

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 122/TT/2020

Coram:

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

Date of Order: 01.12.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and revision of transmission tariff of the 2001-04, 2004-09 and 2009-14 tariff periods and truing up of transmission tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 of **Combined Asset** comprising of **Asset-I:** 220 kV D/C Faridabad-Samaypur Transmission Line with associated bays and **Asset-II:** 200 kV D/C Faridabad-Palla Transmission Line with associated bays under Transmission System associated with Faridabad Gas Based Combined Cycle Power Project in Northern Region.

And in the matter of:

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

.....Petitioner

Versus

Haryana Power Purchase Centre Limited,
Shakti Bhawan, Sector-6,
Panchkula-134109 (Haryana)

.....Respondent

For Petitioner : Shri S. S. Raju, PGCIL
Shri D. K. Biswal, PGCIL
Shri A. K. Verma, PGCIL
Shri Ved Prakash Rastogi, PGCIL

For Respondents : Shri Mohit Mudgal, Advocate, BYPL



ORDER

The Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, has filed the instant petition for revision of transmission tariff of the 2001-04, 2004-09 and 2009-14 tariff periods; truing up of transmission tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”); and for determination of transmission tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the following transmission assets under Transmission System associated with Faridabad Gas Based Combined Cycle Power Project in Northern Region (hereinafter referred to as “the transmission system”) in Northern Region:

Asset-I: 220 kV D/C Faridabad-Samaypur Transmission Line with associated bays; and

Asset-II: 200 kV D/C Faridabad-Palla Transmission Line with associated bays.

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

“1) Approve the revised Transmission Tariff for 2001-04 block, 2004-09 block and transmission tariff for 2009-14 block for the assets covered under this petition, as per para 8 above.

2) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 9 and 10 above.

3) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff regulations 2014 and tariff regulation’19 as per para 9.0 & 10 above for respective block.

Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long term customers /DIC as the case may be, as and when the same is materialized as per regulation 49 of 2014 and regulation 67 of 2019 tariff regulation. The petitioner may be allow to recover the deferred tax liability materialized



directly without making any application before the commission as provided in the regulation.

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

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

6) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 10.5 & 10.6 above.

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

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

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

3. **Backdrop of the case**

a) The Petitioner and Respondent had agreed that the Petitioner would execute the transmission system, with the components as follows:

- i. 220 kV D/C Switchyard at Faridabad Gas Power Project;
- ii. 220 kV D/C Faridabad Gas Power Project-Samaypur Line;
- iii. Two 220 kV D/C base at Samaypur; and
- iv. 220 kV D/C Faridabad Gas Power Project-Palla Line.

b) The Investment Approval (I.A.) for afore-mentioned components of the transmission system was accorded by the Board of Directors of the Petitioner's company at an estimated cost of ₹4797.00 lakh, including IDC of ₹335.00 lakh. Subsequently, the Petitioner built and commenced operation of Asset-I and Asset-II on 1.6.1999 and 1.2.2000 respectively.

c) Based on the Ministry of Power's (MoP) notification dated 16.12.1997, the Commission vide common order dated 31.5.2002 in Petition No. 7/1999 and Petition No. 8/2000 had allowed the transmission tariff (from their respective



COD to 31.3.2001) of Asset-I and Asset-II respectively. Further, vide order dated 15.10.2003 in Petition No. 54/2002, the transmission tariff of the transmission assets for the period from 1.4.2001 to 31.3.2004 was allowed after considering Additional Capital Expenditure (ACE) on account of Foreign Exchange Rate Variation (FERV) up to 31.3.2001 with respect to Asset-II.

d) The transmission tariff of the transmission assets for the period from 1.4.2004 to 31.3.2009 was approved vide order dated 27.1.2006 in Petition No. 97/2004 (after considering ACE on works and de-capitalization on account of FERV for the 2001-04 period with respect to Asset-II). Also, vide the said order, I.A. No. 24/2005 (filed with Petition No. 97/2004) was disposed by the Commission, considering ACE claimed by the Petitioner with respect to Asset-II, during the 2001-04 period as loan.

e) The Appellate Tribunal for Electricity (APTEL) vide a common judgment dated 4.10.2006 in Appeal No. 135/2005 (against the Commission's order dated 30.6.2006 in Petition No. 40/2002) and other related appeals, *inter-alia*, held that addition of notional equity on account of FERV is not to be considered for computation of Return on Equity (RoE) and as a consequence, the entire amount of FERV shall form part of loan. The said decision was reiterated by the APTEL vide judgment dated 22.12.2006 in Appeal No. 161/2006 (M.P. State Electricity Board vs. Power Grid Corporation of India Limited & Ors.).

f) The APTEL vide judgment dated 31.10.2007 in Appeal No. 159/2005, *inter-alia*, held that Interest on Loan (IoL) capital should be determined based on normative debt repayment formula.

g) The above judgments of the APTEL involving interpretation of MoP's notification dated 16.12.1997 and question of apportionment of FERV and computation of IoL have been considered to be judgments *in rem* and, therefore, based on the implementation of the above-mentioned judgments, the revised transmission tariff in respect of Asset-II (the transmission charges in respect of Asset-I were not revised since it did not involve FERV) for the 2001-04 tariff period was allowed vide order dated 8.2.2008 in Petition No. 54/2002.



h) In terms of and as a consequence of the above, the transmission tariff in respect of Asset-II for the 2004-09 period was also revised (including ACE allowed during 2001-04 period with respect to Asset-II) vide order dated 19.5.2008 in Petition No. 97/2004.

i) Further, MoP vide letter no. 5/33/99-Th.2 dated 31.8.2000 had decided to transfer the ownership and control of the switchyards associated with 220 kV D/C Faridabad-Samaypur Transmission Line and 200 kV D/C Faridabad-Palla Transmission Line from the Petitioner to NTPC Limited and based on the copy of the Memorandum of Agreement executed between the Petitioner and NTPC Limited, the effective date of transfer of the said switchyard was accepted by the Commission as 1.9.2007. Resultantly, the Petitioner had filed Petition No. 52/2007 seeking approval of the Commission to pass on the credit to/ adjust the transmission charges for the said transferred switchyard with Haryana Vidyut Prasaran Nigam Limited, after de-capitalization on account of said transfer is approved.

