

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 105/TT/2020**

**Coram:**

**Shri P. K. Pujari, Chairperson  
Shri I. S. Jha, Member  
Shri Arun Goyal, Member**

**Date of Order: 31.08.2021**

**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, 2014 of transmission tariff from dates of commercial operation to 31.3.2019 in respect of **Asset-I:** LILO of Agra-Bharatpur 220 kV S/C Line at Agra (POWERGRID) Sub-station along with line bays, **Asset-II:** 1X315 MVA 400/220 kV ICT (Shifted from Ballabgarh Sub-station) along with ICT bays at Agra (POWERGRID) Sub-station, **Asset-III:** 1X315 MVA, 400/220 kV ICT along with associated bays at Kaithal Sub-station (Spare ICT from Ballabgarh) and **Asset-IV:** 2 numbers 220 kV bays at Kaithal Sub-station under Northern Region System Strengthening Scheme-XXXIV in Northern Region.

**And in the matter of:**

Power Grid Corporation of India Limited,  
"SAUDAMINI", Plot No. 2,  
Sector-29, Gurgaon-122001.

**.....Petitioner**

**Versus**

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited,  
Vidyut Bhawan, Vidyut Marg,  
Jaipur-302005.
2. Ajmer Vidyut Vitran Nigam Limited,  
400 kV GSS Building (Ground Floor), Ajmer Road,  
Heerapura, Jaipur.
3. Jaipur Vidyut Vitran Nigam Limited,  
400 kV GSS Building (Ground Floor), Ajmer Road,  
Heerapura, Jaipur.



4. Jodhpur Vidyut Vitran Nigam Limited,  
400 kV GSS Building (Ground Floor), Ajmer Road,  
Heerapura, Jaipur.
5. Himachal Pradesh State Electricity Board,  
Vidyut Bhawan, Kumar House Complex Building-II,  
Shimla-171004.
6. Punjab State Electricity Board,  
Thermal Shed TIA, Near 22 Phatak,  
Patiala-147001.
7. Haryana Power Purchase Centre,  
Shakti Bhawan, Sector-6,  
Panchkula, Haryana-134109.
8. Power Development Department,  
Govt. of Jammu & Kashmir,  
Mini Secretariat, Jammu.
9. Uttar Pradesh Power Corporation Limited,  
(Formerly Uttar Pradesh State Electricity Board)  
Shakti Bhawan, 14, Ashok Marg,  
Lucknow-226001.
10. Delhi Transco Limited,  
Shakti Sadan, Kotla Road,  
New Delhi-110002.
11. BSES Yamuna Power Limited,  
BSES Bhawan, Nehru Place,  
New Delhi.
12. BSES Rajdhani Power Limited,  
BSES Bhawan, Nehru Place,  
New Delhi.
13. North Delhi Power Limited,  
Cennet Building, Adjacent to 66/11 kV Pitampura-3,  
Grid Building, Near PP Jewellers,  
Pitampura, New Delhi-110034.
14. Chandigarh Administration,  
Sector -9, Chandigarh.
15. Uttarakhand Power Corporation Limited,  
Urja Bhawan, Kanwali Road,  
Dehradun.



16. North Central Railway,  
Allahabad.
17. New Delhi Municipal Council,  
Palika Kendra, Sansad Marg,  
New Delhi-110002.
18. Haryana Vidyut Prasaran Nigam Limited,  
Shakti Bhawan, Sector-6,  
Panchkula-134109.

.....Respondent(s)

**For Petitioner:** Shri S. S. Raju, PGCIL  
Shri B. Dash, PGCIL  
Shri A. K. Verma, PGCIL  
Shri Ved Prakash Rastogi, PGCIL

**For Respondents:** Shri R. B. Sharma, Advocate, BRPL  
Shri Anil Jain, UPPCL  
Shri Manoj Singh, UPPCL  
Shri Sanjay Srivastav, UPPCL

### **ORDER**

The present petition is filed by Power Grid Corporation of India Ltd., a deemed transmission licensee, for determination of transmission tariff from respective dates of commercial operation of transmission assets to 31.3.2019 under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) in respect of following transmission assets under Northern Region System Strengthening Scheme-XXXIV in Northern Region (hereinafter referred to as “the transmission project”):

**Asset-I:** LILO of Agra-Bharatpur 220 kV S/C Line at Agra (POWERGRID) Sub-station along with line bays;

**Asset-II:** 1X315 MVA 400/220 kV ICT (Shifted from Ballabgarh Sub-station) along with ICT bays at Agra (POWERGRID) Sub-station;



**Asset-III:** 1X315 MVA, 400/220 kV ICT along with associated bays at Kaithal Sub-station (Spare ICT from Ballabgarh); and

**Asset-IV:** 2 numbers 220 kV bays at Kaithal Sub-station.

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

- “1) Approve the Transmission Tariff for the tariff block 2014-19 block for the asset covered under this petition, as per para-8.2 above.*
- 2) Approve the Transmission Tariff for the tariff block 2014-19 for 315 MVA replaced ICTs at Ballabgarh S/s and shifted to Agra S/s and Kaithal S/s in addition to the transmission tariff for Asset-II & Asset-III covered under this petition, as per para - 8.2 and 5.1 above.*
- 3) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization projected to be incurred.*
- 4) Allow the Petitioner to approach Hon'ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19.*
- 5) 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 under clause 25 of the Tariff regulations 2014.*
- 6) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure ( if any) in relation to the filing of petition.*
- 7) Allow the Petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.*
- 8) 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 2014-19 period, if any, from the respondents.*
- 9) Allow the Petitioner to bill and recover GST on Transmission charges separately from the respondents, if GST on Transmission of electricity is withdrawn from the exempted (negative) list at any time in future.*
- 10) Allow tariff as 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for purpose of inclusion in the PoC charges.*



11) Allow the petitioner to bill Tariff from actual DOCO and also the petitioner may be allowed to submit revised Certificate and tariff Forms (as per the Relevant Regulation) based on actual DOCO.

12) Approve the DOCO as claimed by the Petitioner, in accordance with clause 4(3)(ii) of Tariff Regulation'2014.

*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"*

3. **Backdrop of the case**

a) The Investment Approval (IA) of the transmission project was accorded by the Board of Directors (BOD) of the Petitioner company vide Memorandum No. C/CP/NRSS-34 dated 9.3.2015 at an estimated cost of ₹14876.00 lakh, including an IDC of ₹924.00 lakh (based on December 2014 price level). Approval of the Revised Cost Estimate (RCE) of the transmission project was accorded by competent authority (the Petitioner has not disclosed who the competent authority is) vide Memorandum No. C/CP/RCE/NRSS-XXXIV/PA1718-08-0C-CE003 dated 29.8.2017 at an estimated cost of ₹15332.00 lakh, including an IDC of ₹578.00 lakh (based on April 2017 price level).

b) The scope of the transmission project was agreed in 32<sup>nd</sup> meeting of Standing Committee on Power System Planning of Northern Region held on 31.8.2013. The transmission project along with detailed project report was discussed and agreed in 26<sup>th</sup> meeting of TCC and 29<sup>th</sup> meeting of Northern Regional Power Committee held on 12.9.2013 and 13.9.2013 respectively. The scope of the transmission project was further discussed in 33<sup>rd</sup> meeting of the Empowered Committee on Transmission held on 30.9.2014.

c) The scope of work covered under the transmission project is as follows:



### **Transmission Line**

- (i) LILO of Agra-Bharatpur 220 kV S/C line at Agra (PGCIL) Sub-station;
- (ii) LILO of Gladini (Jammu)-Hiranagar 220 kV S/C line at 400/220 kV Samba (PGCIL) Sub-station (the lines are to be terminated at existing 220 kV line bays at Samba Sub-station);
- (iii) LILO of one circuit of Parbati Pooling Station-Amritsar 400 kV D/C line at Jalandhar (PGCIL) Sub-station.

### **Sub-stations**

#### **(i) Agra 400/220 kV Sub-station**

##### **400 kV:**

1X315 MVA, 400/220 kV ICT (ICT shall be provided from the spared ICTs available after replacement of ICTs at Ballabgarh/Mandola Sub-station and shall be refurbished before installation); and

ICT bay: 1 number.

##### **220 kV:**

ICT bay: 1 number; and  
Line bays: 2 numbers.

#### **(ii) Kaithal 400/220 kV Sub-station**

##### **400 kV:**

1X315 MVA, 400/220 kV ICT (ICT shall be provided from the spared ICTs available after replacement of ICTs at Ballabgarh/Mandola Sub-station and shall be refurbished before installation); and

ICT bay: 1 number.

##### **220 kV:**

ICT bay: 1 number; and  
Line bays: 2 numbers.

#### **(iii) Bhinmal 400/220 kV Sub-station**



**220 kV:**  
Line bays: 2 numbers.  
**(iv) Jalandhar 400/220 kV Sub-station**

**400 kV:**  
Line bays: 2 numbers.

d) The status of transmission assets covered under the transmission project is as follows:

Sr. No.	Name of Asset	COD	Asset Nomenclature in Petition No. 148/TT/2017	Remarks
1	LILO of Gladini-Hiranagar 220 kV S/C line at 400/220 kV Samba (POWERGRID) Sub-station (the lines are to be terminated at existing 220 kV line Bays at Samba Sub-station)	4.6.2016 (Actual)	NA	Covered in Petition No. 92/TT/2016
2	LILO of 400 kV Amritsar-Hamirpur Line at Jalandhar (One circuit of Parbati Pooling station-Amritsar Line) along with bays	14.2.2017 (Actual)	Asset-II	Tariff allowed in Petition No. 148/TT/2017
3	2 numbers of 220 kV Line bays at Bhinmal Sub-station	25.4.2017 (Actual)	Asset-V	
4	<b>Asset-I:</b> LILO of Agra-Bharatpur 220 kV S/C Line at Agra (POWERGRID) Sub-station along with line bays at Agra (POWERGRID) Sub-station	7.2.2019 (Actual)	Asset-I(A)	
5	<b>Asset-II:</b> 1X315 MVA, 400/220 kV ICT (Shifted from Ballabgarh Sub-station) along with ICT bays at Agra (POWERGRID) Sub-station	26.6.2017 (Actual)	Asset-I(B)	Covered in the instant petition. Re-filed as per the Commission's directions in Petition No. 148/TT/2017.
6	<b>Asset-III:</b> 1X315 MVA, 400/220 kV ICT along with associated bays at Kaithal Sub-station (Spare ICT from Ballabgarh)	4.11.2017 (Actual)	Asset-III	
7	<b>Asset-IV:</b> 2 numbers 220 kV line bays at Kaithal Sub-station	24.11.2017 (Proposed under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations)	Asset-IV	

e) The transmission tariff in respect of the transmission assets was earlier claimed in Petition No. 148/TT/2017. The Commission vide order dated



23.7.2018 in Petition No. 148/TT/2017 did not allow the tariff for all the assets and directed the Petitioner to file a fresh petition for determination of tariff of the remaining transmission assets after complying with directions contained in that order. The relevant extract of the order dated 23.7.2018 in Petition No. 148/TT/2017 is as follows:

*“7. The Petitioner vide affidavit dated 20.9.2017 has submitted that Asset-I was split into two parts namely Asset-I(A):LILO of Agra-Bharatpur 220 kV S/C line at Agra (Powergrid) Sub-station alongwith line bays and Asset-I(B): 1X315 MVA 400/220 kV ICT (shifted from Ballabgarh Sub-station) alongwith ICT bays at Agra (POWERGRID) Sub-station and that the revised anticipated COD of Asset-I(A) was 1.1.2018 and Asset I(B) was put into commercial operation on 26.6.2017. It is observed that tariff for Asset-1(B) and III was already allowed in Petition No.133/TT/2015 and hence the petitioner is directed to decapitalise these assets in Petition No.133/TT/2015 and capitalise them in the instant transmission system at their written down value and accordingly file fresh petition claiming tariff for Assets-I(B) and III. The Commission in order dated 10.10.2017 has already directed the petitioner to file a fresh petition claiming tariff for Asset-I(A). The petitioner has submitted that Asset-IV could not be put into commercial operation as the downstream assets under the scope of HVPNL are not ready and sought approval of COD of Asset-IV under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. It is observed that HVPNL has not been made a party to the present proceedings. We are of the view that HVPNL should be given an opportunity to make its submissions before approving the COD of Asset-IV under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. As HVPNL is not arrayed as a respondent in the matter, we are not inclined to approve tariff for Asset-IV. Accordingly, tariff for Assets-I(A), I(B), III and IV is not allowed in this order. Tariff is determined only for Assets-II and V in the instant order. The petitioner is directed to file a fresh a petition claiming tariff for Assets-I (A), I(B), III and IV taking into cognizance the observations made above.”*

4. In compliance of the directions of the Commission in order dated 23.7.2018 in Petition No. 148/TT/2017, the Petitioner has filed the instant petition.

