dated 14.1.2014, at an estimated cost of ₹66119 lakh, including IDC of ₹3941 lakh based on April 2013 price level. As per the Petitioner's submission dated 14.8.2020, the RCE-II has



been accorded by Board of Directors of Petitioner Company vide Memorandum No. C/CPPA2021-04-0G-RCE001 dated 22.7.2020 at an estimated cost of ₹66136.00 lakh including IDC of ₹4610 lakh.

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

Transmission Lines:

i. Nellore-Gooty 400 kV D/C (Quad) line. (289 km)

Sub-station Works:

i. Associated bay extension at Nellore and Gooty Sub-station under Transmission System associated with SRSS XVIII-A

c. The date of the commercial operation of the transmission asset was 1.4.2013. The transmission asset was scheduled to be put into commercial operation on 15.8.2013 and the actual COD was 1.4.2013. Thus, there is no time over-run.

d. The Commission vide order dated 17.2.2014 in Petition No. 46/TT/2013 has determined the tariff for the transmission asset from COD to 31.3.2014. The tariff for the 2014-19 period was allowed vide order dated 15.2.2016 in Petition No. 480/TT/2014.

e. The Petitioner has claimed the following true up tariff for the transmission asset for 2014-19 period:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
AFC approved vide order dated 15.2.2016 in Petition No. 480/TT/2014	12104.73	11854.17	11543.01	11232.22	10922.60
Claimed by the Petitioner in the instant petition based on true-up	12113.49	11859.34	11527.53	11185.46	10884.50

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



5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has 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. None of the respondents have filed the reply in the matter.

6. This order is issued considering the submissions made by the Petitioner in the petition dated 12.10.2019, Petitioner's affidavits 4.5.2020 and 14.8.2020.

7. The hearing in this matter was held on 17.7.2020 through video conference and the order was reserved and the Petitioner was directed to submit certain information and the same was filed by the Petitioner vide affidavit dated 14.8.2020.

8. 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

9. The Petitioner has claimed the following trued up tariff for the transmission 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	3470.42	3488.40	3488.40	3488.40	3488.40
Interest on Loan	3806.21	3482.59	3140.95	2786.42	2460.82
Return on Equity	3998.92	4037.45	4035.47	4035.47	4046.18
Interest on Working Capital	289.82	284.67	277.79	270.71	264.57
O & M Expenses	548.12	566.23	584.92	604.46	624.53
Total	12113.49	11859.34	11527.53	11185.46	10884.50

10. The Petitioner has claimed the following trued-up Interest on Working Capital (IWC) for the transmission 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	45.68	47.19	48.74	50.37	52.04
Maintenance Spares	82.22	84.93	87.74	90.67	93.68
Receivables	2018.92	1976.56	1921.26	1864.24	1814.08



Total Working Capital	2146.82	2108.68	2057.74	2005.28	1959.80
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	289.82	284.67	277.79	270.71	264.57

Weighted Average Life (WAL) of the Asset

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 for the 2014-19 period. This issue is discussed in subsequent paragraphs of this order. Since WAL has to be determined considering the cost as on date of commercial operation, the same has to be revisited in this case. Hence, the capital cost of IT equipment, as submitted by the Petitioner, is considered and adjusted from the sub-station cost as approved on the date of commercial operation vide order dated 17.2.2014 in Petition No. 46/TT/2013. 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 lives as stipulated in the 2009 Tariff Regulations. Accordingly, WAL for the Asset has been worked out as 35 years as shown below:

Particulars	Life (in years) (1)	Admitted capital cost as on COD (₹ in lakh) (2)	Weighted cost (₹ in lakh) (3=1x2)	Weighted Avg. Life of Asset (in years) (4) = (3)/ (2)
Building	25	441.06	11026.50	34.75 (rounded off to 35 years)
Transmission Line	35	60283.37	2109917.95	
Sub-Station	25	1008.74	25218.50	
IT Equipment (Incl. Software)	6	27.34	164.04	
Total		61760.51	2146326.99	