j) Accordingly, taking into consideration the above, the revised transmission charges (for 2007-08 and 2008-09) and de-capitalization as claimed with respect to said transferred switchyard associated with 220 kV D/C Faridabad-Samaypur Transmission Line and 200 kV D/C Faridabad-Palla Transmission Line was allowed by the Commission vide order dated 18.6.2008 in Petition No. 52/2007. Also, vide the said order, NTPC Limited was permitted to provisionally claim the charges for the said transferred switchyard from the Petitioner with effect from 1.9.2007.

k) In accordance with the procedure of the Commission issued under letter Ref. No. C-7/189(204)/2009-CERC dated 23.10.2009, Asset-I and Asset-II were clubbed for the purpose of tariff determination with notional COD as 1.2.2000 and the transmission tariff of Combined Asset for the 2009-14 tariff period was allowed vide order dated 6.5.2011 in Petition No. 118/2010.

l) The transmission tariff (after considering replacement of porcelain insulators associated with the transmission system with polymer insulators) of



Combined Asset for the 2009-14 tariff period was allowed by the Commission vide order dated 7.2.2013 in Petition No. 305/2010 which was subsequently trued-up along with determination of tariff of Combined Asset for the 2014-19 tariff period vide order dated 18.2.2016 in Petition No. 494/TT/2014.

m) The entire scope of work covered under the transmission system is complete and is covered in the instant petition.

n) The Petitioner has prayed for revision of transmission tariff allowed for the 2001-04 and 2004-09 tariff periods on account of change in IoL and Interest on Working Capital (IWC) to the extent of revision in IoL and in Maintenance Spares in terms of the judgments of the APTEL dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and 13.6.2007 in Appeal No. 139 of 2006 and batch matters respectively; consequential revision of transmission tariff allowed for the 2009-14 tariff period; truing up of tariff of the 2014-19 tariff period; and determination of transmission tariff of the 2019-24 tariff period in respect of Combined Asset.

o) The APTEL vide judgment dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters pertaining to generating stations of NTPC Limited had considered 04 (four) issues. The issues considered by APTEL and its decisions/directions are as follows:

Sl. No.	Issue	APTEL's decisions/ directions
1	Whether APTEL can enquire into the validity of Regulations framed by the Commission	Challenge to the validity of Regulations framed by the Commission falls outside the purview of APTEL
2	Computation of IoL	In view of the order of APTEL dated 14.11.2016 in Appeal Nos. 94 and 96 of 2005 and order dated 24.1.2007 passed in Appeal Nos. 81 to 87, 89 to 93 of 2005, computation of loan has to be based on loan repayment on normative basis. The Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis
3(a)	O&M Expenses: Inadequate provision of employee costs as part of O&M Expenses due to variation in salary and wages	Commission's view upheld
3(b)	O&M Expenses: Non-inclusion	Commission's view upheld



Sl. No.	Issue	APTEL's decisions/ directions
	of incentives and <i>ex-gratia</i> payment to employees	
4	Cost of spares for calculation of working capital	Commission's view upheld

p) The APTEL vide judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters pertaining to generating stations of NTPC Limited had considered 09 (nine) issues. The issues considered and the decisions/ directions of the APTEL are as follows:

Sl. No.	Issue	APTEL's decisions/ directions
I	Computation of outstanding loan at the beginning of the tariff period i.e. 1.4.2004	The Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis
II	Consequence of refinance of loan	The Commission to consider the issue afresh
III	Treating depreciation available as deemed repayment of loan	The Commission to make a fresh computation of outstanding loan
IV	Admissibility of depreciation up to 90%	The Commission to consider the issue afresh
V	Cost of Maintenance Spares	The Commission to consider the issue afresh
VI	Impact of de-capitalization of the assets on cumulative repayment of loan	The cumulative repayment of the loan proportionate to the assets decapitalized required to be reduced. The Commission to act accordingly
VII	Non-consideration of normative transit loss for coal import	The Commission to consider afresh the transit losses for coal imported from coal mines other than the dedicated ones
VIII	FERV	FERV has been kept as pass through to ensure that any liability or gain, if any, arising on account of any variation in foreign exchange rates is passed on to the beneficiary as held in order dated 4.10.2006 in Appeal Nos.135 to 140 of 2005. The Commission to act accordingly
IX	Computation of IoL in Singrauli Station	Net loan closing at the end of a year is reflected as net loan opening on the first day of the next year. The Commission shall re-compute the interest accordingly

q) The Commission and certain interested parties preferred Civil Appeals against the APTEL's judgments before the Hon'ble Supreme Court in 2007. The Appeals were admitted and initially stay was granted by the Hon'ble Supreme Court. Subsequently, on an assurance by NTPC Limited that the issues under



Appeal would not be pressed for implementation during the pendency of the Appeals, the stay was vacated by the Hon'ble Supreme Court.

r) Based on the APTEL's judgments dated 22.1.2007 and 13.6.2007, the Petitioner had sought re-determination of tariff of its transmission assets for the 2001-04 and 2004-09 tariff periods in Petition No. 121/2007. The Commission after taking into consideration the pendency of Appeals before the Hon'ble Supreme Court adjourned the said petition *sine die* and directed that the same be revived after the disposal of Civil Appeals by the Hon'ble Supreme Court.

s) The Hon'ble Supreme Court vide judgment dated 10.4.2018 dismissed the said Civil Appeals filed against the APTEL's said judgments. Thus, the judgments of the APTEL have attained finality.

t) Consequent to the Hon'ble Supreme Court's order dated 10.4.2018 in NTPC Limited matter, Petition No. 121/2007 was listed for hearing on 8.1.2019. The Commission vide order dated 18.1.2019 in Petition No. 121/2007 directed the Petitioner to submit its claim separately for the assets at the time of filing of truing up petition for the 2014-19 tariff period.

u) The instant petition was heard on 8.6.2021 and in view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the judgment of the Hon'ble Supreme Court dated 10.4.2018, tariff is being revised. Period-wise transmission tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods and suitable assumptions have been made at certain places and applied, which are indicated.

4. The Respondent is procuring transmission services from the Petitioner and is the sole beneficiary and is situated in the Northern Region.

5. The Petitioner has served the petition on the Respondent 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 objections have been received from the general public in response to the aforesaid notices published in the newspapers.