5. The Petitioner had filed Review Petitions in respect of ICTs associated with Asset-II and Asset-III covered in the instant petition. The issues raised in the Review Petitions and the orders passed by the Commission are as follows:





Review Petition No.	Name of Asset	Issue	Decision
22/RP/2018 seeking review of order dated 4.10.2019 in Petition No. 255/TT/2018	ICT-I (Associated with Asset-II)	On the ground that the Petitioner is facing loss of transmission tariff as the replaced ICT-I is being reused even after its useful life.	The Commission vide order dated 20.6.2021 in Review Petition No. 22/RP/2019 rejected the contention of the Petitioner and held that there was no apparent error in the order dated 4.10.2019 in Petition no. 255/TT/2018.
38/RP/2018 seeking review of order dated 20.7.2018 in Petition No. 116/TT/2017	ICT-III (Associated with Asset-III)	On the ground that the Petitioner is facing loss due to double deduction, i.e., due to deduction of Gross Block and due to discontinuation of transmission tariff in Petition No. 133/TT/2015.	The Commission vide order dated 9.1.2020 partly allowed the Review Petition No. 38/RP/2018 and allowed the tariff of ICT-III in Petition No. 133/TT/2015.

6. The Petitioner has claimed the following transmission charges for the 2014-19 tariff period in respect of the transmission assets covered in the instant petition (the Petitioner has separately claimed tariff for the two ICTs in addition to the tariff claimed as under and the same is dealt with in subsequent paragraphs of this order):

(₹ in lakh)

Particulars	Asset-I	Asset-II (excluding ICT)	
	2018-19 (pro-rata)	2017-18 (pro-rata)	2018-19
Depreciation	38.48	24.80	46.49
Interest on Loan	37.88	23.65	42.33
Return on Equity	42.71	27.63	51.79
Interest on Working Capital	3.28	6.08	9.03
O&M Expenses	16.22	86.37	116.81
<b>Total</b>	<b>138.57</b>	<b>168.53</b>	<b>266.45</b>

(₹ in lakh)

Particulars	Asset-III (excluding ICT)		Asset-IV	
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19
Depreciation	18.41	59.66	11.25	40.05
Interest on Loan	18.48	57.35	9.26	32.88
Return on Equity	20.51	66.48	10.20	37.92
Interest on Working Capital	3.61	9.95	2.34	7.33
O&M Expenses	46.17	116.81	32.65	96.20
<b>Total</b>	<b>107.18</b>	<b>310.25</b>	<b>65.70</b>	<b>214.38</b>



7. The details of Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission assets covered in the instant petition for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-I	Asset-II (excluding ICT)	
	2018-19 (pro-rata)	2017-18 (pro-rata)	2018-19
Maintenance Spares	16.35	16.96	17.52
O&M expenses	9.08	9.42	9.73
Receivables	155.20	36.77	44.41
<b>Total</b>	<b>180.63</b>	<b>63.15</b>	<b>71.66</b>
Rate of Interest (in %)	12.20	12.60	12.60
<b>Interest on working capital</b>	<b>3.28</b>	<b>6.08</b>	<b>9.03</b>

(₹ in lakh)

Particulars	Asset-III (excluding ICT)		Asset-IV	
	2017-18 (pro-rata)	2018-19	2017-18 (pro-rata)	2018-19
Maintenance Spares	16.96	17.52	13.97	14.43
O&M expenses	9.42	9.73	7.76	8.02
Receivables	43.75	51.71	31.23	35.73
<b>Total</b>	<b>70.13</b>	<b>78.96</b>	<b>52.96</b>	<b>58.18</b>
Rate of Interest (in %)	12.60	12.60	12.60	12.60
<b>Interest on working capital</b>	<b>3.61</b>	<b>9.95</b>	<b>2.34</b>	<b>7.33</b>

8. The Respondents are distribution licensees, power departments, power utilities and transmission licensees, which are procuring transmission services from the Petitioner, mainly beneficiaries of Northern Region.

9. The Petitioner has served a copy of the petition upon the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. BSES Rajdhani Power Ltd. (BRPL), Respondent No. 12, has filed its reply vide affidavit dated 16.8.2020 and has raised the issues of cost over-run; delegation of power of capital investments by BOD of the Petitioner



company to the Competent Authority; projected Additional Capital Expenditure (ACE) during 2014-19 period including accrual IDC; de-capitalisation of shifted ICTs from Ballabgarh Sub-station; time over-run; Initial Spares of refurbished ICTs; true-up of tax and over-payment of Income Tax; Return on Equity (RoE); Deferred Tax Liability; recovery of tax on true-up exercise of RoE; tax on transmission business; recovery of application filing fee and the publication expenses; applicability and recovery of GST; impact of wage revision on O&M charges; recovery of security expenses and appointment of association or forum in the proceedings before the Commission. The Petitioner has submitted its rejoinder vide its affidavit dated 4.9.2020.

10. During the hearing, the representative of UPPCL, Respondent No.9, submitted that the Petitioner's claim is in order except the time over-run in case of the transmission assets and it adopted the submissions of BRPL in respect of time over-run.

11. The hearing in this matter was held on 19.8.2020 through video conference and the order was reserved.

12. Learned counsel for BRPL has submitted that in terms of Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Section 94(3) of the 2003 Act, some consumer association may be engaged by the Commission to represent the consumer's interest in the present case.

13. In response, the Petitioner has submitted that same issue has been raised by BRPL in a number of matters in the past and the same being devoid of merit has been rejected by the Commission.



14. We have considered the submissions of the Petitioner and BRPL. It has been placed before us that BRPL has been raising the same issue in several petitions despite clear findings of the Commission rejecting the contention of BRPL. We observe that the aforesaid contention of BRPL was rejected vide order dated 9.10.2018 in Petition No. 56/TT/2017 and thereafter in several other petitions. As BRPL has not challenged the findings, the same has attained finality. In view of these, this plea raised by BRPL is rejected.

15. Apart from this issue, we note that BRPL has been raising several issues repeatedly despite clear findings of the Commission on those issues. Therefore, in the instant petition we do not go into details of the contentions of BRPL and the clarifications given by the Petitioner on issues where the Commission has already given its findings. The issues which are specific to the instant petition and not dealt by the Commission earlier are considered in the relevant paragraphs of this order.

16. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 6.8.2019, BRPL's reply filed vide affidavit dated 16.8.2020, Petitioner's rejoinder to BRPL's reply filed vide affidavit dated 4.9.2020 and Petitioner's affidavits dated 7.9.2020 and 10.11.2020 filed in compliance of Record of Proceedings dated 19.8.2020 and technical validation letter dated 2.11.2020 respectively.

17. Having heard the representatives of the Petitioner, learned counsel for BRPL and representatives of UPPCL and after perusal of the materials on record, we proceed to dispose of the petition.



### Date of Commercial Operation (COD)

18. The Petitioner has claimed the following COD for the transmission assets covered in the instant petition:

Sr. No.	Name of Asset	COD Claimed
1	<b>Asset I:</b> LILO of Agra-Bharatpur 220 kV S/C Line at Agra (POWERGRID) Sub-station along with line bays.	7.2.2019 (Actual)
2	<b>Asset-II:</b> 1X315 MVA 400/220 kV ICT-2 (Shifted from Ballabgarh) Sub-station along with ICT bays at Agra (PGCIL) Substation	26.6.2017 (Actual)
3	<b>Asset-III:</b> 1X 315 MVA, 400/220 kV ICT-3 along with associated bays at Kaithal Sub-station (Spare ICT from Ballabgarh)	4.11.2017 (Actual)
4	<b>Asset-IV:</b> 2 numbers 220 kV line bays at Kaithal Sub-station	24.11.2017 {Proposed under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations}

19. In support of COD of Asset-I, Asset-II and Asset-III, the Petitioner has submitted CEA energisation certificates dated 15.1.2019, 16.6.2017 and 31.10.2017 respectively under Regulation 43 of CEA (Measures Relating to Safety and Electric Supply) Regulations, 2010; self-declaration COD Certificates dated 29.3.2019, 31.7.2017 and 6.12.2017 respectively; RLDC Charging Certificates dated 25.2.2019, 10.7.2017 and 27.11.2017 respectively; and CMD Certificates as required under the Grid Code.

20. Taking into consideration the submissions of the Petitioner, CEA energisation certificates, self-declaration COD certificates, RLDC charging certificates and CMD certificates, COD of Asset-I, Asset-II and Asset-III is approved as 7.2.2019, 26.6.2017 and 4.11.2017, respectively.

21. ICT-I and ICT-III associated with Asset-II and Asset-III respectively are existing assets and were earlier installed at Ballabgarh sub-station under Rihand



Transmission System and were capitalised during 1988-89 and 1990-91 respectively. ICT-I and ICT-III were de-capitalised on 28.3.2016 and 4.6.2017 respectively from Ballabgarh sub-station and thereafter shifted to Agra and Kaithal sub-stations respectively and re-utilised at the shifted sub-stations with effect from 26.6.2017 and 4.11.2017 respectively.

22. The Petitioner has submitted that Asset-IV was charged on no-load basis on 22.11.2017 as the associated 220 kV Kaithal (PG)-Neemwala D/C Transmission Line under the scope of HVPNL was not ready. The Petitioner has also submitted that scheduled date of commercial operation of Asset-IV was 9.7.2017. COD of Asset-IV is claimed as 24.11.2017 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. Further, the Petitioner has submitted that it tried to match commissioning of Asset-IV with downstream system under the scope of HVPNL at Kaithal Sub-station and the commissioning got delayed due to non-availability of the said downstream system. The Petitioner has submitted that various communications/ correspondences were sent to HVPNL against which no reply has been received.

23. The Petitioner has submitted NRLDC certificate dated 11.1.2018 regarding first time charging of 2 numbers 220 kV line bays on 22.11.2017 pertaining to 220 kV Kaithal (PG)-Neemwala D/C Transmission Line (HVPNL) and 220 kV Neemwala sub-station of HVPNL. As per NRLDC certificate, only the 220 kV bay number 210 and 211 of Neemwala-1 and Neemwala-2 respectively at Kaithal (PG) were charged on 22.11.2017 but power flow of 24 hours could not be established. Accordingly, COD of Asset-IV has been proposed as 24.11.2017 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. The Petitioner has further submitted the minutes of 40<sup>th</sup> TCC and 43<sup>rd</sup> NRPC meetings held on 29.10.2018 and 30.10.2018, respectively,



wherein the status of downstream network of constituents have been reviewed and it has been recorded that the tentative completion date of the 220 kV D/C Kaithal Transmission Line (PG)-Neemwala (HVPNL) and 220 kV Neemwala Sub-station of HVPNL was March 2020. HVPNL (Respondent No. 18) has not filed any reply to the Petition.

24. We have considered the submissions of the Petitioner. The Petitioner has claimed COD of Asset-IV as 24.11.2017 under proviso (ii) of Regulation 4(3) of 2014 Tariff Regulations as the associated transmission line under the scope of HVPNL is not ready. The Petitioner has completed Asset-IV and the asset was idle charged on 22.11.2017 as per NRLDC Certificate dated 11.1.2018. It is also mentioned in the said NRLDC certificate that only bays at Kaithal were charged and power flow of 24 hours could not be established.