Initial Spares

12. The Petitioner has claimed the Initial Spares with respect to the transmission asset as shown under:



Initial Spares claimed by the Petitioner					
Asset type	Estimated Capital Cost (₹ in lakh)	Spares claimed (₹ in lakh)	Limit (in %)	Allowed in Petition No. 480/TT/2014 (₹ in lakh)	Initial Spares Worked out (₹ in lakh)
Transmission Line	62087.37	465.74	0.75	465.74	465.78
Sub-station	3601.90	81.98	2.50	81.98	90.25

13. We have considered the submissions of the Petitioner. The transmission asset was put into commercial operation in the 2009-14 period. Accordingly, the 2009 Tariff Regulations are applicable for the transmission asset. The Regulation 8(iv) of the 2009 Tariff Regulations specifies the norms for the Initial Spares for the transmission systems as under:

“(iv) Transmission system

(a) Transmission line - 0.75%

(b) Transmission Sub-station - 2.5%

(c) Series Compensation devices and HVDC Station - 3.5%

(d) Gas Insulated Sub-station (GIS) - 3.5%”

14. The Initial Spares are allowed for the transmission asset as a percentage of the capital expenditure as on the cut-off date as specified in Regulation 3(29) of the 2009 Tariff Regulations and the same are as under:

Asset	Capital Cost considered upto cut- off date of respective asset for computing initial spares (₹ in lakh)	Spares claimed (₹ in lakh)	Norms as per 2009 Tariff Regulations (in %)	Allowable (₹ in lakh)	Allowed in Petition No. 480/TT/2014 (₹ in lakh)	Now allowed in the instant petition	Excess Initial Spares (₹ in lakh)
	A	B	C	$D=(A-B)*C/(100-C)$	E		B-D
Transmission Line	62087.37	465.74	0.75	465.65	465.74	465.65	0.09
Sub-station	3601.90	81.98	2.50	90.25	81.98	81.98	
Total	65689.27	547.72		555.91	547.72	547.63	0.09

15. The balance of ₹0.09 lakh is deducted from the capital cost of the transmission asset. The capital cost considered as on 1.4.2014 is as below:



(₹ in lakh)

Admitted Capital Cost as on 31.3.2014	Excess Initial Spares dis-allowed (₹ in lakh) (B)	Cost considered after allowing balance initial spares as on 1.4.2014 (C=A-B)
65469.51	0.09	65469.42

Capital Cost

16. The capital cost of the transmission asset has been calculated in accordance with the Regulation 9(3) of the 2014 Tariff Regulations. Accordingly, the capital cost of ₹65469.42 lakh (after deduction of ₹0.09 lakh with respect to Initial Spares discussed in subsequent paragraphs) is considered as the opening capital cost as on 1.4.2014 in the instant order.

Additional Capital Expenditure (ACE)

17. The Commission vide order dated 15.2.2016 in Petition No. 480/TT/2014 had allowed ACE of ₹644.00 lakh for the transmission asset in 2014-19 towards un-discharged liabilities. The Petitioner vide Auditor Certificate dated 30.7.2019 has claimed ACE of ₹660.82 lakh based on actual expenditure. ACE claimed in the instant petition is higher than that approved vide order dated 15.2.2016 in Petition No. 480/TT/2014. In response to the Commission's specific query in this matter raised through the Technical Validation (TV) letter dated 18.3.2020, the Petitioner vide affidavit dated 4.5.2020 has submitted that at the time of projecting the ACE the contracts were not closed due to which the liabilities were also yet to be finalized. However, in the instant true up petition, ACE is claimed on the basis of actual payments made to the contractor after receipt of final invoices and incorporating the amendments. The Petitioner has further submitted that the actual ACE incurred by the Petitioner after closing of contract may happen to be higher or lower than the projected ACE prepared and submitted. Further, the Petitioner has submitted the party-wise details for the ACE claimed which is as under:



Srl. No.	Year	Vendor Name	Nature of Work	Amount (₹ in lakh)
1	2014-15	Gammon	Transmission Line	182.50
2	2014-15	Site Packages	Transmission Line	22.19
3	2014-15	L&T	Sub-station & Communication system	53.86
4	2014-15	CGL	Sub-station	14.09
5	2014-15	Site Packages	Sub-station & Communication system	388.18
Total				660.82

18. We have considered the submissions of the Petitioner. The Petitioner has claimed ACE of ₹660.82 lakh during 2014-15 under Regulation 14(1)(ii) of the 2014 Tariff Regulations and the same has been allowed. The capital cost approved as on 31.3.2019 is as under:

(₹ in lakh)					
Apportioned approved cost as per FR	Apportioned approved cost as per RCE-I	Apportioned approved cost as per RCE-II	Capital Cost as on 31.3.2014	ACE in 2014-15	Capital Cost as on 31.3.2019
77921.00	66119.00	66136.00	65469.42	660.82	66130.24

The capital cost as on 31.3.2019 is within the apportioned approved cost of RCE-II.