No reply has been filed by the Respondent in this matter. However, learned counsel for BYPL made appearance during the hearing on 8.6.2021 and sought time to file submissions in the matter as BYPL was one of the Respondents in order dated 18.2.2016 in Petition No. 494/TT/2014. Further, despite directions of the Commission (vide Record of Proceedings dated 8.6.2021) to file the reply in the matter, no reply has been filed by BYPL in this matter.

Re: Interest on Loan

6. The APTEL while dealing with the issue of computation of IoL, in judgment dated 22.1.2007 observed that IoL for the period from 1.4.1998 to 31.3.2001 shall be computed only on normative loan repayment as per its judgment dated 14.11.2006 in Appeal No. 94 and 96 of 2005. The APTEL vide judgment dated 14.11.2006 had set aside the Commission's methodology of computation of loan on the actual repayment basis or normative repayment whichever is higher and held that the Commission is required to adopt normative debt repayment methodology for working out IoL liability for the period 1.4.1998 to 31.3.2001. In view of the above, the interest allowed in respect of Asset-II for the 2001-04 and 2004-09 periods is revised on the basis of the normative debt repayment methodology.

Re: Additional Capital Expenditure

7. The APTEL vide judgment dated 13.6.2007 in Appeal No. 139/2006 and others held that ACE after COD should also be considered for computation of maintenance spares. In view of the above, the maintenance spares to be considered for computation of working capital in respect of Asset-II for the 2001-04 and 2004-09 periods are also required to be revised taking into consideration ACE after COD.



Re: Depreciation

8. As regards depreciation, the APTEL vide judgment dated 13.6.2007 in Appeal No. 139 of 2006 observed that depreciation is an expense and it cannot be deployed for deemed repayment of loan and accordingly directed the Commission to compute the outstanding loan afresh. In view of the above directions of the APTEL, the outstanding loan allowed in respect of Asset-II for the 2001-04 and 2004-09 periods is revised in the instant order.

9. The revision of transmission tariff allowed in respect of Asset-II for the 2001-04 and 2004-09 tariff period necessitates the revision of transmission tariff allowed for the 2009-14 tariff period, which is also being revised in the present order. The implementation of the directions of the APTEL vide judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters respectively was kept pending in case of the Petitioner awaiting the outcome of the Civil Appeals filed before the Hon'ble Supreme Court. Taking into consideration the facts of the case and keeping in view the interest of the consumers, we are of the view that the beneficiaries should not be burdened with the carrying cost for the difference in the tariff allowed earlier and allowed in the instant order in respect of Asset-II for the 2001-04, 2004-09 and 2009-14 tariff periods. Therefore, we direct that the Petitioner will neither claim nor pay any carrying cost from or to the beneficiaries for the difference, if any, in the tariff allowed earlier and the tariff being allowed in the instant order. Further, the said difference in tariff shall be recovered/ paid over a period of six months from the date of issue of this order.

10. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 8.1.2020.



11. The hearing in this matter was held on 8.6.2021 through video conference and the order was reserved. Having heard the learned counsel for BYPL, representatives of the Petitioner and after perusal of the materials on record, we proceed to dispose of the petition.

REVISION OF TRANSMISSION CHARGES ALLOWED FOR THE 2001-04, 2004-09 AND 2009-14 TARIFF PERIODS

2001-04 Period:

12. The transmission charges of the transmission assets for the 2001-04 tariff period was allowed by the Commission vide order dated 15.10.2003 in Petition No. 54/2002 and transmission tariff in respect of Asset-II was revised vide order dated 8.2.2008 in Petition No. 54/2002. Accordingly, the allowed transmission charges in respect of Asset-I and revised transmission charges in respect of Asset-II for the 2001-04 tariff period are as follows:

(₹ in lakh)

Asset-I			
Particulars	2001-02	2002-03	2003-04
Depreciation	72.50	72.50	72.50
Return on Equity	248.69	248.69	248.69
O&M Expenses	70.21	74.43	78.89
Advance against Depreciation	0.00	0.00	1.17
Interest on Loan	106.04	96.88	89.79
Interest on Working Capital	13.56	13.70	13.91
Total	511.01	506.20	504.95

(₹ in lakh)

Asset-II			
Particulars	2001-02	2002-03	2003-04
Depreciation	56.04	56.04	56.04
Return on Equity	187.47	187.47	187.47
O&M Expenses	81.19	86.06	91.22
Advance against Depreciation	0.00	0.00	8.48
Interest on Loan	80.12	73.81	68.75
Interest on Working Capital	11.12	11.28	11.65
Total	415.93	414.65	423.61

13. The Petitioner has submitted that with respect to Asset-I, there has been no impact (as normative and actual loan was same and there was no ACE during 2001-



04) of the APTEL judgments dated 22.1.2007 and 13.6.2007 in Petition No. 81 of 2005 and Petition No. 139 of 2006 respectively on the tariff as already allowed by the Commission for the 2001-04 tariff period.

14. The Petitioner has claimed the revised transmission charges in respect of Asset-II for the 2001-04 period in this petition as follows:

Particulars	(₹ in lakh)		
	2001-02	2002-03	2003-04
Depreciation	56.04	56.04	56.04
Return on Equity	187.47	187.47	187.47
O&M Expenses	81.19	86.06	91.22
Advance against Depreciation	0.00	0.00	22.44
Interest on Loan	80.12	80.70	83.56
Interest on Working Capital	11.16	11.43	11.87
Total	415.98	421.70	452.60

15. We have considered the submissions of the Petitioner and, accordingly, have not revised the tariff of Asset-I for the 2001-04 period. However, the tariff in respect of Asset-II is revised on the basis of the following:

- a) Admitted capital cost of as on COD of ₹ 1945.86 lakh; and
- b) Weighted Average Rate of Interest (WAROI) on actual loan, Weighted Average Rate of Depreciation (WAROD), Rate of IWC and O&M Expenses as per order dated 15.10.2003 and 8.2.2008 in Petition No. 54/2002.