25. Regulation 4(3) of the 2014 Tariff Regulations provides as follows:

*"(3) Date of commercial operation in relation to a transmission system shall mean the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from sending end to receiving end:*

*Provided that:*

- i) where the transmission line or sub-station is dedicated for evacuation of power from a particular generating station, the generating company and transmission licensee shall endeavor to commission the generating station and the transmission system simultaneously as far as practicable and shall ensure the same through appropriate Implementation Agreement in accordance with Regulation 12(2) of these Regulations:*
- ii) in case a transmission system or an element thereof is prevented from regular service for reasons not attributable to the transmission licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system, the transmission licensee shall approach the Commission through an appropriate application for approval of the date of commercial operation of such transmission system or an element thereof."*

26. Proviso (iv) to Regulation 6.3A(4) of the Grid Code provides as follows:



*“6.3A Commercial operation of Central generating stations and inter-State Generating Stations*

....

*4. Date of commercial operation in relation to an inter-State Transmission System or an element thereof shall mean the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from the sending end to the receiving end:*

....

Provided that:

....

*(iv) In case a transmission system or an element thereof is prevented from regular service on or before the Scheduled COD for reasons not attributable to the transmission licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system of other transmission licensee, the transmission licensee shall approach the Commission through an appropriate application for approval of the date of commercial operation of such transmission system or an element thereof.”*

27. In support of COD of Asset-IV, the Petitioner has submitted self-declaration COD certificate, CEA energisation certificate, ‘No-load’ NRLDC Charging Certificate and CMD Certificate as required under the Grid Code. Taking into consideration the submissions of the Petitioner, COD of Asset-IV is approved as 24.11.2017 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations as the Petitioner was not able to put Asset-IV into regular due to the non-commissioning of the associated downstream transmission assets under the scope of HVPNL. Accordingly, the yearly transmission charges from COD of Asset-IV i.e. 24.11.2017 till COD of the downstream transmission system under the scope of HVPNL shall be borne by HVPNL.

28. COD of the transmission assets covered in the instant petition are approved as follows:





Sr. No.	Name of Asset	COD approved
1	<b>Asset-I:</b> LILO of Agra-Bharatpur 220 kV S/c Line at Agra (POWERGRID) Sub-station along with line bays	7.2.2019 (Actual)
2	<b>Asset-II:</b> 1X315 MVA 400/220 kV ICT-2 (Shifted from Ballabgarh Sub-station along with ICT bays at Agra (POWERGRID) Sub-station	26.6.2017 (Actual)
3	<b>Asset-III:</b> 1X315 MVA, 400/220 kV ICT-3 along with associated bays at Kaithal Sub-station (Spare ICT from Ballabgarh)	4.11.2017 (Actual)
4	<b>Asset-IV:</b> 2 numbers 220 kV line bays at Kaithal Sub-station	24.11.2017 (approved under proviso (ii) of Regulation 4(3) of 2014 Tariff Regulations)

### **Capital Cost**

29. Regulation 9(1) and Regulation 9(2) of the 2014 Tariff Regulations provide as follows:

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

*“(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) Increase in cost in contract packages as approved by the Commission;*

*(d) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;*

*(e) Capitalised Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;*

*(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with Regulation 14 of these regulations;*

*(g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and*



(h) Adjustment of any revenue earned by the transmission licensee by using the assets before COD.”

30. The Petitioner has submitted details of FR apportioned approved cost, apportioned approved cost as per RCE, capital cost as on COD and estimated ACE incurred or projected to be incurred during 2017-18, 2018-19, 2019-20 and 2020-21 along with estimated completion cost supported by Auditor’s certificates for the transmission assets, as follows:

Asset	Apportioned Approved Cost (FR)	Apportioned Approved Cost (RCE)	Capital Cost up to COD	Projected Additional Capitalisation in FY				Estimated Completion Cost
				2017-18	2018-19	2019-20	2020-21	
Asset-I	5369.03	5704.80	4925.70	--	72.27	511.22	189.09	5698.29
Asset-II	776.89	1100.94	421.28	398.12	122.52	69.57	69.57	1081.06
Asset-III	743.24	1399.26	752.11	219.47	323.06	--	--	1294.64
Asset-IV	618.82	817.00	463.00	73.15	218.69	10.09	0.00	703.47

31. The Petitioner has further submitted that the cost of the replaced ICTs covered under Asset-II and Asset-III has not been included in the Auditor’s certificates furnished in support of Asset-II and Asset-III. Accordingly, the tariff for these replaced ICTs is claimed separately in the instant petition.

### **Cost Over-run**

32. The Petitioner has submitted Form-5 and also submitted the following reasons of cost variation:

#### **a) Price Variation (PV)**

(i) The cost variation in the transmission assets due to PV (price variation) mainly from the time of approval of project till award of various contracts (DPR to LOA) based on prices received as per Competitive Bidding. Contracts for various packages under the transmission project were awarded to the lowest evaluated and responsive bidder, on the basis of Competitive Bidding by the Petitioner, after publication of NITs in leading newspapers. Thus, the award prices represent the lowest prices available



at the time of bidding of various packages.

(ii) The reasons for price variation are attributable to the trends prevalent during execution of project from February 2015 (OBD of 1<sup>st</sup> package-March 2015) to April 2017, as may be seen from the trend of variation in indices of various major raw materials as indicated below:

Name of Indices	February 2015 (one month prior to first OBD)	March 2015	March 2016	April 2017	Increase from first OBD (in %)
<b>CRGO</b>	226000	226050	269025	233325	<b>3.24</b>
<b>EC Grade Zinc</b>	156900	155600	143900	208100	<b>32.63</b>
<b>EC Grade Aluminium</b>	155383	151883	135972	144137	<b>(-) 7.24</b>
<b>LME Copper wire bar</b>	374334	393972	352213	389137	<b>3.95</b>
<b>WPI</b>	175.6	176.10	174.60	185.30	<b>5.52</b>
<b>CPI</b>	253	254	268	275	<b>8.70</b>

(iii) PV observed during execution of the project is attributable to the trend prevailing during execution of project and also the market forces prevailing at the time of bidding process of various packages awarded for execution of the transmission project.

**b) Land and Compensation for Asset-I (increase of ₹6.50 crore)**

The details of increase in the cost of the transmission project under this head are explained as follows:

(₹ inlakh)			
Description	As per Approved Cost	As per RCE	Remarks
Land Acquisition for Tower Foundations	64	377	Based on actual/anticipated payments, mainly as per recommendation of Private Negotiation Committee (PNC)
Compensation towards Railway Crossing	0.00	570	As per demand note received from Railway authorities for 6 nos. of Railway Crossings



Description	As per Approved Cost	As per RCE	Remarks
Compensation towards Forest	126	40	As per actual/ anticipated payments.  As per approved DPR, 9.50 Ha of forest was envisaged for various lines under the project. However, during implementation, only 0.87 Ha. of forest is actually encountered

**c) New Addition for Asset-II and Asset-III (increase of ₹5.83 crore)**

The scope of works under the transmission project includes diversion of 2 numbers 400/220 kV, 315 MVA spare ICTs available at Ballabgarh/ Mandola Sub-station and installation of 1 number each at Agra and Kaithal Sub-stations after refurbishment of the same. Based on the transmission project's requirement, an expenditure of ₹5.83 crore has been incurred/ likely to be incurred towards refurbishment of said spare transformers before installation at Kaithal and Agra Sub-stations.

33. The Petitioner has submitted item-wise cost variation in Form-5. It has submitted that being a Government enterprise, it follows a well laid down procurement policy which ensures both transparency and competitiveness in the bidding process. Through this process, lowest possible market prices for required products/ services as per detailed designing is obtained and contracts are awarded on the basis of lowest evaluated eligible bidder. The best competitive bid prices against tenders may vary as compared to the cost estimate depending upon prevailing market forces, design and site requirements whereas, the estimates, are prepared by the Petitioner as per well-defined procedures. The FR cost estimate is broad indicative cost worked out generally on the basis of average unit rates of recently awarded contracts/ general practice.

34. The Petitioner has submitted that there is variation in cost of individual items in sub-station packages under the transmission project's scope of works as it comprises



of a large number of items and the same are awarded through open Competitive Bidding. In the said bidding process, bids are received from multiple parties quoting different rates for various BOQ items under the said package. Further, lowest bidder can be arrived at/ evaluated on overall basis only. Hence, item-wise unit prices in contracts and its variation over unit rate considered in FR estimates are beyond the control of the Petitioner.

35. BRPL has submitted that cost over-run is with respect to all the transmission assets. BRPL has further submitted that after perusal of Form-5 and the reasons cited for cost over-run by the Petitioner, it is seen that such reasons are either known to the Petitioner or these have been casually provided. Further, the Petitioner has filed RCE which has not been approved by Board of Directors (BoD) of the Petitioner company, but has been approved by competent authority and the Petitioner has not disclosed as to how the power which was vested in the BoD got transferred or delegated to the said competent authority.

36. BRPL has submitted that the Department of Public Enterprise (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India through its OM No. 26(3)/2005-GM-GL-92 dated 1.5.2008 and OM No. DPE/11(2)/97-Fin dated 22.7.1997 delegated the powers related to the capital expenditures in BOD of the Petitioner Company and BoD cannot further delegate the powers of capital investment and accordingly, the Petitioner may be directed to clarify the issue.

37. BRPL has further submitted that the Petitioner has submitted RCE wherein no justification for the cost over-run has been given and any exercise if made without



reasons and the justification of time and cost over-run would be arbitrary in nature and the Petitioner cannot claim tariff on the basis of such arbitrary exercise of power.

38. In response, the Petitioner has submitted that cost variation details have already been submitted in the petition and element-wise cost variation has been submitted along with respective Form-5 of all the transmission assets.

39. We have considered the submissions of the Petitioner and BRPL and noted that the estimated completion cost of the instant transmission assets exceeds the FR apportioned approved cost. However, the estimated completion cost of the instant transmission assets is within the RCE apportioned approved cost. The Petitioner has submitted the reasons of cost variation such as price variation, enhanced land compensation and new additions etc. However, the submissions made by the Petitioner in response to the contention of BRPL regarding the approval of RCE by the competent authority do not provide any clarity. The Petitioner has not submitted who is the competent authority to approve RCE, once IA has been approved by the Board of Directors of the Petitioner. Accordingly, the capital cost claimed by the Petitioner is restricted to the FR cost, subject to review at the time of truing up.

#### **Time Over-run**

40. As per IA dated 4.3.2015, the transmission project was scheduled to be put into commercial operation within 28 months from the date of IA. Accordingly, the scheduled COD was 4.7.2017, against which Asset-I achieved COD on 7.2.2019 with a time over-run of 583 days; Asset-III achieved COD on 4.11.2017 with a time over-run of 118 days; and Asset-IV has achieved COD on 24.11.2017 with a time over-run of 143 days. There is no delay in case of Asset-II. The Petitioner has submitted the



following to substantiate its claim of time over-run (supported by chronology of events, correspondences and court cases/ orders):

*A. Asset-I: LILO of Agra-Bharatpur 220 kV S/C Line at Agra (POWERGRID) Sub-station along with line bays*

(i) The time over-run was mainly due to RoW issues encountered at various locations of the said transmission line. During construction work in June 2015, there was stiff resistance from the land owners and agitation by farmers started in the early stage of the construction of transmission line. Farmers blocked main gate of the Agra sub-station of the Petitioner. The effected farmers demanded huge amount of crop compensation, land compensation, free electricity and employment for at least one person per family. Persuasive measures were adopted to pacify the land owners/ villagers agitating against the construction of the line. However, at certain locations verbal persuasions did not suffice and eventually the assistance of District Administration, Police Department was sought to mitigate the RoW issues.

(ii) The tower location 8/0 was in the field of family of local MP and there was stiff resistance. A Writ was filed before Hon'ble High Court of Allahabad. The Hon'ble High Court of Allahabad in order dated 19.4.2018 in Writ Petition No. 11385 of 2018 directed District Magistrate (DM), Agra to facilitate erection of Tower No. 8 and laying the transmission line. Despite Hon'ble High Court's direction, the work on the said Location (Tower No. 8) could not be completed as the execution of work was hindered and the same could be resolved in the month of October, 2018.

(iii) Owing to these uncontrollable RoW issues, considerable amount of time was lost between June 2015 and October 2018. The Petitioner lost considerable time in resolving RoW problems that was beyond the control of the Petitioner and has prayed to condone the same under Regulation 12(2)(i) of the 2014 Tariff Regulations.