Debt-Equity ratio

19. The debt-equity ratio has been considered in accordance with Regulation 19(1), (3) and (5) of 2014 Tariff Regulations. The debt and equity allowed for transmission asset for determination of tariff for the period ending 31.3.2014 has been considered for deciding opening debt and equity of the project as on 1.4.2014. The debt-equity ratio of 70:30 has been considered for ACE allowed during 2014-19 in accordance with Regulation 19(3) of 2014 Tariff Regulations.

20. The details of the debt and equity as on 1.4.2014 and 31.3.2019 for transmission asset considered for the 2014-19 tariff period is as follows:

Particulars	Capital Cost as on 1.4.2014 (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
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Debt	45828.60	70.00	462.57	70.00	46291.17	70.00
Equity	19640.83	30.00	198.25	30.00	19839.07	30.00
Total	65469.42	100.00	660.82	100.00	66130.24	100.00

Interest on Loan (IoL)

21. The Petitioner has claimed that the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. It has been observed that while computing Weighted Average Rate of Interest on Loan (WAROI), the Petitioner has changed the amount of loan as on 1.4.2014 raised through Bond-XL and Bond-XLIII vis-à-vis claimed in Petition No. 480/TT/2014. The Petitioner has increased the amount of loan as on 1.4.2014 for Bond-XL by ₹208.14 lakh and decreased the amount of loan as on 1.4.2014 for Bond-XLIII by the same amount. Thus, we have considered the same amount of loan as on 1.4.2014 for Bond-XL and Bond-XLIII as claimed in Petition No. 480/TT/2014 by the Petitioner. IoL has been calculated based on actual interest rate submitted by the Petitioner, in accordance with the Regulation 26 of the 2014 Tariff Regulations. IoL allowed for the transmission asset is as under:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	45828.60	46291.17	46291.17	46291.17	46291.17
Cumulative Repayments up to Previous Year	3351.09	6818.85	10304.58	13790.32	17276.06
Net Loan-Opening	42477.51	39472.33	35986.59	32500.85	29015.11
Additions	462.57	0.00	0.00	0.00	0.00
Repayment during the year	3467.76	3485.74	3485.74	3485.74	3485.74
Net Loan-Closing	39472.33	35986.59	32500.85	29015.11	25529.37
Average Loan	40974.92	37729.46	34243.72	30757.98	27272.24
Weighted Average Rate of Interest on Loan (%)	9.2832	9.2251	9.1674	9.0547	9.0193
Interest on Loan	3803.76	3480.59	3139.28	2785.06	2459.77

22. The details of IoL approved vide order dated 15.2.2016 in Petition No. 480/TT/2014, claimed by the Petitioner in the instant petition and trued up for the 2014-19 period are given below:

Particular	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated	3804.51	3504.10	3180.67	2856.72	2533.37



15.2.2016 in Petition No. 480/TT/2014					
Claimed by the Petitioner in the instant petition	3806.21	3482.59	3140.95	2786.42	2460.82
Allowed after true-up in this order	3803.76	3480.59	3139.28	2785.06	2459.77

Return on Equity (RoE)

23. The Petitioner is entitled to RoE for the transmission asset 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 following effective tax rates for the 2014-19 period:

Year	Claimed effective tax (in %)	Grossed up RoE (Base Rate/1-t) (in %)
2014-15	21.018	19.625
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

24. The Petitioner has claimed additional RoE which has been duly admitted vide order dated 15.2.2016 in Petition No. 480/TT/2014. The Commission, vide order dated 27.4.2020 in Petition No. 274/TT/2019, has arrived at the effective tax rate for the Petitioner based on the notified MAT rates. 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 trueing 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

”