16. In view of the above, the revised transmission charges allowed in respect of Asset-II for the 2001-04 tariff period are as follows:

Particulars	(₹ in lakh)		
	2001-02	2002-03	2003-04
Depreciation	56.04	56.04	56.04
Return on Equity	187.47	187.47	187.47
O&M Expenses	81.19	86.06	91.22
Advance against Depreciation	0.00	0.00	8.48
Interest on Loan	80.13	73.77*	68.60*
Interest on Working Capital	11.16	11.43	11.87
Total	415.98	414.76	423.67

*In addition to above, Interest on Loan of ₹7.07 lakh and ₹16.04 lakh has been allowed in 2002-03 and 2003-04 respectively as per order dated 27.1.2006 in Petition No. 97/2004 on account of ACE of ₹178.61 lakh.



17. The Annual Fixed Charges (AFC) allowed in respect of Asset-II for the 2001-04 tariff period vide order dated 8.2.2008 in Petition No. 54/2002, revised AFC claimed by the Petitioner in the instant petition and the revised AFC approved in the instant order are as follows:

Particulars	(₹ in lakh)		
	2001-02	2002-03	2003-04
Allowed vide order dated 8.2.2008 in Petition No. 54/2002	415.93	414.65	423.61
Claimed by the Petitioner in the instant petition	415.98	421.70	452.60
Approved in the instant order	415.98	414.76*	423.67*

**Interest on Loan of ₹7.07 lakh and ₹16.04 lakh has been allowed in 2002-03 and 2003-04 respectively as per order dated 27.1.2006 in Petition No. 97/2004 on account of ACE of ₹178.61 lakh.*

2004-09 Period:

18. The Petitioner has submitted that with respect to Asset-I, there has been no impact (as normative and actual loan was same and there was no ACE during 2004-09) of the APTEL judgments dated 22.1.2007 and 13.6.2007 in Petition No. 81 of 2005 and Petition No. 139 of 2006 respectively on the tariff as already allowed by the Commission for the 2001-04 tariff period.

19. The transmission charges of the transmission assets for the 2004-09 tariff period were allowed by the Commission vide order dated 27.1.2006 in Petition No. 97/2004 and transmission charges in respect of Asset-II were revised vide order dated 19.5.2008 in Petition No. 97/2004. Subsequently, the transmission charges of the transmission assets for 2007-08 and 2008-09 were revised vide order dated 18.6.2008 in Petition No. 52/2007.

20. The transmission charges of Asset-II as allowed for the 2004-09 period vide order dated 18.6.2008 in Petition No. 52/2007 are as follows:



(₹ in lakh)

Particulars	Asset-II					
	2004-05	2005-06	2006-07	2007-08		2008-09
				1.4.2007 to 31.8.2007	1.9.2007 to 31.3.2008	
Depreciation	61.12	61.12	61.12	25.47	8.59	14.73
Return on Equity	164.03	164.03	164.03	68.35	22.39	38.38
O&M Expenses	147.72	153.66	159.82	69.23	4.67	8.35
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Loan	60.61	50.13	39.65	13.06	3.76	4.55
Interest on Working Capital	11.52	11.65	11.81	6.53	1.40	1.94
Total	445.00	440.60	436.43	182.63	40.81	67.94

21. The Petitioner has claimed the revised transmission charges in respect of Asset-II for the 2004-09 period in this petition as follows:

(₹ in lakh)

Particulars	2004-05	2005-06	2006-07	2007-08		2008-09
				1.4.2007 to 31.8.2007	1.9.2007 to 31.3.2008	
	Depreciation	61.12	61.12	61.12	25.47	8.59
Return on Equity	164.03	164.03	164.03	68.35	22.39	38.38
O&M Expenses	147.72	153.66	159.82	69.23	4.67	8.35
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Loan	60.61	50.13	39.65	13.07	3.77	4.55
Interest on Working Capital	11.52	11.65	11.81	6.77	1.46	2.00
Total	445.00	440.60	436.43	182.90	40.88	68.01

22. We have considered the submissions of the Petitioner and accordingly have not revised the tariff of Asset-I for the 2004-09 period. However, the tariff in respect of Asset-II is revised on the basis of the following:

- a) Admitted capital cost as on 1.4.2004 of ₹ 1945.86 lakh;
- b) ACE of ₹178.61 lakh during 2001-04 period in respect of Asset-II as approved vide order dated 27.1.2006 and 19.5.2008 in Petition No. 97/2004; and
- c) WAROI on actual loan, WAROD, Rate of IWC and O&M Expenses as per order dated 19.5.2008 in Petition No. 97/2004.

23. In view of the above, the revised transmission charges allowed in respect of Asset-II for the 2004-09 tariff period are as follows:



Particulars	(₹ in lakh)					
	2004-05	2005-06	2006-07	1.4.2007-31.8.2007	1.9.2007-31.3.2008	2008-09
Depreciation	61.12	61.12	61.12	25.47	8.59	14.73
Return on Equity	164.03	164.03	164.03	68.35	22.39	38.38
O&M Expenses	147.72	153.66	159.82	69.23	4.67	8.35
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Loan	60.60	50.10	39.60	13.04	3.79	4.61
Interest on Working Capital	11.52	11.65	11.80	2.79	0.85	2.00
Total	445.00	440.57	436.38	178.89	40.28	68.06

24. AFC allowed in respect of Asset-II for the 2004-09 tariff period vide order dated vide order dated 18.6.2008 in Petition No. 52/2007, revised AFC claimed by the Petitioner in the instant petition and the revised AFC approved in the instant order are as follows:

Particulars	(₹ in lakh)					
	2004-05	2005-06	2006-07	1.4.2007-31.8.2007	1.9.2007-31.3.2008	2008-09
Allowed vide order dated 18.6.2008 in Petition No. 52/2007	444.73	440.33	436.15	182.63	40.81	67.94
Claimed by the Petitioner in the instant petition	445.00	440.60	436.43	182.90	40.88	68.01
Approved in the instant order	445.00	440.57	436.38	178.89	40.28	68.06

2009-14 Tariff Period

25. The transmission tariff of Combined Asset was allowed by the Commission vide order dated 6.5.2011 in Petition No. 118/2010 and was subsequently approved due to ACE vide order dated 7.2.2013 in Petition No. 305/2010 which was trued-up vide order dated 18.2.2016 in Petition No. 494/TT/2014. The trued-up tariff allowed vide order dated 18.2.2016 is as follows:

Particulars	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	65.09	68.88	72.68	26.77	26.77
Return on Equity	136.26	145.42	149.74	149.74	151.54
O&M Expenses	82.34	87.04	92.05	97.30	102.86
Interest on Loan	4.88	3.62	2.47	0.00	0.00
Interest on Working Capital	8.42	8.90	9.29	8.55	8.86
Total	296.99	313.86	326.22	282.35	290.03



26. The Petitioner has claimed the revised transmission charges for Combined Asset for the 2009-14 period in this petition as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	65.09	68.88	72.68	26.77	26.77
Return on Equity	136.26	145.42	149.74	149.74	151.54
O&M Expenses	82.34	87.04	92.05	97.30	102.86
Interest on Loan	4.89	3.63	2.47	0.00	0.00
Interest on Working Capital	8.42	8.90	9.29	8.55	8.86
Total	297.00	313.86	326.23	282.36	290.03

27. We have considered the submissions of the Petitioner. The tariff is revised in respect of Combined Asset on the basis of the following:

- a) Admitted capital cost as on 1.4.2009 of ₹1208.78 lakh in respect of Combined Asset;
- b) ACE of ₹143.67 lakh during 2010-11 as approved vide order dated 7.2.2013 in Petition No. 305/2010; and
- c) WAROI on actual loan and WAROD as per Order dated 18.2.2016 in Petition No. 494/TT/2014.

28. In view of the above, the revised transmission charges allowed in respect of Combined Asset for the 2009-14 tariff period are as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	65.09	68.88	72.68	26.77	26.77
Interest on Loan	9.28	8.02	6.63	2.71	0.84
Return on equity	136.26	145.42	149.74	149.74	151.54
Interest on Working Capital	8.51	8.99	9.38	8.60	8.88
O&M Expenses	82.34	87.04	92.05	97.30	102.86
Total	301.48	318.35	330.48	285.12	290.89

29. AFC allowed in respect of Combined Asset for the 2009-14 tariff period vide order dated 18.2.2016 in Petition No. 494/TT/2014, revised AFC claimed by the Petitioner in the instant petition and AFC approved in the instant order are as follows:



(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014	296.99	313.86	326.22	282.35	290.03
Claimed by the Petitioner in the instant petition	297.00	313.86	326.23	282.36	290.03
Approved in the instant order	301.48	318.35	330.48	285.12	290.89

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

30. The details of the trued-up transmission charges as claimed by the Petitioner in respect of Combined Asset for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	26.69	26.69	26.69	26.69	26.69
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on equity	151.65	152.35	152.27	152.27	152.68
Interest on Working Capital	9.33	9.52	9.70	9.88	10.08
O&M Expenses	94.53	97.67	100.93	104.25	107.75
Total	282.20	286.23	289.59	293.09	297.20

31. The details of the trued-up IWC as claimed by the Petitioner in respect of Combined Asset for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for 1 Month)	7.88	8.14	8.41	8.69	8.98
Working Capital for Maintenance Spares (15% of O&M)	14.18	14.65	15.14	15.64	16.16
Working Capital for Receivables (Equivalent to 2 months of annual transmission charges)	47.03	47.71	48.27	48.85	49.53
Total Working Capital	69.09	70.50	71.82	73.18	74.67
Rate of Interest on Working Capital (in %)	13.50	13.50	13.50	13.50	13.50
Interest of Working Capital	9.33	9.52	9.70	9.88	10.08

Capital Cost as on 1.4.2014

32. The Commission vide order dated 18.2.2016 in Petition No. 494/TT/2014 had approved the capital cost as on 1.4.2014 of ₹1352.45 lakh and the same has been



considered as the capital cost as on 31.3.2019. Since no ACE has been claimed by the Petitioner during the 2014-19 tariff period, the capital cost as on 31.3.2019 of ₹1352.45 lakh has been considered for the purpose of truing up of the tariff for the 2014-19 tariff period. The capital cost of Combined Asset has been calculated in accordance with Regulations 9(3) and 9(6) of the 2014 Tariff Regulations and it is as follows:

(₹ in lakh)		
Capital Cost Approved (as on 1.4.2014)	ACE (2014-19)	Capital Cost Approved (as on 31.3.2019)
1352.45	0.00	1352.45

Debt-Equity Ratio

33. The debt-equity ratio has been allowed in accordance with Regulation 19(3) of the 2014 Tariff Regulations. As per Regulation 19(3) of the 2014 Tariff Regulations, the debt-equity ratio allowed by the Commission for determination of tariff for the period ending on 31.3.2014 shall be considered. Accordingly, the details of the debt-equity ratio as on 1.4.2014 and 31.3.2019 in respect of Combined Asset is as follows:

(₹ in lakh)				
Funding	Capital Cost (₹ in lakh) (as on 1.4.2014)	(in %)	Total Cost (₹ in lakh) (as on 31.3.2019)	(in %)
Debt	579.69	42.86	579.69	42.86
Equity	772.76	57.14	772.76	57.14
Total	1352.45	100.00	1352.45	100.00

Depreciation

34. Depreciation has been allowed as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations after considering capital expenditure as on 1.4.2014 of ₹1352.45 lakh. The Combined Asset has already completed 12 years of life as on 1.2.2012. Therefore, the remaining depreciable value of ₹562.14 lakh has been spread across the balance useful life of 21 years in accordance with Regulation 27(5) of the 2014 Tariff Regulations. Accordingly, depreciation has been calculated based



on the remaining depreciable value to be recovered over the balance useful life and the trued-up depreciation allowed in respect of Combined Asset during the 2014-19 period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	1352.45	1352.45	1352.45	1352.45	1352.45
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	1352.45	1352.45	1352.45	1352.45	1352.45
Average Gross Block	1352.45	1352.45	1352.45	1352.45	1352.45
Weighted average Rate of Depreciation (in %)	1.26	1.26	1.26	1.26	1.26
Balance useful life at the beginning of the year (Year)	19	18	17	16	15
Aggregate Depreciable Value	1217.21	1217.21	1217.21	1217.21	1217.21
Depreciation during the year	26.60	26.60	26.60	26.60	26.60
Cumulative Aggregate Depreciation	738.45	765.05	791.65	818.24	844.84
Remaining Aggregate Depreciable Value	478.75	452.15	425.56	398.96	372.36

35. Depreciation in respect of Combined Asset as allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014	26.77	26.77	26.77	26.77	26.77
Claimed by the Petitioner in the instant petition	26.69	26.69	26.69	26.69	26.69
Approved after true-up in this order	26.60	26.60	26.60	26.60	26.60

Interest on Loan

36. The Petitioner has submitted that the entire normative loan in respect of Combined Asset has been repaid in 2011-12, therefore, no normative loan has been provided beyond 2011-12 and hence no IoL has been claimed by the Petitioner in this petition.