B. Asset-III: 1x315 MVA, 400/220 kV ICT-3 along with associated bays at Kaithal Sub-station (Spare ICT from Ballabgarh) and Asset-IV: 2 numbers 220 kV bays at Kaithal Sub-station

(i) The Petitioner has submitted that it tried to match COD of Asset-III and Asset-IV with the downstream system of HVPNL, 220 kV D/C Transmission Line Kaithal (PG)-Neemwala (HVPNL) at Kaithal Sub-station and it led to a time over-run of 118 days and 143 days in case of Asset-III and Asset-IV.

41. BRPL has submitted that the grounds mentioned by the Petitioner for the time over-run show that the Petitioner and its bidders are responsible for the time over-run. The Petitioner was well conversant with the problems of this nature which are being encountered day-in and day-out during construction of transmission projects. Keeping all these aspects in view, a completion period of 28 months was scheduled by the Petitioner. Besides this, the role of IPMCS in monitoring the progress of the project is only on paper as is noted in this petition.

42. BRPL has submitted that the Petitioner has not submitted Detailed Project Report, CPM Analysis, PERT Chart and Bar Chart as per Tariff Filing Forms (Transmission & Communication System) for determination of Tariff. The Petitioner has only submitted PERT chart in respect of the scheduled completion and not for actual completion. The Petitioner is required to submit the PERT Chart for scheduled completion superimposing PERT Chart for actual completion properly indicating the critical path on both PERT Charts and clearly identifying the activity on which the delay has occurred. The Petitioner has claimed time over-run on account of RoW issues and delay due to non-availability of downstream HVPNL network, but whether these are responsible for time over-run can be determined only with the help of PERT





Chart. No such consolidated PERT chart along with critical path has been filed by the Petitioner. BRPL has submitted that the issue related to non-submission of the requisite statutory information as laid down by Appellate Tribunal for Electricity (APTEL) in judgment dated 1.7.2014 in Appeal No. 169 of 2013 (GRIDCO Ltd. vs. M/s. Bhushan Power and Steel Ltd. & Others).

43. BRPL has submitted that in the absence of the statutory information, the request of the Petitioner to condone the time over-run cannot be examined by the Commission. The Petitioner has claimed a total time over-run varying from 4 months to 19 months as against the scheduled completion period of 28 months. BRPL referring APTEL's judgment dated 13.8.2015 in Appeal No. 281 of 2014 submitted that the Petitioner should have provided more time for such eventualities while fixing the schedule for completion.

44. In response, the Petitioner has submitted that justification of time over-run with respect to the transmission assets has already been submitted in the petition. In case of Asset-I, delay is mainly due to RoW issue at various locations. Chronology of RoW issue from June 2015 till charging of Asset-I (5.2.2019) has been submitted. Further, time over-run in case of Asset-III and Asset-IV was mainly due to non-availability of downstream network under the scope of HVPNL. There is no delay in commissioning of Asset-II.

45. We have gone through the submissions of the Petitioner and BRPL. As regards time over-run in case of Asset-I, it is observed from the chronology of scheduled versus actual project activities (and documents submitted in support) that the Petitioner encountered RoW issues between 7.6.2015 and 9.10.2018 at various



locations of the transmission asset. Thus, time over-run of 583 days was due to RoW issues and was beyond the control of the Petitioner. After the RoW issues were settled on 9.10.2018, Asset-I was put into commercial operation on 7.2.2019, i.e. after 117 days after of settling the RoW issues. Therefore, the time over-run of 583 days in respect of Asset-I is condoned as it cannot be attributed to the Petitioner.

46. As regards Asset-III and Asset-IV, the Petitioner has submitted that the time over-run was due to the time taken for matching their COD with the downstream system of HVPNL. The Petitioner has stated that numerous letters were sent to HVPNL. However, no reply was received from HVPNL. Accordingly, Asset-III and Asset-IV were commissioned on 4.11.2017 and 24.11.2017 respectively. The Petitioner has further submitted the minutes of 40<sup>th</sup> TCC and 43<sup>rd</sup> NRPC meetings held on 29.10.2018 and 30.10.2018, respectively, wherein the status of downstream network of constituents was reviewed and it has been recorded that the tentative completion date of the 220 kV D/C transmission line Kaithal (PG)-Neemwala (HVPNL) and 220 kV Neemwala Sub-station of HVPNL was March 2020.

47. The Petitioner has attributed the time over-run of 123 days and 143 days in case of Asset-III and Asset-IV respectively to time taken to match their COD with the associated downstream transmission system under the scope of HVPNL. The Petitioner took the decision to wait and match Asset-III and Asset-IV with COD of the associated downstream assets and finally, claim the COD of Asset-III and Asset-IV on 4.11.2017 and 24.11.2017, respectively. As it was the decision of the Petitioner itself to delay the COD of the Asset-III and Asset-IV to match with the associated downstream transmission system under the scope of HVPNL, we are not inclined to



condone the time over-run of 123 days and 143 days in case of Asset-III and Asset-IV, respectively.

**Interest During Construction (IDC)**

48. The Petitioner has claimed IDC in respect of the transmission assets and submitted Auditor's Certificates in support of the same. The Petitioner has submitted statement showing IDC discharged up to COD as follows:

(₹ in lakh)					
Asset	IDC as per Auditor's certificate	IDC dis-charged up to COD	IDC dis-charged during 2017-18	IDC dis-charged during 2018-19	IDC dis-charged during 2019-20
Asset-I	556.26	456.83	0.00	20.51	73.35
Asset-II	13.30	2.98	9.81	0.51	0.00
Asset-III	34.67	24.84	3.57	6.26	0.00
Asset-IV	23.65	15.80	5.92	1.92	0.00

49. We have considered the submission of the Petitioner. The Petitioner has submitted IDC computation statements which consist of the name of the loan, drawl date, loan amount, interest rate and interest claimed. While going through these documents, certain discrepancies have been observed such as mismatch in loan amount between IDC statement and in Form-6 and Form-9C. Asset-I has a component of Foreign Loan, wherein the following has been observed:

- a) As per Auditor's certificate, total accrual IDC is ₹556.26 lakh whereas in the IDC statement, the IDC claimed is ₹550.69 lakh.
- b) In the statement "Details of interest un-discharged as on COD" under the heading of "Capitalised in Element", total interest and other charges allocated is amounting to ₹5.56 lakh which includes ₹0.18 lakh and ₹5.38 lakh. It is not clear from the statement whether the said amount is capitalised as on COD or considered as a part of additional capitalisation.



50. Therefore, due to ambiguity, the amount of ₹5.56 lakh at sub-paragraph (b) of above paragraph is not being considered as part of IDC, subject to revision at the time of true up.

51. The allowable IDC has been worked out based on the available information and relying on loan amount as per tariff Form-9C. Accordingly, details of IDC considered for tariff computation, subject to revision at the time of true-up is as follows:

Asset	IDC claimed as per Auditor's certificate	Allowable IDC as on COD (Accrual)	IDC reduced as on COD			Allowable IDC as on COD (Cash basis)	IDC discharged during		
			Computation difference	Due to time over-run (not condoned)	Undischarged liability		2017-18	2018-19	2019-20
Asset-I	556.26	550.69	5.57	0.00	93.86	456.83	0.00	20.51	73.35
Asset-II	13.30	13.13	0.17	0.00	10.15	2.98	9.81	0.34	0.00
Asset-III	34.67	18.26	0.00	16.41	2.39	15.87	2.39	0.00	0.00
Asset-IV	23.65	13.12	0.00	10.53	0.89	12.23	0.89	0.00	0.00

### **Incidental Expenditure During Construction (IEDC)**

52. The Petitioner has claimed IEDC in respect of the transmission assets and submitted Auditor's Certificates in support of the same. The Petitioner has submitted that entire IEDC has been discharged up to COD. IEDC claimed is within the percentage of hard cost i.e. 10.75% as indicated in the abstract cost estimate. Also, IEDC has been dis-allowed due to time over-run not condoned. IEDC allowed, subject to true-up, is as follows:

Asset	IEDC claimed as per Auditor's certificate	IDC disallowed as on COD due to time overrun not condoned	Allowable IEDC as on COD (Cash basis)
Asset-I	175.73	0.00	175.73
Asset-II	22.05	0.00	22.05
Asset-III	58.46	7.37	51.09
Asset-IV	18.80	2.70	16.10



53. IEDC allowed for the transmission assets will be reconsidered in the light of the directions of APTEL in judgment dated 2.12.2019 in Appeal No. 95 of 2018 & Appeal No. 140 of 2018 (as implemented vide Commission's order dated 4.2.2020 in Petition No. 1/TT/2019) at the time of trueing up, after all the assets under the scope of the transmission project are put to commercial use and the actual quantum of IEDC is known. The Petitioner is directed to furnish IEDC details of all the transmission assets of the transmission project at the time of true-up of capital cost.

**Initial Spares**

54. Regulation 13(d) of the 2014 Tariff Regulations provides that Initial Spares shall be capitalized as a percentage of plant and machinery cost up to cut-off date, subject to following ceiling norms:

*“(d) Transmission System  
Transmission line: 1.00%  
Transmission sub-station (Green Field): 4.00%  
Transmission sub-station (Brown Field): 6.00%  
GIS Sub-station: 5.00% Communication System: 3.5%”*

55. The Petitioner has claimed initial spares corresponding to brown field sub-station for the transmission assets and has submitted Auditor's Certificates in support of the same. The Petitioner vide affidavit dated 7.9.2020 has submitted details of year-wise capitalisation and initial spares discharged up to COD. The details of initial spares claimed by the Petitioner are as follows:

(₹ in lakh)			
Asset	Element	Plant and machinery Cost excluding IDC, IEDC, Land Expenditure up to 31.3.2019	Initial spares claimed
Asset-I	Transmission Line	4194.02	41.82
	Sub-station (Brown field)	772.28	44.61
Asset-II	Sub-station (Brown field)	1045.71	62.17
Asset-III	Sub-station (Brown field)	1201.51	43.21
Asset-IV	Sub-station (Brown field)	722.48	24.86



56. The Petitioner vide affidavit dated 10.11.2020 has also submitted the details of year-wise discharges of initial spares.

57. BRPL has submitted that initial spares as submitted by the Petitioner are beyond the ceiling prescribed as a percentage of the Plant and Machinery cost up to the cut-off date under Regulation 13 of the 2014 Tariff Regulations. Initial spares may be allowed within the specified ceiling and in accordance with Regulation 13 of the 2014 Tariff Regulations. The Petitioner has also claimed initial spares against Asset-II and Asset-III for which refurbished ICTs were used and accordingly these ICTs cannot be provided Initial Spares which are provided only once in their life time. Accordingly, claim of Initial Spares for Assets-II and Asset-III are liable to be rejected by the Commission.

58. In response, the Petitioner has submitted that initial spares calculation details have been submitted in the petition which are within the specified ceiling as per the 2014 Tariff Regulations.

59. We have considered the submissions made by the Petitioner and BRPL. As per Regulation 13(d) of the 2014 Tariff Regulations, the allowable initial spares for transmission line is 1% and for brown-field sub-station, it is 6%. Therefore, the initial spares as claimed in the petition with respect to Asset-I, Asset-II and Asset-IV is within ceiling and the same is allowed. The initial spares claimed by the Petitioner towards Asset-II are restricted to ceiling norm of 6%. The Issue raised by BRPL as regards initial spares for the replaced ICTs is dealt in subsequent paragraphs.



60. The initial spares has been allowed for the purpose of tariff calculation after considering the Plant and Machinery cost excluding IDC, IEDC and land expenses up to 31.3.2019. Accordingly, the initial spares allowed is as follows:

(₹ in lakh)

Asset	Element	Plant and machinery Cost excluding IDC, IEDC, and Land Expenditure up to 31.3.2019**	Initial spares claimed	Ceiling limit as per the 2014 Tariff Regulations	Initial spares worked out	Initial spares allowed	Excess Initial spares claimed	Excess initial spared deducted in 2018-19	Excess initial spared to be deducted in 2020-21
Asset-I	Transmission Line	4194.02	41.82	1%	41.94	41.82	0.00	0.00	0.00
	Sub-station (Brown field)	772.28	44.61	6%	46.45	44.61	0.00	0.00	0.00
Asset-II	Sub-station (Brown field)	776.89	62.17	6%	45.62	45.62	16.55	5.17	11.38
Asset-III	Sub-station (Brown field)	743.24	43.21	6%	44.68	43.21	0.00	0.00	0.00
Asset-IV	Sub-station (Brown field)	618.82	24.86	6%	37.91	24.86	0.00	0.00	0.00

\*\*Restricted to FR Apportioned approved cost.