25. The same MAT rates approved in order dated 27.4.2020 in Petition No. 274/TT/2019 are considered for the purpose of grossing up of rate of RoE for truing up of the tariff of the 2014-19 period in terms of the provisions of the 2014 Tariff Regulations as under:

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

26. Accordingly, Return on Equity (Base rate) already allowed vide order dated 15.2.2016 in Petition No. 480/TT/2014, RoE as trued up is given below:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	19640.83	19839.07	19839.07	19839.07	19839.07
Additions	198.25	0.00	0.00	0.00	0.00
Closing Equity	19839.07	19839.07	19839.07	19839.07	19839.07
Average Equity	19739.95	19839.07	19839.07	19839.07	19839.07
Return on Equity*(%)	16.000	16.000	16.000	16.000	16.000
MAT Rate for respective year (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (%)	20.243	20.341	20.341	20.341	20.395
Return on Equity	3995.97	4035.49	4035.49	4035.49	4046.15



27. The details of RoE approved vide order dated 15.2.2016 in Petition No. 480/TT/2014, claimed by the Petitioner and trued up in the instant order are given below:

Particular	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.2.2016 in Petition No. 480/TT/2014	3995.45	4015.01	4015.01	4015.01	4015.01
Claimed by Petitioner in the instant petition	3998.92	4037.45	4035.47	4035.47	4046.18
Allowed after true-up in this order	3995.97	4035.49	4035.49	4035.49	4046.15

Depreciation

28. The Petitioner's claim towards depreciation in the instant petition was found to be higher than the depreciation allowed for the transmission asset in order dated 15.2.2016 in Petition No. 480/TT/2014. The Petitioner has neither given any justification for claiming higher depreciation than that was allowed earlier in order dated 15.2.2016 in Petition No. 480/TT/2014 nor made any specific prayer for allowing higher depreciation in this petition. Similar issue had come up 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 up to 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 up to 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."

29. In line with above order dated 15.2.2016 in Petition No. 480/TT/2014, the depreciation for IT Equipment is considered @5.28% for the sub-station while truing up the capital expenditure of 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 of the 2019 Tariff Regulations. The calculation of Weighted Average Rate of Depreciation (WAROD) is placed in Annexure-I. The Gross Block during the tariff period 2014-19 has been depreciated at WAROD. 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 2014-19 is as under:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	65469.42	66130.24	66130.24	66130.24	66130.24
Additional Capitalisation	660.82	0.00	0.00	0.00	0.00
Closing Gross Block	66130.24	66130.24	66130.24	66130.24	66130.24
Average Gross Block	65799.83	66130.24	66130.24	66130.24	66130.24
Weighted Average Rate of Depreciation (WAROD) (%)	5.27%	5.27%	5.27%	5.27%	5.27%
Balance useful life of the asset	34	33	32	31	30
Elapsed life at the beginning of the year	1	2	3	4	5
Aggregate Depreciable value	59219.85	59517.22	59517.22	59517.22	59517.22
Depreciation during the year	3467.76	3485.74	3485.74	3485.74	3485.74
Aggregate Cumulative Depreciation	6818.85	10304.58	13790.32	17276.06	20761.80
Remaining Aggregate Depreciable Value	52401.01	49212.64	45726.90	42241.16	38755.42



30. The details of the depreciation approved vide order dated 15.2.2016 in Petition No. 480/TT/2014, claimed by the Petitioner and trued up in the instant order are given below:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.2.2016 in Petition No. 480/TT/2014	3467.02	3484.27	3484.27	3484.27	3484.27
Claimed by the Petitioner in the instant petition	3470.42	3488.40	3488.40	3488.40	3488.40
Allowed after true-up in this order	3467.76	3485.74	3485.74	3485.74	3485.74

Operation & Maintenance Expenses (O&M Expenses)

31. The O&M Expenses claimed by the Petitioner for the transmission asset are as under:

(₹ in lakh)					
O&M Expenses					
	2014-15	2015-16	2016-17	2017-18	2018-19
4 Nos. 400 kV Bays at Nellore& Gooty					
Norms (₹ lakh/Bay)	60.30	62.30	64.37	66.51	68.71
Transmission line (400 kV D/C (Quad) Nellore-Gooty line)					
D/C Twin/Triple Conductor (km)	289	289	289	289	289
Norms (₹ lakh/km)	1.062	1.097	1.133	1.171	1.21
Total O&M expense (₹ in lakh)	548.12	566.23	584.92	604.46	624.53

32. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. Norms specified in respect of the elements covered in the transmission asset are as under:

O&M Expenses					
	2014-15	2015-16	2016-17	2017-18	2018-19
400 kV Norms (₹ lakh/Bay)	60.30	62.30	64.37	66.51	68.71
Transmission line					
D/C Twin/Triple Conductor Norms (₹ lakh/km)	1.062	1.097	1.133	1.171	1.21

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

O&M Expenses



	2014-15	2015-16	2016-17	2017-18	2018-19
400 kV					
No. of bays	4	4	4	4	4
Norms (₹ lakh/Bay)	60.30	62.30	64.37	66.51	68.71
Transmission line					
D/C Twin/Triple Conductor (km)	289	289	289	289	289
Norms (₹ lakh/km)	1.062	1.097	1.133	1.171	1.21
Total O&M expense (₹ in lakh)	548.12	566.23	584.92	604.46	624.53
Total pro-rata O&M Expense (₹ in lakh)	548.12	566.23	584.92	604.46	624.53

34. The details of the O&M Expenses approved vide earlier order dated 15.2.2016 in Petition No. 480/TT/2014, claimed by the Petitioner in the instant petition and trued up in the instant order are given below:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 15.2.2016 in Petition No. 480/TT/2014	548.12	566.23	584.92	604.46	624.53
Claimed by the Petitioner in the instant petition	548.12	566.23	584.92	604.46	624.53
Allowed after true-up in this order	548.12	566.23	584.92	604.46	624.53

Interest on Working Capital (IWC)

35. The IWC has been worked out as per the methodology provided in the Regulation 28 of the 2014 Tariff Regulations and allowed as under:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	45.68	47.19	48.74	50.37	52.04
Maintenance Spares	82.22	84.93	87.74	90.67	93.68
Receivables	2017.54	1975.43	1920.52	1863.56	1813.45
Total Working Capital	2145.43	2107.55	2057.00	2004.60	1959.17
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	289.63	284.52	277.69	270.62	264.49

36. The details of IWC approved vide order dated 15.2.2016 in Petition No. 480/TT/2014, claimed by the Petitioner and trued up in the instant order are shown in the table as under:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19



Approved vide order dated 15.2.2016 in Petition No. 480/TT/2014	289.62	284.56	278.14	271.77	265.43
Claimed by the Petitioner	289.82	284.67	277.79	270.71	264.57
Allowed after true-up in this order	289.63	284.52	277.69	270.62	264.49

Approved Annual Fixed Charges for the 2014-19 Tariff Period

37. The tried up annual fixed charges allowed for the transmission asset for the 2014-19 tariff period is as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	3467.76	3485.74	3485.74	3485.74	3485.74
Interest on Loan	3803.76	3480.59	3139.28	2785.06	2459.77
Return on Equity	3995.97	4035.49	4035.49	4035.49	4046.15
Interest on Working Capital	289.63	284.52	277.69	270.62	264.49
O & M Expenses	548.12	566.23	584.92	604.46	624.53
Total	12105.24	11852.57	11523.12	11181.37	10880.67

38. The annual fixed charges as approved vide order dated 15.2.2016 in Petition No. 480/TT/2014, as claimed by the Petitioner in the instant order and as approved after truing 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 15.2.2016 in Petition No. 480/TT/2014	12104.73	11854.17	11543.01	11232.22	10922.60
Claimed by the Petitioner	12113.49	11859.34	11527.53	11185.46	10884.50
Allowed after true-up in this order	12105.24	11852.57	11523.12	11181.37	10880.67

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

39. The Petitioner has claimed the following transmission charges for the 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	3488.40	3485.59	3484.30	3484.30	3484.30
Interest on Loan	2153.45	1839.66	1525.82	1211.63	896.82
Return on Equity	3726.18	3726.18	3726.18	3726.18	3726.18
Interest on Working Capital	163.35	159.77	155.82	151.93	147.68
O&M Expenses	515.65	533.46	552.01	571.30	591.04
Total	10047.03	9744.66	9444.13	9145.34	8846.02