Return on Equity

37. The Petitioner has claimed RoE in respect of Combined Asset in terms of Regulations 24 and 25 of the 2014 Tariff Regulations. The Petitioner has submitted that it is liable to pay income tax at Minimum Alternate Tax (MAT) rates and has claimed effective tax rates for the 2014-19 tariff period as follows:

Year	Claimed effective tax rate (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2014-15	21.018	19.624
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

38. The Commission in order dated 27.4.2020 in Petition No. 274/TT/2019 has arrived at the effective tax rates based on the notified MAT rates for the Petitioner which are as follows:

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

39. MAT rates considered in order dated 27.4.2020 in Petition No. 274/TT/2019 for the purpose of grossing up of rate of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations, is considered in the instant case which are as follows:

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



40. The Petitioner has claimed RoE for the 2014-19 period after grossing up RoE of 15.50% with Effective Tax rates (based on MAT rates) each year as per the above said Regulation. Accordingly, RoE is trued-up on the basis of MAT rates applicable in the respective years and is approved as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	772.76	772.76	772.76	772.76	772.76
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	772.76	772.76	772.76	772.76	772.76
Average Equity	772.76	772.76	772.76	772.76	772.76
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (in %)	20.961	21.342	21.342	21.342	21.549
Applicable RoE Rate (in %)	19.610	19.705	19.705	19.705	19.758
Return on Equity for the year	151.54	152.27	152.27	152.27	152.68

41. RoE in respect of Combined Asset as allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014	151.54	151.54	151.54	151.54	151.54
Claimed by the Petitioner in the instant petition	151.65	152.35	152.27	152.27	152.68
Approved after true-up in this order	151.54	152.27	152.27	152.27	152.68

Operation & Maintenance Expenses (O&M Expenses)

42. O&M Expenses in respect of the various elements covered under Combined Asset as claimed by the Petitioner in this petition are within the norms specified under the 2014 Tariff Regulations and the allowable O&M Expenses are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AC Lines:					
220 kV FGPP-Palla D/C line (km)	15.690	15.690	15.690	15.690	15.690
220 kV Faridabad-Samaypur D/C Line (km)	17.691	17.691	17.691	17.691	17.691



Norm (₹ lakh/km)					
Double Circuit (Single Conductor)	0.30	0.31	0.32	0.33	0.35
Total Transmission Lines O&M Expenses	10.11	10.45	10.82	11.15	11.55
Sub-station bays:					
Samaypur: Faridabad I and II Bays	2	2	2	2	2
Norm (₹ lakh/bay)					
220 kV	42.21	43.61	45.06	46.55	48.10
Total Sub-station O&M Expenses	84.42	87.22	90.12	93.10	96.20
Total O&M Expenses	94.53	97.67	100.94	104.25	107.75

43. O&M Expenses in respect of Combined Asset as allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014	94.53	97.67	100.94	104.25	107.75
Claimed by the Petitioner in the instant petition	94.53	97.67	100.94	104.25	107.75
Approved after true up in this order	94.53	97.67	100.94	104.25	107.75

Interest on Working Capital

44. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and the details of the trued-up IWC approved in respect of Combined Asset for the 2014-19 tariff period are as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for 1 Month)	7.88	8.14	8.41	8.69	8.98
Working Capital for Maintenance Spares (15% of O&M)	14.18	14.65	15.14	15.64	16.16
Working Capital for Receivables (Equivalent to 2 months of annual transmission charges)	47.00	47.68	48.25	48.83	49.52
Total Working Capital	69.06	70.46	71.80	73.16	74.66
Rate of Interest on Working Capital (in %)	13.50	13.50	13.50	13.50	13.50
Interest of working capital	9.32	9.51	9.69	9.88	10.08



45. IWC allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014	9.33	9.50	9.68	9.86	10.06
Claimed by the Petitioner in the instant petition	9.33	9.52	9.70	9.88	10.08
Approved after true-up in this order	9.32	9.51	9.69	9.88	10.08

Approved Annual Fixed Charges for the 2014-19 Tariff Period

46. The trued-up AFC in respect of Combined Asset for the 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	26.60	26.60	26.60	26.60	26.60
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	151.54	152.27	152.27	152.27	152.68
O&M Expenses	94.53	97.67	100.94	104.25	107.75
Interest on Working Capital	9.32	9.51	9.69	9.88	10.08
Total	281.99	286.05	289.50	293.00	297.11

47. Accordingly, the Annual Transmission Charges as allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 18.2.2016 in Petition No. 494/TT/2014	282.17	285.48	288.93	292.42	296.12
Claimed by the Petitioner in the instant petition	282.20	286.23	289.59	293.09	297.20
Approved after true-up in this order	281.99	286.05	289.50	293.00	297.11

DETERMINATION OF ANNUAL FIXED CHARGES FOR THE 2019-24 TARIFF PERIOD

48. The details of the transmission charges in respect of Combined Asset for the 2019-24 tariff period as claimed by the Petitioner in this petition are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	26.69	26.69	26.70	26.69	26.70
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on equity	145.14	145.14	145.14	145.14	145.14
O&M Expenses	5.20	5.30	5.39	5.49	5.57
Interest on Working Capital	60.02	62.06	64.14	66.31	68.54
Total	237.05	239.19	241.37	243.63	245.95

49. The details of IWC in respect of Combined Asset for the 2019-24 tariff period as claimed by the Petitioner in this petition are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 Month)	5.00	5.17	5.35	5.53	5.71
Working Capital for Maintenance Spares (15% of O&M)	9.00	9.31	9.62	9.95	10.28
Working Capital for Receivables (Equivalent to 2 months of annual transmission charges)	29.15	29.49	29.76	30.04	30.24
Total Working Capital	43.15	43.97	44.73	45.52	46.23
Rate of Interest on Working Capital (in %)	12.05	12.05	12.05	12.05	12.05
Interest of Working Capital	5.20	5.30	5.39	5.49	5.57

Capital Cost

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

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

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

(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;

(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the



funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;

(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;

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

(e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;

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

(g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;

(h) Adjustment of revenue earned by the transmission licensee by using the asset before the date of commercial operation;

(i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;

(j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;

(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;

(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;

(m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;

(n) Expenditure on account of change in law and force majeure events; and

(o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

(a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;

(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;

(c) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;

(d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;

(e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and

(f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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



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

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

(a) The asset forming part of the project, but not in use, as declared in the tariff petition;

(b) De-capitalised Asset after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

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

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

(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and

(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”

51. The Petitioner has submitted that the admitted capital cost as on 31.3.2019 of ₹1352.45 lakh has been considered for computation of tariff for the 2019-24 tariff period.