### Capital cost as on COD

61. Accordingly, the capital cost with respect to transmission assets covered in the instant petition allowed as on COD under Regulation 9(2) of the 2014 Tariff Regulations is summarized as follows:

(₹ in lakh)

Asset	Capital Cost as on COD as per Auditor's Cost Certificate	Less: IDC disallowed as on COD	Less: IEDC disallowed as on COD	Capital Cost as on COD considered for tariff calculation
	1	2	3	4=1-2-3
Asset-I	4925.71	99.43	0.00	4826.28
Asset-II	421.28	10.32	0.00	410.96
Asset-III	752.11	18.80	7.37	725.94
Asset-IV	463.00	11.42	2.70	448.88

### Additional Capital Expenditure (ACE)

62. Clause (1) of Regulation 14 of the 2014 Tariff Regulations provides as under:-

*“(1) The capital expenditure in respect of the 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:

(i) Undischarged liabilities recognized to be payable at a future date;

(ii) Works deferred for execution;

(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;

(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and

(v) Change in law or compliance of any existing law.”

63. Clause 13 of Regulation 3 of the 2014 Tariff Regulations defines “cut-off date” as follows:-

“Cut - off Date” means 31st March of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of a year, the cut - off date shall be 31st March of the year closing after three years of the year of commercial operation.”

64. In terms of Regulation 3(13) of the 2014 Tariff Regulations, the cut-off date for Asset-I is 31.3.2022 and for Asset-II, Asset-III and Asset-IV, it is 31.3.2020. The Petitioner has submitted Auditor’s Certificate in support of the additional capitalisation for the period 2017-18, 2018-19, 2019-20 and 2020-21, as under:

Asset	Additional Capital Expenditure claimed for FY				Total
	2017-18	2018-19	2019-20	2020-21	
Asset-I	--	72.27	511.22	189.09	772.58
Asset-II	398.12	122.52	69.57	69.57	659.78
Asset-III	219.47	323.06	--	--	542.53
Asset-IV	73.15	218.69	10.09	0.00	301.93

65. The Petitioner has claimed ACE during 2017-18, 2018-19, 2019-20 and 2020-21 in respect of the transmission assets. Since 2019-20 and 2020-2021 fall beyond the tariff period 2014-19 and are not covered under the 2014 Tariff Regulations, the projected ACE claimed beyond 2018-19 has not been taken into consideration and the same shall be dealt during the next tariff period as per the provisions of the





Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.

66. BRPL has submitted that the accrual IDC be dis-allowed as there is no provision of ACE under Regulation 14(1)(i) of the 2014 Tariff Regulations. In response, the Petitioner has submitted that accrued IDC as on COD was not considered while calculating the tariff as the same was un-discharged up to COD. The accrued IDC has been taken out of COD expenditure and added in ACE when it has been discharged and is covered under Regulation 14(1)(i) of the 2014 Tariff Regulations.

67. We have considered the submissions of the Petitioner and BRPL. The Petitioner has claimed ACE for the year 2017-18 and 2018-19 under Regulation 14(1)(i) of the 2014 Tariff Regulations for balance and retention payments discharged within cut-off date including IDC discharge for 2017-18 and 2018-19. Allowable ACE in respect of the transmission assets are as follows:

(₹ in lakh)

<b>Asset-I</b>			
<b>Particulars</b>	<b>Regulation</b>	<b>2017-18</b>	<b>2018-19</b>
ACE to the extent of Balance & Retention Payment and Unexecuted work	14 (1)(i) & (ii)	0.00	72.27
Add: IDC Discharged	14 (1)(i)	0.00	20.51
<b>Total Add-Cap allowed for tariff</b>		<b>0.00</b>	<b>92.78</b>

(₹ in lakh)

<b>Asset-II</b>			
<b>Particulars</b>	<b>Regulation</b>	<b>2017-18</b>	<b>2018-19</b>
ACE to the extent of Balance & Retention Payment and Unexecuted work	14 (1)(i) & (ii)	398.12	122.52
Add: IDC Discharged	14 (1)(i)	9.81	0.34
Less: excess Initial spares	-	0.00	5.17
<b>Total Add-Cap allowed for tariff</b>		<b>407.93</b>	<b>117.69</b>



(₹ in lakh)

<b>Asset-III</b>	<b>Regulation</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Particulars</b>			
ACE to the extent of Balance & Retention Payment and Unexecuted work	14 (1)(i) & (ii)	219.47	323.06
Add: IDC Discharged	14 (1)(i)	2.39	0.00
<b>Total Add-Cap allowed for tariff</b>		<b>221.86</b>	<b>323.06</b>

(₹ in lakh)

<b>Asset-IV</b>	<b>Regulation</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Particulars</b>			
ACE to the extent of Balance & Retention Payment and Unexecuted work	14 (1)(i) & (ii)	73.15	218.69
Add: IDC Discharged	14 (1)(i)	0.89	0.00
<b>Total Add-Cap allowed for tariff</b>		<b>74.04</b>	<b>218.69</b>

68. However, as decided in earlier part of this order, the capital cost as on COD together with additional capitalization is restricted to the FR apportioned approved cost (since no clarification as regards competent authority has been provided by the Petitioner) in respect of the transmission assets. Accordingly, ACE allowed in respect of the transmission assets are as follows:

(₹ in lakh)

<b>Asset</b>	<b>Apportioned Approved Cost (FR)</b>	<b>Capital Cost allowed as on COD</b>	<b>ACE allowed for 2017-18 after restricting up to the F.R. Cost</b>	<b>ACE allowed for 2018-19 after restricting up to the F.R. Cost</b>
Asset-I	5369.03	4826.28	0.00	92.78
Asset-II	776.89	410.96	365.93	0.00
Asset-III	743.24	725.94	17.30	0.00
Asset-IV	618.82	448.88	74.04	95.90

### **Capital cost considered for the 2014-19 tariff period**

69. Accordingly, the capital cost considered for the 2014-19 tariff period, subject to truing up, is as follows:

(₹ in lakh)

<b>Asset</b>	<b>Capital Cost as on COD considered for tariff calculation</b>	<b>ACE allowed during 2017-18</b>	<b>ACE allowed during 2018-19</b>	<b>Total Estimated Completion Cost up to 31.03.2019</b>
Asset-I	4826.28	0.00	92.78	4919.06
Asset-II	410.96	365.93	0.00	776.89
Asset-III	725.94	17.30	0.00	743.24
Asset-IV	448.88	74.04	95.90	618.82



**De-capitalization and Re-capitalization details of 315 MVA 400/220 kV replaced ICTs at Ballabgarh Sub-station (associated with Asset-II and Asset-III of instant petition)**

70. The Petitioner has submitted that ICT-I and ICT-III are associated with Asset-II and Asset-III respectively. These ICTs are existing assets and were earlier installed at Ballabgarh sub-station under Rihand Transmission System and were capitalised during 1988-89 and 1990-91 respectively. In view of the requirement of higher capacity ICTs at Ballabgarh sub-station, these ICTs were de-capitalised on 28.3.2016 and 4.6.2017 from Ballabgarh sub-station and decapitalization details are covered under Petition No. 255/TT/2018 and Petition No. 116/TT/2017. Thereafter, these ICTs were shifted to Agra sub-station and Kaithal sub-station and re-utilised with effect from 26.6.2017 and 4.11.2017 respectively. The Petitioner has separately claimed the following tariff for these ICTs in addition to the tariff claimed in respect of Asset-I to Asset-IV:

(₹ in lakh)

Asset	Date of recapitalisation	Transmission tariff for 2017-18 (Pro-rata)	Transmission tariff for 2018-19
315 MVA ICT-I at Ballabgarh Sub-station (associated with Asset-II of the instant petition)	26.6.2017	13.43	17.58
315 MVA ICT-III at Ballabgarh Sub-station (associated with Asset-III of the instant petition)	4.11.2017	7.18	17.58

71. The Petitioner has further submitted that as the life of these ICTs has been completed, transmission tariff claimed in above table includes RoE and IWC portion only. The Petitioner has submitted that the Gross Block of these ICTs has been de-capitalised from Petition No. 78/TT/2021 at the stage of truing-up of tariff of the 2014-19 tariff period and has submitted copy of the Auditors Certificate as well as Form-10B showing de-capitalization. The Petitioner has prayed to allow the claimed



transmission tariff in respect of these ICTs associated with Asset-II and Asset-III. The Petitioner has also submitted the following:

**A. ICT-I (associated with Asset-II of the instant petition)**

(a) ICT-I was covered under Petition No. 255/TT/2018 and the Commission vide order dated 4.10.2019 had directed to de-capitalise the replaced ICT-I at Ballabgarh sub-station. The Petitioner had, in Petition No. 255/TT/2018, prayed to approve the replaced ICT as regional spare and for continuation of tariff for the replaced ICT. However, the Commission did not approve the use of replaced ICT as a regional spare and also discontinued the transmission tariff of replaced ICT-I at Ballabgarh sub-station as the replaced ICT had completed its useful life.

(b) Subsequently, the Petitioner filed Review Petition No. 22/RP/2019 against order dated 4.10.2019 in Petition No. 255/TT/2018 on the ground that the Petitioner is facing loss of the transmission tariff as the replaced ICT-I is being reused (associated with Asset-II of the instant petition) even after its useful life. The Commission declined to review the order dated 4.10.2019 in Petition No. 255/TT/2018 deciding that there was no error apparent in the order.

**B. ICT-III (associated with Asset-III of the instant petition)**

(a) The Commission vide order dated 20.7.2018 in Petition No. 116/TT/2017 disallowed the Gross Block (₹181.50 lakh) of replaced ICT-III at Ballabgarh sub-station and discontinued its transmission tariff.

(b) Subsequently, the Petitioner filed a Review Petition No. 38/RP/2018 against the order dated 20.7.2018 in Petition No. 116/TT/2017 on the ground that the Petitioner is facing a loss as there is dual deduction i.e. due to deduction of Gross Block and another due to discontinuation of transmission tariff in Petition No. 133/TT/2015. The Commission vide order dated 9.1.2020 partly allowed the Review Petition No. 38/RP/2018 (as there was double deduction) and allowed the tariff of ICT-III in Petition No. 133/TT/2015.



72. We have considered the submissions of the Petitioner. ICT-I was earlier covered under Petition No. 255/TT/2018 and the Commission vide order dated 4.10.2019 in Petition No. 255/TT/2018 has already de-capitalised replaced ICT-I at Ballabgarh sub-station and discontinued the tariff as that the asset has completed its useful life. The relevant portion of the order dated 4.10.2019 in Petition No. 255/TT/2018 is as follows:

*“34. Referring to the information of de-capitalization indicated at para 30 above, we observe that all the 315 MVA ICTs were capitalized between September 1988 and February 1992 and the same have been de-capitalized between February 2016 and September 2016. We are of the opinion that, ideally, the 6 no. 315 MVA ICTs should be considered as de-capitalized with effect from the dates of commercial operation of the 6 no. 500 MVA ICTs. Further, the data submitted by the Petitioner makes it amply clear that the entire loan corresponding to the 315 MVA ICTs has been paid back and that 90% depreciation too has been recovered. Thus, these ICTs have, more or less, completed their lives as defined under the Tariff Regulations. Considering these facts, we are of the conscious view that although the Petitioner is free to divert these used ICTs to any Region and to utilize them as regional spares, they shall not be eligible for recovery of tariff any more from their respective dates of de-capitalisation. For the 315 MVA ICTs with residual life as on the date of de-capitalisation, Petitioner may put them to use as per requirement, considering Net Value of the Assets. In such situation, Petitioner is directed to discontinue the recovery of tariff against these 315 MVA ICTs as and when the depreciation is fully recovered. Compliance in this regard should be submitted while filing the truing-up petition for 2014-19 period for Rihand Transmission System, tariff for which (315 MVA ICTs) was earlier allowed in petition no 133/TT/2015. As such, we do not intend to allow carrying costs between the date of de-capitalization and date of re-capitalization.”*

73. The Petitioner aggrieved with the order dated 4.10.2019 in Petition No. 255/TT/2018 had filed Review Petition No. 22/RP/2019 seeking review on the ground that ICT-I to be installed at Agra Sub-station is entitled for tariff. The Commission vide order dated 20.6.2021 in Review Petition No. 22/RP/2019 has rejected the Petitioner's claim as there was no apparent error in order dated 4.10.2019.