40. The details of the IWC claimed by the Petitioner in respect of the transmission asset are as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	42.97	44.46	46.00	47.61	49.25
Maintenance Spares	77.35	80.02	82.80	85.70	88.66
Receivables	1235.29	1201.40	1164.34	1127.51	1087.63
Total Working Capital	1355.61	1325.88	1293.14	1260.82	1225.54
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	163.35	159.77	155.82	151.93	147.68

Capital Cost

41. Regulation 19 of the 2019 Tariff Regulations provide 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.”*

42. The Petitioner has considered the opening capital cost on 1.4.2019 as ₹66130.33 lakh. However, the capital cost of ₹66130.24 lakh as on 31.3.2019 has been worked out for the transmission asset and the same 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)

43. The Petitioner has not claimed any ACE for the 2019-24 tariff period. Accordingly, the capital cost as on 31.3.2024 for the transmission asset is considered as under:

(₹ in lakh)			
Apportioned Approved Capital Cost as per RCE II	Total Capital Cost as on 31.3.2019	Projected ACE	Total Capital Cost as on 31.3.2024
		2019-24	
66136.00	66130.24	0.00	66130.24

Debt-Equity ratio

44. 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.”

45. The details of the debt and equity considered for the purpose of tariff for 2019-24 tariff period is as follows:

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	%	Additional Capital Expenditure for 2019-24 (₹ in lakh)	%	Capital Cost as on 31.3.2024 (₹ in lakh)	%
Debt	46291.17	70.00	0.00	-	46291.17	70.00
Equity	19839.07	30.00	0.00	-	19839.07	30.00
Total	66130.24	100.00	0.00	-	66130.24	100.00



Return on Equity (RoE)

46. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations specify 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 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.

Illustration-

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

$$\text{Rate of return on equity} = 15.50 / (1 - 0.2155) = 19.758\%$$

(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 Rs 1,000 crore;
- (b) Estimated Advance Tax for the year on above is Rs 240 crore;
- (c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore / Rs 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.”

47. The Petitioner has submitted that 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 shall be trued up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the transmission asset is as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	19839.07	19839.07	19839.07	19839.07	19839.07



Additions	-	-	-	-	-
Closing Equity	19839.07	19839.07	19839.07	19839.07	19839.07
Average Equity	19839.07	19839.07	19839.07	19839.07	19839.07
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	3,726.08	3,726.08	3,726.08	3,726.08	3,726.08

Interest on Loan (IoL)

48. Regulation 32 of the 2019 Tariff Regulations provides that:

“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.”*

49. We have considered the submission of the Petitioner. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2019. The



Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period may be adjusted. 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 transmission asset is as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	46291.17	46291.17	46291.17	46291.17	46291.17
Cumulative Repayments upto Previous Year	20761.80	24250.20	27738.59	31226.99	34715.39
Net Loan-Opening	25529.37	22040.97	18552.58	15064.18	11575.79
Additions	-	-	-	-	-
Repayment during the year	3488.40	3488.40	3488.40	3488.40	3488.40
Net Loan-Closing	22040.97	18552.58	15064.18	11575.79	8087.39
Average Loan	23785.17	20296.78	16808.38	13319.98	9831.59
Weighted Average Rate of Interest on Loan (%)	9.0502	9.0596	9.0716	9.0871	9.1077
Interest on Loan	2152.61	1838.80	1524.79	1210.40	895.43

Depreciation

50. Regulation 33 of the 2019 Tariff Regulations provide that:

“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.

51. The IT equipment has been considered as part of the Gross Block and depreciated using weighted average rate of depreciation (WAROD). The WAROD has been worked out (as placed in Annexure-II) 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 as 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 up to 31.3.2019. The depreciation allowed for the transmission asset is as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	66130.24	66130.24	66130.24	66130.24	66130.24
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	66130.24	66130.24	66130.24	66130.24	66130.24
Average Gross Block	66130.24	66130.24	66130.24	66130.24	66130.24
Weighted Average Rate of Depreciation (WAROD) (%)	5.28%	5.28%	5.28%	5.28%	5.28%
Balance useful life of the asset	29	28	27	26	25
Elapsed life at the beginning of the year	6	7	8	9	10
Aggregate Depreciable value	59519.95	59519.95	59519.95	59519.95	59519.95
Depreciation during the year	3488.40	3488.40	3488.40	3488.40	3488.40
Aggregate Cumulative Depreciation	24250.20	27738.59	31226.99	34715.39	38203.78
Remaining Depreciable Value Total	35269.76	31781.36	28292.96	24804.57	21316.17

Operation & Maintenance Expenses (O&M Expenses)

52. The norms specified under Regulation 35(3)(a) and 4 of the 2019 Tariff Regulations provides that:

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

(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.”