52. We have considered the submissions of the Petitioner and, accordingly, the capital cost as on 31.3.2019 of ₹1352.45 lakh has been considered as the opening capital cost as on 1.4.2019 for determination of tariff for the 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations. The Petitioner has not projected any ACE during the 2019-24 tariff period in respect of Combined Asset.

53. Accordingly, the capital cost considered for the 2019-24 tariff period is as follows:



(₹ in lakh)

Capital Cost (as on 1.4.2019)	ACE (2019-24)	Capital Cost (as on 31.3.2024)
1352.45	0.00	1352.45

Debt-Equity Ratio

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

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

Provided that:

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

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

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

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

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

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

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



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

Funding	Capital Cost (₹ in lakh) (as on 1.4.2019)	(in %)	Total Cost (₹ in lakh) (as on 31.3.2024)	(in %)
Debt	579.69	42.86	579.69	42.86
Equity	772.76	57.14	772.76	57.14
Total	1352.45	100.00	1352.45	100.00

Depreciation

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

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

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

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

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

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

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

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

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



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

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the asset 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 asset.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2019 from the gross depreciable value of the asset.

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

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

57. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 of ₹1352.45 lakh and accumulated depreciation up to 31.3.2019. The Combined Asset has already completed 12 years of life as on 1.2.2012. Accordingly, depreciation has been calculated based on the remaining depreciable value to be recovered over the balance useful life. Therefore, the depreciation allowed in respect of Combined Asset for the 2019-24 tariff period is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	1352.45	1352.45	1352.45	1352.45	1352.45
Addition during 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	1352.45	1352.45	1352.45	1352.45	1352.45
Average Gross Block	1352.45	1352.45	1352.45	1352.45	1352.45
Balance useful life at the beginning of the year (Year)	14	13	12	11	10
Depreciable Value	1217.21	1217.21	1217.21	1217.21	1217.21



Rate of Depreciation (in %)	1.26	1.26	1.26	1.26	1.26
Depreciation during the year	26.60	26.60	26.60	26.60	26.60
Cumulative Aggregate Depreciation at the end of the year	871.44	898.04	924.63	951.23	977.83
Remaining Aggregate Depreciable Value at the end of the year	345.77	319.17	292.57	265.97	239.38

Interest on Loan

58. The Petitioner has submitted that the entire normative loan in respect of Combined Asset has been repaid in 2011-12, therefore, no normative loan has been provided beyond 2011-12 and hence no IoL has been claimed by the Petitioner in this petition during the 2019-24 period.

Return on Equity

59. Regulations 30 and 31 of the 2019 Tariff Regulations specify as follows:-

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

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

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

Provided further that:

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

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



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

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

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

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

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

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

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

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

Illustration-

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

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

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

(a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;

(b) Estimated Advance Tax for the year on above is Rs 240 crore;

(c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore/Rs 1000 Crore = 24%;

(d) Rate of return on equity = $15.50 / (1 - 0.24) = 20.395\%$

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year. However, penalty,



if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on year to year basis.”

60. The Petitioner has submitted that it is liable to pay Income Tax at MAT rate prescribed under the Taxation laws (Amendment) Ordinance 2019. Further, RoE has been calculated @18.782% after grossing up the RoE with MAT rate of 17.472% (Base Rate 15% + Surcharge 12% + Cess 4%) based on the formula given in Regulation 31(2) of the 2019 Tariff Regulations for the 2019-24 tariff period. As per Regulation 31(3) of the 2019 Tariff Regulations, the grossed-up rate of RoE at the end of every financial year shall be trued-up based on actual tax paid together with any additional tax demand including interest thereon duly adjusted for any refund of tax including interest received from the IT authorities pertaining to 2019-24 tariff period on actual gross income. However, if any penalty arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed-up rate on RoE after truing up shall be recovered or refunded to beneficiaries or the long term customers on yearly basis. The Petitioner has further submitted that any adjustment due to additional tax demand including interest duly adjusted for any refund of tax including interest received from IT authorities shall be recoverable/adjustable during the 2019-24 tariff period on yearly basis on receipt of Income Tax assessment order.

61. We have considered the submission of the Petitioner. Accordingly, MAT rate applicable in 2019-20 has been considered for the purpose of grossing up RoE, which shall be trued-up with actual tax rate in accordance with Regulation 31(3) of the 2019



Tariff Regulations. RoE allowed in respect of Combined Asset for the 2019-24 tariff period under Regulation 30 of the 2019 Tariff Regulations is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	772.76	772.76	772.76	772.76	772.76
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	772.76	772.76	772.76	772.76	772.76
Average Equity	772.76	772.76	772.76	772.76	772.76
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	17.470	17.470	17.470	17.470	17.470
Rate of Return on Equity (in %)	18.780	18.780	18.780	18.780	18.780
Return on Equity	145.14	145.14	145.14	145.14	145.14