74. As regards the claim of tariff in respect of ICT-III, the Commission, vide order dated 20.7.2018 in Petition No. 116/TT/2017 had de-capitalised ICT-III and also discontinued the tariff. Review Petition No. 38/RP/2018 seeking review of the order



dated 20.7.2018 on the ground that there was a loss of the transmission tariff due to double deduction, i.e., deduction due to Gross Block and deduction due to discontinuation of tariff in Petition No. 133/TT/2015 was also filed by the Petitioner. The Commission vide order dated 9.1.2020 partly allowed the Review Petition No. 38/RP/2018 and allowed the tariff of ICT-III in Petition No. 133/TT/2015. Therefore, the issue of double deduction stands resolved.

75. As regard the utilisation of the ICT-I and ICT-III (shifted from Ballabgarh sub-station to Agra sub-station and Kaithal sub-station), it is observed that although these ICTs have completed their useful life, they have been put to use in sub-stations with effect from 26.6.2017 and 4.11.2017 respectively. The Petitioner in Petition No. 255/TT/2018 had proposed to keep the replaced 315 MVA ICTs as a regional spare and prayed to allow the tariff in respect of 500 MVA ICTs without carrying out de-capitalisation of 315 MVA ICTs. The same was not agreed to by the Commission since the ICTs had completed their useful life and could not be used as regional spares. The same is also in line with APTEL judgement in this regard. Since ICT-I and ICT-III have been installed in sub-stations (Agra sub-station and Kaithal sub-station) rather than being used as regional spares as was proposed in Petition No. 255/TT/2018 and are now in regular use and not kept as regional spares, we are of the view that the ICTs are eligible for tariff from the date when they have been installed in sub-stations. Accordingly, re-capitalisation of shifted ICTs viz. ICT-I and ICT-III associated with Asset-II and Asset-III are allowed in the instant petition with effect from 26.6.2017 and 4.11.2017 respectively as a separate assets [hereinafter referred to as "Asset-II(a)" and "Asset-III(a)" respectively]. As decided in Petition No. 255/TT/2018, the date of decapitalisation of these ICTs from Ballabgarh sub-station



is 28.3.2016 and 4.6.2017 (the date by which these 2 ICTs were replaced by higher capacity ICTs) and the same is to be dealt with in Petition No. 78/TT/2021. As the life of these two(2) ICTs has been completed, the Petitioner has claimed only RoE and IWC. Accordingly, the Petitioner is entitled only for RoE and IWC in respect of Asset-II(a) and Asset-III(a).

76. Form-5 submitted in respect of Asset-II and Asset-III further reveals that the Petitioner has included the amount of ₹122.65 lakh and ₹152.60 lakh towards dismantling, shifting, transportation and re-erection in respect of ICTs shifted from Ballabgarh sub-station. The expenditure towards shifting, dismantling and transportation are of the nature of revenue expenditure and cannot be capitalised. On the other hand, the expenditure incurred towards erection is capital in nature and the same is required to be capitalised. Since head-wise expenditure viz. dismantling, shifting, transportation and re-erection is not available, segregation of the amount which is to be capitalised out of the total expenditure of ₹122.65 lakh and ₹152.60 lakh for Asset-II and Asset-III, respectively, at this stage is not possible. The Petitioner is directed to furnish break-up (towards dismantling, shifting, transportation and re-erection in respect of ICTs) of the amount of ₹122.65 lakh and ₹152.60 lakh for Asset-II and Asset-III, respectively at the time of truing-up exercise so that the same can be apportioned into the amount (revenue portion) to be recovered from the beneficiaries directly as one-time exercise and amount (capital portion) to be capitalised.

### **Debt-Equity Ratio**

77. Clauses (1) and (3) of Regulation 19 of the 2014 Tariff Regulations provide as under:



*“19. Debt-Equity Ratio: (1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.”*

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

*“(5) Any expenditure incurred or projected to be incurred on or after 1.4.2014 as maybe 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.”*

78. Debt-Equity Ratio is considered as per Regulation 19 of the 2014 tariff Regulations. The financial package up to COD as submitted in Form-6 has been considered to determine the debt-equity ratio. Accordingly, the capital cost allowed in respect of Asset-I, Asset-II, Asset-III and Asset-IV as on COD has been considered in the debt-equity ratio of 70:30 and ACE allowed have been considered in the debt-equity ratio of 70:30. With regard to Asset-II(a) and Asset-III(a), the debt-equity ratio prevailing on the date of decapitalization has been considered. The debt-equity as on COD and 31.3.2019 considered are as follows:

<b>Asset-I</b>				
<b>Funding</b>	<b>Capital Cost as on COD (₹ in lakh)</b>	<b>(in %)</b>	<b>Capital Cost as on 31.03.2019 (₹ in lakh)</b>	<b>(in %)</b>
Debt	3378.40	70.00	3443.34	70.00
Equity	1447.88	30.00	1475.72	30.00
<b>Total</b>	<b>4826.28</b>	<b>100.00</b>	<b>4919.06</b>	<b>100.00</b>

<b>Asset-II</b>				
<b>Funding</b>	<b>Capital Cost as on COD (₹ in lakh)</b>	<b>(in %)</b>	<b>Capital Cost as on 31.03.2019 (₹ in lakh)</b>	<b>(in %)</b>
Debt	287.67	70.00	543.82	70.00
Equity	123.29	30.00	233.07	30.00
<b>Total</b>	<b>410.96</b>	<b>100.00</b>	<b>776.89</b>	<b>100.00</b>





<b>Asset-II(a)</b>				
<b>Funding</b>	<b>Capital Cost as on the date of recapitalisation (₹ in lakh)</b>	<b>(in %)</b>	<b>Capital Cost as on 31.03.2019 (₹ in lakh)</b>	<b>(in %)</b>
Debt	94.00**	51.79	94.00**	51.79
Equity	87.50	48.21	87.50	48.21
<b>Total</b>	<b>181.50</b>	<b>100.00</b>	<b>181.50</b>	<b>100.00</b>

*\*\*Debt fully repaid before the date of recapitalisation*

<b>Asset-III</b>				
<b>Funding</b>	<b>Capital Cost as on COD (₹ in lakh)</b>	<b>(in %)</b>	<b>Capital Cost as on 31.03.2019 (₹ in lakh)</b>	<b>(in %)</b>
Debt	508.16	70.00	782.79	520.27
Equity	217.78	30.00	335.48	222.97
<b>Total</b>	<b>725.94</b>	<b>100.00</b>	<b>1118.27</b>	<b>743.24</b>

<b>Asset-III(a)</b>				
<b>Funding</b>	<b>Capital Cost as on the date of recapitalisation (₹ in lakh)</b>	<b>(in %)</b>	<b>Capital Cost as on 31.03.2019 (₹ in lakh)</b>	<b>(in %)</b>
Debt**	94.00	51.79	94.00**	51.79
Equity	87.50	48.21	87.50	48.21
<b>Total</b>	<b>181.50</b>	<b>100.00</b>	<b>181.50</b>	<b>100.00</b>

*\*\*Debt fully repaid before the date of recapitalisation*

<b>Asset-IV</b>				
<b>Funding</b>	<b>Capital Cost as on COD (₹ in lakh)</b>	<b>(in %)</b>	<b>Capital Cost as on 31.03.2019 (₹ in lakh)</b>	<b>(in %)</b>
Debt	314.22	70.00	433.18	70.00
Equity	134.66	30.00	185.65	30.00
<b>Total</b>	<b>448.88</b>	<b>100.00</b>	<b>618.82</b>	<b>100.00</b>

### **Depreciation**

79. Clauses (2), (5) and (6) of Regulation 27 of the 2014 Tariff Regulations provide that:-

*"27. Depreciation:*



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

“(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system: Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

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

80. Depreciation has been dealt with in line of Regulation 27 of the 2014 Tariff Regulations. The Gross Block during 2017-18 and 2018-19 has been depreciated at weighted average rate of depreciation (WAROD) at Annexure-1. WAROD has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations and depreciation allowed during the FY 2017-18 and FY 2018-19 as under:

(₹ in lakh)

Particulars	Asset-I	Asset-II	
	2018-19 (pro-rata 53 days)	2017-18 (pro-rata 279 days)	2018-19
Opening Gross Block	4826.28	410.96	776.89
Additional Capital expenditure	92.78	365.93	0.00
Closing Gross Block	4919.06	776.89	776.89
Average Gross Block	4872.67	593.93	776.89
Freehold Land	0.00	0.00	0.00
Weighted Average Rate of Depreciation (WAROD) (in %)	5.3011	5.2800%	5.2800%
Balance useful life of the asset at the beginning of the year (Year)	33	25	25
Lapsed life of the asset at the beginning of the year (Year)	0	0	0
Aggregated Depreciable Value	4385.40	534.53	675.23
<b>Combined Depreciation during the Year</b>	<b>37.51</b>	<b>23.97</b>	<b>41.02</b>
Aggregate Cumulative Depreciation	37.51	23.97	64.99



(₹ in lakh)

Particulars	Asset-III		Asset-IV	
	2017-18 (pro-rata 148 days)	2018-19	2017-18 (pro-rata 128 days)	2018-19
Opening Gross Block	725.94	743.24	448.88	522.92
Additional Capital expenditure	17.30	0.00	74.04	95.90
Closing Gross Block	743.24	743.24	522.92	618.82
Average Gross Block	734.59	743.24	485.90	570.87
Freehold Land	0.00	0.00	0.00	0.00
Weighted Average Rate of Depreciation (WAROD) (in %)	5.2800%	5.2800%	6.4848%	6.3065%
Balance useful life of the asset at the beginning of the year (Year)	25	25	24	24
Lapsed life of the asset at the beginning of the year (Year)	0	0	0	0
Aggregated Depreciable Value	661.13	653.19	437.31	513.79
<b>Combined Depreciation during the Year</b>	<b>15.73</b>	<b>39.24</b>	<b>11.05</b>	<b>36.00</b>
Aggregate Cumulative Depreciation	15.73	54.97	11.05	47.05

### Interest on Loan (IOL)

81. IOL has been calculated as per the provisions of Regulation 26 of the 2014 Tariff Regulations as detailed below:-

- a) Gross amount of loan, repayment of instalments and rate of interest on actual loans have been considered as per petition including additional information.
- b) The yearly repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that year.
- c) Weighted average rate of interest on actual average loan worked out as per (i) above is applied on the notional average loan during the year to arrive at the interest on loan.

82. The Petitioner has submitted that IOL has been claimed on the basis of rate prevailing as on COD and the change in interest due to floating rate of interest applicable, if any, needs to be claimed/ adjusted over the 2014-19 tariff period.



83. We have considered the submissions of Petitioner. We have calculated IOL on the basis of rate prevailing as on the date of commercial operation. Any change in rate of interest subsequent to the date of commercial operation will be considered at the time of truing-up. IOL is allowed considering all the loans submitted in Form-9C. The Petitioner is directed to submit the loan details (including foreign currency loan), i.e. drawl dates, repayment schedule, exchange rates, interest rates etc. and also directed to reconcile the total Gross Loan for the calculation of weighted average Rate of Interest and for the calculation of IDC, which would be reviewed at the time of truing-up.

84. The details of IOL allowed for the transmission assets are as follows:

Particulars	(₹ in lakh)		
	Asset-I	Asset-II	
	2018-19 (pro-rata 53 days)	2017-18 (pro-rata 279 days)	2018-19
Gross Normative Loan	3378.40	287.67	543.82
Cumulative Repayment up to previous Year	0.00	0.00	23.97
Net Loan-Opening	3378.40	287.67	519.85
Addition due to Additional Capitalization	64.95	256.15	0.00
Repayment during the year	37.51	23.97	41.02
Net Loan-Closing	3405.83	519.85	478.83
Average Loan	3392.12	403.76	499.34
Weighted Average Rate of Interest on Loan (in %)	7.96	7.40	7.40
<b>Interest on Loan</b>	<b>39.23</b>	<b>22.86</b>	<b>36.99</b>

Particulars	(₹ in lakh)			
	Asset-III		Asset-IV	
	2017-18 (pro-rata 148 days)	2018-19	2017-18 (pro-rata 128 days)	2018-19
Gross Normative Loan	508.16	520.27	314.22	366.05
Cumulative Repayment up to previous Year	0.00	15.73	0.00	11.05
Net Loan-Opening	508.16	504.54	314.22	355.00
Addition due to Additional Capitalization	12.11	0.00	51.83	67.13
Repayment during the year	15.73	39.24	11.05	36.00



Particulars	Asset-III		Asset-IV	
	2017-18 (pro-rata 148 days)	2018-19	2017-18 (pro-rata 128 days)	2018-19
Net Loan-Closing	504.54	465.30	355.00	386.12
Average Loan	506.35	484.92	334.61	370.56
Weighted Average Rate of Interest on Loan (in %)	7.69	7.69	7.75	7.75
<b>Interest on Loan</b>	<b>15.79</b>	<b>37.30</b>	<b>9.09</b>	<b>28.72</b>

### **Return on Equity (RoE)**

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

*“24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.*

*(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system”*

*“25. Tax on Return on Equity: (2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below: Rate of pre-tax return on equity = Base rate / (1-t)*

*Where “t” is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of nongeneration 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.”*

86. The Petitioner has submitted that RoE has been calculated at the rate of 19.705% after grossing up RoE with Minimum Alternate Tax (MAT) rate of 21.342% for 2017-18 and at the rate of 19.758% after grossing up the RoE with MAT rate of 21.549% for 2018-19 as per the 2014 Tariff Regulations. The Petitioner has further submitted that the grossed-up RoE is subject to truing up based on the effective tax rate of respective financial year applicable to the Petitioner company.



87. BRPL has submitted that the Petitioner has not calculated the effective tax rate and this row has been left blank for the 2014-19 tariff period. It has submitted that the Petitioner has claimed grossing up of RoE at the MAT rate of 20.96% mentioned in Form-3 for each year of tariff period for which no details have been furnished. The Petitioner may be directed to furnish complete details in the working of effective tax rate along with tax audit report for FY 2014-15.

88. BRPL has also submitted that Regulation 49 of the 2014 Tariff Regulations restricts the claim of tax amount only to deferred tax liabilities up to 31.3.2009 whenever it will materialize. Accordingly, it has requested that the Petitioner may also be directed to clarify whether it is charging the tax amount on deferred tax liabilities materializing during the period 2014-19 or it is grossing up such tax amount with effective tax rate which is not in accordance with Regulations.

89. BRPL has further submitted that the Petitioner is also entitled for Tax Holiday under Section 80IA of the Income Tax Act, 1961 (1961 Act) and the Petitioner is required to disclose the date from which it intends to claim the benefits of Section 80 IA of the 1961 Act.

90. In response, the Petitioner with regard to the effective tax rate and RoE, has submitted that the tariff forms have been prepared considering the applicable MAT rate for grossing up of RoE. Further, the effective tax rate and calculation of RoE shall be reviewed based on actual MAT Rates applicable at the time of filing of true up petition subsequent to final tariff order of the instant petition. As regards deferred tax liability, the Petitioner has submitted that it has claimed deferred tax liability materialized during the period 2009-14 only for the deferred tax liability accrued up to



31.3.2009. All the required documents along with auditor certificate have been submitted by the Petitioner with deferred tax liability bills. The Petitioner further submitted that deferred tax liability amount billed/ materialized is not considered while grossing up RoE.

91. We have considered the submissions made by the Petitioner and BRPL. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of RoE with the effective tax rate for the purpose of return on equity. It further provides that in case the generating company or transmission licensee is paying MAT, the MAT rate including surcharge and cess will be considered for the grossing up of return on equity. Accordingly, MAT rate of 21.342% and 21.549% for the year 2017-18 and 2018-19 as applicable to the Petitioner has been considered for the purpose of RoE for both the assets. Accordingly, RoE allowed for the transmission assets is as follows:

(₹ in lakh)

Particulars	Asset-I	Asset-II	
	2018-19 (pro-rata 53 days)	2017-18 (pro-rata 279 days)	2018-19
Opening Equity	1447.88	123.29	233.07
Addition due to Additional Capitalization	27.83	109.78	0.00
Closing Equity	1475.72	233.07	233.07
Average Equity	1461.80	178.18	233.07
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50
MAT rate for the FY (in %)	21.549	21.342	21.549
Rate of Return on Equity (Pre-tax) (in %)	19.758	19.705	19.758
<b>Return on Equity (Pre-tax)</b>	<b>41.94</b>	<b>26.84</b>	<b>46.05</b>

Particulars	Asset-II(a)		Asset-III	
	2017-18 (pro-rata 279 days)	2018-19	2017-18 (pro-rata 148 days)	2018-19
Opening Equity	87.65	87.65	217.78	222.97
Addition due to Additional Capitalization	0.00	0.00	5.19	0.00
Closing Equity	87.65	87.65	222.97	222.97
Average Equity	87.65	87.65	220.38	222.97



Particulars	Asset-II(a)		Asset-III	
	2017-18 (pro-rata 279 days)	2018-19	2017-18 (pro-rata 148 days)	2018-19
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50
MAT rate for the FY (%)	21.342	21.549	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.705	19.758	19.705	19.758
<b>Return on Equity (Pre-tax)</b>	<b>13.20</b>	<b>17.32</b>		

(₹ in lakh)

Particulars	Asset-III(a)		Asset-IV	
	2017-18 (pro-rata 148 days)	2018-19	2017-18 (pro-rata 128 days)	2018-19
Opening Equity	87.65	87.65	134.66	156.88
Addition due to Additional Capitalization	0.00	0.00	22.21	28.77
Closing Equity	87.65	87.65	156.88	185.65
Average Equity	87.65	87.65	145.77	171.26
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50
MAT rate for the FY (%)	21.342	21.549	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.705	19.758	19.705	19.758
<b>Return on Equity (Pre-tax)</b>	<b>7.00</b>	<b>17.32</b>	<b>10.07</b>	<b>33.84</b>

### Operation and Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)

Particulars	COD	2017-18	2018-19
<b>Asset I:</b> LILO of Agra-Bharatpur 220 kV S/c Line at Agra (POWERGRID) S/s along with line bays	7.2.2019	--	16.22*
<b>Asset-II:</b> 1X315 MVA 400/220 kV ICT (Shifted from Ballabgarh Sus-station) along with ICT bays at Agra (POWERGRID) Sub-station	26.6.2017	86.37*	116.81
<b>Asset-III:</b> 1X315 MVA, 400/220 kV ICT along with associated bays at Kaithal Sub-station (Spare ICT from Ballabgarh)	4.11.2017	46.17*	116.81
<b>Asset-IV:</b> 2 numbers 220 kV line bays at Kaithal S/ub-station	24.11.2017	32.84*	96.20

\* Pro-rata

93. The Petitioner in the instant petition has submitted that O&M expense norms for the 2014-19 tariff period had been arrived on the basis of normalized actual O&M Expenses during the period 2008-09 to 2012-13. The Petitioner has further submitted that the wage revision of the employees is due during 2014-19 and actual impact of





wage hike effective from a future date has not been factored in fixation of the normative O&M rates specified for the 2014-19 tariff period. The Petitioner has submitted that it would approach the Commission for suitable revision in norms for O&M Expenses for claiming the impact of wage hike during 2014-19, if any.

94. BRPL has submitted that increase in employee cost, if any, due to wage revision must be taken care by increasing the productivity levels of the Petitioner and the beneficiaries should not be burdened over and above the provisions in the 2014 Tariff Regulations. In response, the Petitioner has submitted that the wage revision of the employees of the Petitioner company has been made effective from 1.1.2017 and actual impact of wage hike which has been effective from time to time has also not been factored in fixation of the normative O&M rates specified for the 2014-19 tariff period. The scheme of wage revision applicable to CPSUs is binding on the Petitioner. Therefore, the Petitioner craves leave to approach the Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike from 1.1.2017 onwards. Further, it is submitted that Petitioner has claimed O&M as per the 2014 Tariff Regulations.

95. The norms for O&M Expenses for Transmission System have been specified under Section 29(4) of the 2014 Tariff Regulations are as follows:

<b>Element</b>	<b>2017-18</b>	<b>2018-19</b>
Sub-station: 400 kV bay - (₹ lakh/bay)	66.51	68.71
Sub-station: 220 kV bay - (₹ lakh/bay)	46.55	48.10
Transmission Line: Single Circuit, Single Conductor - (₹ lakh/Km)	0.223	0.230

96. We have considered the submissions of Petitioner and BRPL. The O&M Expenses have been worked out as per the norms specified in the 2014 Tariff



Regulations. As regards the impact of wage revision, any application filed by the Petitioner in this regard will be dealt with in accordance with the appropriate provisions of the 2014 Tariff Regulations. The Petitioner has computed normative O&M Expenses as per Regulation 29(4)(a) of the 2014 Tariff Regulations. Accordingly, the allowed O&M Expenses are as follows:

(₹ in lakh)		
Asset	Details	2018-19 (Pro-rata 53 days)
Asset-I	LILO of 220 kV Agra-Bharatpur (Single circuit, single conductor, line length- 55.63 km)	1.858
	2 numbers of 220 kV bays (AIS) for LILO line at Agra	13.969
	<b>Total O&amp;M Expenses Allowed</b>	<b>15.83</b>

(₹ in lakh)			
Asset	Details	2017-18 (Pro-rata 279 days)	2018-19
Asset-II	1 number of 400 kV bay (AIS) for ICT at Agra	50.839	68.71
	1 number of 220 kV bay (AIS) for ICT at Agra	35.582	48.10
	<b>Total O&amp;M Expenses Allowed</b>	<b>86.37*</b>	<b>116.81</b>

\*(restricted to claimed)

(₹ in lakh)			
Asset	Details	2017-18 (Pro-rata 148 days)	2018-19
Asset-III	1 number of 400 kV bay (AIS) for ICT at Kaithal	26.968	68.71
	1 number of 220 kV bay (AIS) for ICT at Kaithal	18.875	48.10
	<b>Total O&amp;M Expenses Allowed</b>	<b>45.84</b>	<b>116.81</b>

Asset	Details	2017-18 (Pro-rata 128 days)	2018-19
Asset-IV	2 numbers of 220 kV bay (AIS) for downstream system of HVPN at Kaithal	32.649	96.20
	<b>Total O&amp;M Expenses Allowed</b>	<b>32.65</b>	<b>96.20</b>

### **Interest on Working Capital (IWC)**

97. As per the 2014 Tariff Regulations the components of the working capital and the interest thereon are as follows:

#### **a) Maintenance spares:**



Maintenance spares @15% of O&M Expenses specified in Regulation 28.

**b) O&M Expenses:**

O&M Expenses have been considered for one month of the O&M Expenses.

**c) Receivables:**

The receivables have been worked out on the basis of 2 months of annual fixed cost as worked out above.

**d) Rate of IWC:**

As per Clause 28 (3) of the 2014 Tariff Regulations, SBI Base Rate as on 1.4.2017 (9.10%) plus 350 Bps i.e. 12.60% has been considered as the rate of interest on working capital for Asset-II, Asset-III and Asset-IV. Whereas, SBI Base Rate as on 1.4.2018 (8.9%) plus 350 Bps i.e. 12.20% has been considered as the rate of interest on working capital for Asset-I.

98. Accordingly, IWC in respect of the transmission assets is summarized as follows:

Particulars	(₹ in lakh)		
	Asset-I 2018-19 (pro-rata 53 days)	Asset-II 2017-18 (pro-rata 279 days)      2018-19	
Working Capital for Maintenance Spares (15% of O&M Expenses)	16.35	16.95	17.52
Working Capital for O&M Expenses (O&M Expenses for 1 month)	9.08	9.42	9.73
Working Capital for Receivables (Equivalent to 2 months of fixed cost)	158.11	36.21	41.59
<b>Total Working Capital</b>	<b>183.55</b>	<b>62.57</b>	<b>68.85</b>
Rate of Interest	12.20%	12.60%	12.60%
<b>Interest on working capital</b>	<b>3.25</b>	<b>6.03</b>	<b>8.67</b>



(₹ in lakh)

Particulars	Asset-II (a)		Asset-III	
	2017-18 (pro-rata 279 days)	2018-19	2017-18 (pro-rata 148 days)	2018-19
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	16.96	17.52
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	9.42	9.73
Working Capital for Receivables (Equivalent to 2 months of fixed cost)	2.94	2.95	40.44	41.00
<b>Total Working Capital</b>	<b>2.94</b>	<b>2.95</b>	<b>66.82</b>	<b>68.26</b>
Rate of Interest	12.60%	12.60%	12.60%	12.60%
<b>Interest on working capital</b>	<b>0.28</b>	<b>0.37</b>	<b>3.41</b>	<b>8.60</b>

Particulars	Asset-III (a)		Asset-IV	
	2017-18 (pro-rata 148 days)	2018-19	2017-18 (pro-rata 128 days)	2018-19
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	13.97	14.43
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	7.76	8.02
Working Capital for Receivables (Equivalent to 2 months of fixed cost)	2.94	2.95	30.99	33.64
<b>Total Working Capital</b>	<b>2.94</b>	<b>2.95</b>	<b>52.71</b>	<b>56.08</b>
Rate of Interest	12.60%	12.60%	12.60%	12.60%
<b>Interest on working capital</b>	<b>0.15</b>	<b>0.37</b>	<b>2.33</b>	<b>7.07</b>

### Annual Fixed Charges for the 2014-19 tariff period

99. Accordingly, the transmission charges allowed for the transmission assets is as follows:

(₹ in lakh)

Particulars	Asset-I	Asset-II	
	2018-19 (pro-rata 53 days)	2017-18 (pro-rata 279 days)	2018-19
Depreciation	37.51	23.97	41.02
Interest on Loan	39.23	22.86	36.99
Return on Equity	41.94	26.84	46.05
Interest on Working Capital	3.25	6.03	8.67
O&M Expenses	15.83	86.37	116.81
<b>Total</b>	<b>137.75</b>	<b>166.07</b>	<b>249.54</b>



Particulars	Asset-II (a)		Asset-III	
	2017-18 (pro-rata 279 days)	2018-19	2017-18 (pro-rata 148 days)	2018-19
Depreciation	0.00	0.00	15.73	39.24
Interest on Loan	0.00	0.00	15.79	37.30
Return on Equity	13.20	17.32	17.61	44.05
Interest on Working Capital	0.28	0.37	3.41	8.60
O&M Expenses	0.00	0.00	45.84	116.81
<b>Total</b>	<b>13.48</b>	<b>17.69</b>	<b>98.38</b>	<b>246.01</b>

Particulars	Asset-III (a)		Asset-IV	
	2017-18 (pro-rata 148 days)	2018-19	2017-18 (pro-rata 128 days)	2018-19
Depreciation	0.00	0.00	11.05	36.00
Interest on Loan	0.00	0.00	9.09	28.72
Return on Equity	7.00	17.32	10.07	33.84
Interest on Working Capital	0.15	0.37	2.33	7.07
O&M Expenses	0.00	0.00	32.65	96.20
<b>Total</b>	<b>7.15</b>	<b>17.69</b>	<b>65.20</b>	<b>201.83</b>

### **Filing fee and the Publication Expenses**

100. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses in terms of Regulation 52 of the 2014 Tariff Regulations. BRPL has objected to the claim of filing fee, submitting that the same is at the discretion of the Commission under Regulation 52(1) of the 2014 Tariff Regulations. BRPL also referred to the Commission's order dated 11.9.2008 in Petition No. 129 of 2005 where it declined the claim of Central Power Sector undertakings for allowing the reimbursement of the application filing fee.

101. In response, the Petitioner has submitted that the Commission in order dated 28.3.2016 in Petition No. 137/TT/2015 has rejected the similar contention on the same issue and allowed the recovery of petition filing fee and publication of notices from the beneficiaries on pro-rata basis.



102. We have considered the submissions of the Petitioner and BRPL. 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 52(1) of the 2014 Tariff Regulations.

**License fee and RLDC Fees and Charges**

103. The Petitioner has claimed reimbursement of license fee and RLDC fees and charges, separately from the respondents. We are of the view that the Petitioner shall be entitled for reimbursement of license fee and RLDC fees and charges in accordance with Clause (2)(b) and (2)(a) of Regulation 52 in the 2014 Tariff Regulations.

**Goods and Services Tax (GST)**

104. Petitioner has submitted that GST on transmission has been put in the negative list with effect from 1.7.2017 and accordingly the transmission charges is exclusive of GST and the same shall be borne and additionally paid by the respondent(s) to the Petitioner and the same shall be charged, billed separately by the Petitioner if at any time the transmission charges is withdrawn from the negative list. Further, any additional taxes are to be paid by the Petitioner on account of demand from Government/ statutory authorities, the same may be allowed to be recovered from the beneficiaries.

105. BRPL has submitted that the Petitioner's prayer is premature.

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



### **Sharing of Transmission Charges**

107. COD of Asset-IV is approved under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations as the associated transmission line under the scope of HVPNL is not ready. Accordingly, the transmission charges of Asset-IV, from 24.11.2017 till COD of downstream system shall be borne by HVPNL.

108. Transmission tariff in respect of the transmission assets (other than Asset-IV) shall be shared in accordance with the provisions of Regulation 43 of the 2014 Tariff Regulations. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the 2010 Sharing Regulations. However, with effect from 1.11.2020, the 2010 Sharing Regulations has been repealed and sharing of transmission charges is governed by the provisions of the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of the 2014 Tariff Regulations and shall be recovered from the concerned DICs through Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations.

109. To summarise:

- a) AFC allowed for the transmission assets for 2014-19 tariff period in this order are as follows:

Particulars	(₹ in lakh)		
	Asset-I 2018-19 (pro-rata 53 days)	Asset-II 2017-18 (pro-rata 279 days)	2018-19
AFC	137.75	166.07	249.54



(₹ in lakh)

Particulars	Asset-II(a)		Asset-III	
	2017-18 (pro-rata 279 days)	2018-19	2017-18 (pro-rata 148 days)	2018-19
AFC	13.48	17.69	98.38	246.01

(₹ in lakh)

Particulars	Asset-III(a)		Asset-IV	
	2017-18 (pro-rata 148 days)	2018-19	2017-18 (pro-rata 128 days)	2018-19
AFC	7.15	17.69	65.20	201.83

109. Annexure-1 given hereinafter shall form part of the instant order.

110. This order disposes of Petition No.105/TT/2020 in terms of above discussions and findings.

**Sd/  
(Arun Goyal)  
Member**

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

**Sd/  
(P. K. Pujari)  
Chairperson**





**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)  
FOR THE 2014-19 TARIFF PERIOD**

**Asset-I**

Asset-I (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations					
					2014-15	2015-16	2016-17	2017-18	2018-19	
Capital Expenditure										
Freehold Land	0.00	0.00	0.00	0.00%	--	--	--	--	--	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	--	--	--	--	--	0.00
Building & Other Civil Works	0.00	0.00	0.00	3.34%	--	--	--	--	--	0.00
Transmission Line	3939.59	89.01	4028.60	5.28%	--	--	--	--	--	210.36
Sub-Station Equipments	788.96	3.35	792.31	5.28%	--	--	--	--	--	41.75
PLCC	97.74	0.42	98.15	6.33%	--	--	--	--	--	6.20
IT Equipment	0.00	0.00	0.00	15.00%	--	--	--	--	--	0.00
<b>Total</b>	<b>4826.28</b>	<b>92.78</b>	<b>4919.06</b>	<b>Total</b>	--	--	--	--	--	<b>258.31</b>
<b>Average Gross Block (₹ in lakh)</b>					--	--	--	--	--	<b>4872.67</b>
<b>Weighted Average Rate of Depreciation (WAROD)</b>					--	--	--	--	--	<b>5.3011%</b>



**ANNEXURE-1**

**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)  
FOR THE 2014-19 TARIFF PERIOD**

**Asset-II**

Asset-II (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations				
					2014-15	2015-16	2016-17	2017-18	2018-19
Capital Expenditure									
Freehold Land	0.00	0.00	0.00	0.00%	--	--	--	0.00	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	--	--	--	0.00	0.00
Building & Other Civil Works	0.00	0.00	0.00	3.34%	--	--	--	0.00	0.00
Transmission Line	0.00	0.00	0.00	5.28%	--	--	--	0.00	0.00
Sub-Station Equipments	410.96	365.93	776.89	5.28%	--	--	--	31.36	41.02
PLCC	0.00	0.00	0.00	6.33%	--	--	--	0.00	0.00
IT Equipment	0.00	0.00	0.00	15.00%	--	--	--	0.00	0.00
<b>Total</b>	<b>410.96</b>	<b>365.93</b>	<b>776.89</b>	<b>Total</b>	--	--	--	<b>31.36</b>	<b>41.02</b>
<b>Average Gross Block (₹ in lakh)</b>					--	--	--	<b>593.93</b>	<b>776.89</b>
<b>Weighted Average Rate of Depreciation (WAROD)</b>					--	--	--	<b>5.28%</b>	<b>5.28%</b>



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)  
FOR THE 2014-19 TARIFF PERIOD**

**Asset-III**

Asset-III (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations					
					2014-15	2015-16	2016-17	2017-18	2018-19	
Capital Expenditure										
Freehold Land	0.00	0.00	0.00	0.00%	--	--	--	0.00	0.00	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	--	--	--	0.00	0.00	0.00
Building & Other Civil Works	0.00	0.00	0.00	3.34%	--	--	--	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00	5.28%	--	--	--	0.00	0.00	0.00
Sub-Station Equipments	725.94	17.30	743.24	5.28%	--	--	--	38.79	39.24	39.24
PLCC	0.00	0.00	0.00	6.33%	--	--	--	0.00	0.00	0.00
IT Equipment	0.00	0.00	0.00	15.00%	--	--	--	0.00	0.00	0.00
<b>Total</b>	<b>725.94</b>	<b>17.30</b>	<b>743.24</b>	<b>Total</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>38.79</b>	<b>39.24</b>	<b>39.24</b>
<b>Average Gross Block (₹ in lakh)</b>										
<b>Weighted Average Rate of Depreciation (WAROD)</b>					<b>--</b>	<b>--</b>	<b>--</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)  
FOR THE 2014-19 TARIFF PERIOD**

**Asset-IV**

Asset-IV (2014-19)	Admitted Capital Cost as on COD	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations					
					2014-15	2015-16	2016-17	2017-18	2018-19	
Capital Expenditure										
Freehold Land	0.00	0.00	0.00	0.00%	--	--	--	0.00	0.00	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	--	--	--	0.00	0.00	0.00
Building & Other Civil Works	0.00	0.00	0.00	3.34%	--	--	--	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00	5.28%	--	--	--	0.00	0.00	0.00
Sub-Station Equipments	388.71	169.82	558.54	5.28%	--	--	--	22.48	26.96	26.96
PLCC	0.00	0.00	0.00	6.33%	--	--	--	0.00	0.00	0.00
IT Equipment	60.17	0.12	60.29	15.00%	--	--	--	9.03	9.04	9.04
<b>Total</b>	<b>448.88</b>	<b>169.94</b>	<b>618.82</b>	<b>Total</b>	--	--	--	<b>31.51</b>	<b>36.00</b>	<b>36.00</b>
Average Gross Block (₹ in lakh)					--	--	--	485.90	570.87	570.87
Weighted Average Rate of Depreciation (WAROD)					--	--	--	<b>6.4848%</b>	<b>6.3065%</b>	<b>6.3065%</b>