53. The O&M Expenses claimed by the Petitioner for the transmission asset for the 2019-24 period is as under:

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
4 Nos. 400 kV Bays at Nellore and Gooty Sub-substations					
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
Transmission line (400 kV D/C (Quad Nellore-Gooty line)					
D/C Twin/Triple Conductor (km)	289	289	289	289	289
Norms (₹ lakh/km)	1.322	1.368	1.416	1.466	1.517
PLCC	2% of the PLCC cost				
PLCC related project cost	249.38	249.38	249.38	249.38	249.38
Total O&M expense (₹ in lakh)	515.65	533.46	552.01	571.30	591.04



54. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. The Petitioner has made similar claim in other petitions as well. Though PLCC is a communication system, it has been considered as part of the sub-station in the 2014 Tariff Regulations and the 2019 Tariff Regulations and the norms for sub-station have been specified accordingly. Accordingly, the Commission vide order dated 24.1.2021 in Petition No. 126/TT/2020 has already held that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system. Therefore, the Petitioner's claim for separate O&M Expenses for PLCC @2% is not allowed. The relevant portions of the order dated 24.1.2021 in Petition No.126/TT/2020 are extracted hereunder.

“103. Thus, although PLCC equipment is a communication system, it has been considered as a part of sub-station, as it is used both for protection and communication. Therefore, we are of the considered view that rightly, it was not considered for separate O&M Expenses while framing norms of O&M for 2019-24 tariff period. While specifying norms for bays and transformers, O&M Expenses for PLCC have been included within norms for O&M Expenses for sub-station. Norms of O&M Expenses @2% of the capital cost in terms of Regulation 35(4) of the 2019 Tariff Regulations have been specified for communication system such as PMU, RMU, OPGW etc. and not for PLCC equipment.

105. In our view, granting of O&M Expenses for PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations under the communication system head would tantamount to granting O&M Expenses twice for PLCC equipment as PLCC equipment has already been considered as part of the sub-station. Therefore, the Petitioner's prayer for grant of O&M Expenses for the PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations is rejected.

106. The principle adopted in this petition that PLCC is part of sub-station and accordingly no separate O&M Expenses is admissible for PLCC equipment in the 2019-24 tariff period under Regulation 35(4) of the 2019 Tariff Regulations shall be applicable in case of all petitions where similar claim is made by the Petitioner. As already mentioned, the Commission, however, on the basis of the claim made by the Petitioner has inadvertently allowed O&M Expenses for PLCC equipment @2% of its original project cost, which is applicable for other “communication system”, for 2019-24 period in 31 petitions given in Annexure-3 of this order. Therefore, the decision in this order shall also be applicable to all the petitions given in Annexure-3. Therefore, PGCIL is directed to bring this decision to the notice of all the stakeholders in the 31 petitions given in Annexure-3 and also make revised claim of O&M Expenses for



PLCC as part of the sub-station at the time of truing up of the tariff allowed for 2019-24 period in respective petitions.”

Therefore, the Petitioner’s claim for separate O&M Expenses for PLCC @2% is not allowed.

55. The O&M Expenses has been worked out as per the norms specified in the 2019 Tariff Regulations and the same is as follows:

O&M Expenses					
	2019-20	2020-21	2021-22	2022-23	2023-24
400 kV					
No. of bays	4	4	4	4	4
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
Transmission line					
D/C Twin/Triple Conductor (km)	289	289	289	289	289
Norms (₹ lakh/km)	1.322	1.368	1.416	1.466	1.517
Total O&M expense (₹ in lakh)	510.66	528.47	547.02	566.31	586.05

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 specifies 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.”*

“(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%. 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 is as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	42.55	44.04	45.59	47.19	48.84
Maintenance Spares	76.60	79.27	82.05	84.95	87.91
Receivables	1234.53	1199.66	1162.78	1125.95	1086.09
Total Working Capital	1353.69	1322.97	1290.42	1258.09	1222.84
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on Working Capital	163.12	148.83	145.17	141.54	137.57

Annual Fixed Charges for the 2019-24 Tariff Period

58. The transmission charges allowed for the transmission asset for the 2019-24 period are summarised below:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	3488.40	3488.40	3488.40	3488.40	3488.40
Interest on Loan	2152.61	1838.80	1524.79	1210.40	895.43
Return on Equity	3726.08	3726.08	3726.08	3726.08	3726.08
Interest on Working Capital	163.12	148.83	145.17	141.54	137.57
O & M Expenses	510.66	528.47	547.02	566.31	586.05
Total	10040.86	9730.58	9431.46	9132.73	8833.53



Filing Fee and the Publication Expenses

59. 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

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

Goods and Services Tax

61. 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 respondent(s) 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 Govt. / Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

62. The Petitioner has submitted that the demand of the Petitioner is premature and need not be considered at this juncture. In response, the Petitioner 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 Respondent(s) to the Petitioner and the same shall be charged and billed separately.



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

Security Expenses

64. The Petitioner has submitted that security expenses for the transmission asset 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 will 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.

65. We have considered the submissions of the Petitioner. 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

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

Sharing of Transmission Charges

67. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 or the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, as applicable, as provided in Regulation 43 of 2014 Tariff Regulations for the 2014-19 tariff period and Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period.

68. To summarise, the trued-up Annual Fixed Charges allowed for the transmission asset for the 2014-19 tariff period are as under:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges	12105.24	11852.57	11523.12	11181.37	10880.67

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

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	10040.86	9730.58	9431.46	9132.73	8833.53

69. This order disposes of Petition No. 3/TT/2020

**Sd/
(Arun Goyal)
Member**

**Sd/
(I. S. Jha)
Member**



ANNEXURE-I

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 / COD (₹ in lakh)	ACE (₹ in lakh) 2014-15	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
Land - Freehold	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00
Land - Leasehold	0.00	0.00	0.00	3.34	0.00	0.00	0.00	0.00	0.00
Building Civil Works & Colony	441.06	0.00	441.06	3.34	14.73	14.73	14.73	14.73	14.73
Transmission Line	61882.59	204.69	62087.28	5.28	3272.80	3278.21	3278.21	3278.21	3278.21
Sub Station	2971.44	353.74	3325.18	5.28	166.23	175.57	175.57	175.57	175.57
PLCC	146.99	102.39	249.38	6.33	12.55	15.79	15.79	15.79	15.79
IT Equipment (Incl. Software)	27.34	0.00	27.34	5.28	1.44	1.44	1.44	1.44	1.44
Total	65469.42	660.82	66130.24	Total	3467.76	3485.74	3485.74	3485.74	3485.74
Average Gross Block (₹ in lakh)					65799.83	66130.24	66130.24	66130.24	66130.24
Weighted Average Rate of Depreciation					5.27%	5.27%	5.27%	5.27%	5.27%



ANNEXURE-II

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 / COD (₹ in lakh)	ACE (₹ in lakh) 2019-24	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	
Land - Freehold	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00
Land - Leasehold	0.00	0.00	0.00	3.34	0.00	0.00	0.00	0.00	0.00	0.00
Building Civil Works & Colony	441.06	0.00	441.06	3.34	14.73	14.73	14.73	14.73	14.73	14.73
Transmission Line	62087.28	0.00	62087.28	5.28	3278.21	3278.21	3278.21	3278.21	3278.21	3278.21
Sub Station	3325.18	0.00	3325.18	5.28	175.57	175.57	175.57	175.57	175.57	175.57
PLCC	249.38	0.00	249.38	6.33	15.79	15.79	15.79	15.79	15.79	15.79
IT Equipment (Incl. Software)	27.34	0.00	27.34	15.00	4.10	4.10	4.10	4.10	4.10	4.10
Total	66130.24	0.00	66130.24	Total	3488.40	3488.40	3488.40	3488.40	3488.40	3488.40
Average Gross Block (₹ in lakh)					66130.24	66130.24	66130.24	66130.24	66130.24	66130.24
Weighted Average Rate of Depreciation					5.28%	5.28%	5.28%	5.28%	5.28%	5.28%