Operation & Maintenance Expenses

62. The O&M Expenses as claimed by the Petitioner in respect of the various elements covered under Combined Asset for the 2019-24 tariff period are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
AC & HVDC Lines					
220 kV FGPP-PALLA D/C line (kms)	15.690	15.690	15.690	15.690	15.690
220 kV Faridabad-Samaypur D/C Line	17.691	17.691	17.691	17.691	17.691
Norm (₹ lakh/kms)					
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Total Transmission Lines O&M Expenses	12.59	13.05	13.49	13.98	14.45
Sub-station					
Samaypur:Faridabad I and II Bays	2	2	2	2	2
Norm (₹ lakh/bay)					
220 kV	22.51	23.30	24.12	24.96	25.84
Total Sub-station O&M Expenses	45.02	46.60	48.24	49.92	51.68
Communication System					
PLCC	120.65	120.65	120.65	120.65	120.65
Norms (%)	2	2	2	2	2
Total Communication Expenses	2.41	2.41	2.41	2.41	2.41
Total O&M Expenses	60.02	62.06	64.14	66.32	68.55

63. Regulations 35(3)(a) and 35(4) of the 2019 Tariff Regulations provide as follows:

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



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

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

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

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

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

"35(4) Communication system: *The operation and maintenance expenses for the communication system shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up."*



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

65. The O&M Expenses allowed in respect of the various elements covered under Combined Asset for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AC & HVDC Lines					
220 kV FGPP-PALLA D/C line	15.690	15.690	15.690	15.690	15.690
220 kV Faridabad-Samaypur D/C Line	17.691	17.691	17.691	17.691	17.691
Norm (₹ lakh/km)					
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Total Transmission Lines O&M Expenses	12.59	13.05	13.49	13.98	14.45
Sub-station					
Samaypur:Faridabad I and II Bays	2	2	2	2	2
Norm (₹ lakh/bay)					
220 kV	22.51	23.30	24.12	24.96	25.84
Total Sub-station O&M Expenses	45.02	46.60	48.24	49.92	51.68
Total O&M Expenses	57.60	59.65	61.73	63.91	66.13



Interest on Working Capital

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

“34. Interest on Working Capital

(1)...

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

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

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

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

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

“3.Definitions ...

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

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

68. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-21 and from 2021-22 onwards as 10.50% (SBI 1 year MCLR applicable as on 1.4.2021 of



7.00% plus 350 basis points). The components of the working capital and interest allowed thereon in respect of Combined Asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 Month)	4.80	4.97	5.14	5.33	5.51
Working Capital for Maintenance Spares (15% of O&M)	8.64	8.95	9.26	9.59	9.92
Working Capital for Receivables (Equivalent to 2 months of annual transmission charges)	28.82	29.12	29.35	29.63	29.83
Total Working Capital	42.27	43.04	43.75	44.54	45.26
Rate of Interest on Working Capital (in %)	12.05	11.25	10.50	10.50	10.50
Interest of Working Capital	5.09	4.84	4.59	4.68	4.75

Annual Fixed Charges for the 2019-24 Tariff Period

69. The transmission charges in respect of Combined Asset allowed for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	26.60	26.60	26.60	26.60	26.60
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	145.14	145.14	145.14	145.14	145.14
O&M Expenses	57.60	59.65	61.73	63.91	66.13
Interest on Working Capital	5.09	4.84	4.59	4.68	4.75
Total	234.43	236.23	238.06	240.32	242.62

Filing Fee and Publication Expenses

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



Licence Fee & RLDC Fees and Charges

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

Goods and Services Tax

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

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

Security Expenses

74. The Petitioner has submitted that security expenses for the transmission assets are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential IWC.

75. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses for all the transmission assets owned by it on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The Commission vide order dated 3.8.2021 in Petition No. 260/MP/2020 approved security expenses from 1.4.2019 to 31.3.2024. Therefore, security expenses will be shared in terms of the order dated



3.8.2021 in Petition No. 260/MP/2020. Accordingly, the Petitioner's prayer in the instant petition for allowing it to file a separate petition for claiming the overall security expenses and consequential IWC has become infructuous.

Capital Spares

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

Sharing of Transmission Charges

77. The Petitioner has submitted that the tariff for Transmission of Electricity (Annual Fixed Cost) for 2001-04 tariff period shall be recovered as per order dated 15.10.2003 and 08.02.2008 in Petition No. 54/2002; for 2004-09 tariff period as per order dated 27.1.2006 and 19.5.2008 in Petition No. 97/2004 and order dated 18.6.2008 in Petition No. 52/2007, for 2009-14 tariff period as per order dated 18.2.2016 in Petition No. 494/TT/2014 and shall be borne exclusively by the Respondent, the sole beneficiary.

78. The Petitioner has submitted that the transmission charges for the 2014-19 period shall be recovered on monthly basis in accordance with Regulation 46 and shall be shared by the Respondents in accordance with Regulation 43 of the 2014 Tariff Regulations and shall be borne exclusively by the Respondent and the tariff for Transmission of Electricity (Annual Fixed Cost) for the 2019-24 period shall be recovered on monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be borne exclusively by the Respondent, the sole beneficiary.

79. We have considered the submissions of the Petitioner. The sole beneficiary in respect of the transmission system is the Respondent and, therefore, the transmission charges shall be billed bilaterally and shall not be recovered from the common pool.



80. To summarise:

- a) The revised AFC approved in respect of Asset-II for the 2001-04 tariff period as per the APTEL's judgments is as follows:

(₹ in lakh)		
2001-02	2002-03	2003-04
415.98	414.76*	423.67*

* In addition to above, ₹7.07 lakh and ₹16.04 lakh has been allowed as additional interest on loan in account of ACE of ₹178.61 lakh in 2002-03 and 2003-04 respectively as per order dated 27.1.2006 in Petition No.97/2004.

- b) The revised AFC approved in respect of Asset-II for the 2004-09 tariff period as per the APTEL's judgments is as follows:

(₹ in lakh)					
2004-05	2005-06	2006-07	1.4.2007- 31.8.2017	1.9.2017- 31.3.2018	2008-09
445.00	440.57	436.38	178.89	40.28	68.06

- c) The consequential revision of AFC approved in respect of Combined Asset for the 2009-14 tariff period is as follows:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
301.48	318.35	330.48	285.12	290.89

- d) The trued-up AFC approved in respect of Combined Asset for the 2014-19 tariff period in this order are as follows:

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
281.99	286.05	289.50	293.00	297.11

- e) AFC allowed in respect of Combined Asset for the 2019-24 tariff period in this order are as follows:

(₹ in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
234.43	236.23	238.06	240.32	242.62



81. This order disposes of Petition No. 122/TT/2020 in terms of the above discussion and findings.

sd/-
(P. K. Singh)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson

