

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 125/TT/2020**

**Coram:**

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

**Date of Order: 09.06.2021**

**In the Matter of:**

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing up of transmission tariff of 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for 400 kV D/C Meerut-Kaithal (Quad) Transmission Line along with associated bays under "Northern Region System Strengthening Scheme-XI".

**And in the matter of:**

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

**....Petitioner**

**Vs.**

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,  
Vidyut Bhawan, Vidyut Marg,  
Jaipur – 302 005 (Rajasthan).
2. Ajmer Vidyut Vitran Nigam Ltd.,  
132 kV, GSS RVPNL Sub-station Building,  
Caligiri Road, Malviya Nagar,  
Jaipur – 302 017 (Rajasthan).
3. Jaipur Vidyut Vitran Nigam Ltd.,  
132 kV, GSS RVPNL Sub-station Building,  
Caligiri Road, Malviya Nagar,  
Jaipur – 302 017 (Rajasthan).
4. Jodhpur Vidyut Vitran Nigam Ltd.,  
132 kV, GSS RVPNL Sub-station Building,  
Caligiri Road, Malviya Nagar,  
Jaipur – 302 017 (Rajasthan).



5. Himachal Pradesh State Electricity Board,  
Vidyut Bhawan, Kumar House Complex Building II,  
Shimla – 171 004 (Himachal Pradesh).
6. Punjab State Electricity Board,  
Thermal Shed Tia, Near 22 Phatak,  
Patiala – 147 001 (Punjab).
7. Haryana Power Purchase Centre,  
Shakti Bhawan, Sector-6,  
Panchkula – 134 109 (Haryana).
8. Power Development Department,  
Government of Jammu & Kashmir,  
Mini Secretariat, Jammu.
9. Uttar Pradesh Power Corporation Ltd.,  
(Formerly Uttar Pradesh State Electricity Board),  
Shakti Bhawan, 14, Ashok Marg,  
Lucknow – 226 001 (Uttar Pradesh).
10. Delhi Transco Ltd.,  
Shakti Sadan, Kotla Road,  
New Delhi – 110 002.
11. BSES Yamuna Power Ltd.,  
B-Block, Shakti Kiran, Bldg. (Near Karkadooma Court),  
Karkadooma 2<sup>nd</sup> Floor,  
New Delhi – 110 092.
12. BSES Rajdhani Power Ltd.,  
BSES Bhawan, Nehru Place,  
New Delhi – 110 019.
13. Tata Power Delhi Distribution Ltd.,  
NDPL house, Hudson Lines Kingsway Camp,  
Delhi – 110 009.
14. Chandigarh Administration,  
Sector-9, Chandigarh.
15. Uttarakhand Power Corporation Ltd.,  
Urja Bhawan, Kanwali Road,  
Dehradun (Uttarakhand).
16. North Central Railway,  
Allahabad (Uttar Pradesh).



17. New Delhi Municipal Council,  
Palika Kendra, Sansad Marg,  
New Delhi – 110 002.

...Respondent(s)

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

**For Respondents** : Shri R.B. Sharma, Advocate, BRPL  
Shri Mohit Mudgal, Advocate, BYPL  
Ms. Megha Bajpeyi, BRPL

### **ORDER**

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Ltd., a deemed transmission licensee, for trueing up of transmission tariff of the period from 1.4.2014 to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and determination of 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 400 kV D/C Meerut-Kaithal (Quad) Transmission Line along with associated bays (hereinafter referred to as ‘the transmission asset’) under “Northern Region System Strengthening Scheme –XI” in Northern Region (hereinafter referred to as the “transmission project”):

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

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

*2) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any*



*application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9 and 10 above for respective block.*

*3) 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.*

*4) 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.*

*5) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the respondents.*

*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 10.6 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 levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

### **Background**

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

(a) The Investment Approval (IA) and expenditure sanction for the transmission project was accorded by the Board of Directors of the Petitioner Company vide Memorandum No. C/CP/NRSS-XI dated 26.12.2007 with an estimated cost of ₹41776 lakh, including IDC of ₹3612 lakh. The transmission asset was put into commercial operation on 1.11.2010.

(b) The entire scope of work under the transmission project has been completed and is covered in the instant petition, which is as follows:



### Transmission Line

400 kV D/C Meerut-Kaithal (Quad) Transmission Line along with associated bays.

(c) The tariff of the transmission asset from COD to 31.3.2014 was approved vide order dated 21.6.2011 in Petition No. 327 of 2010. Tariff of the transmission asset for 2009-14 period was trued up and tariff of 2014-19 period was determined vide order dated 15.2.2016 in Petition No. 495/TT/2014. AFC approved by the Commission vide order dated 15.2.2016 in Petition No. 495/TT/2014 and trued-up tariff claimed by the Petitioner in respect of the transmission asset for 2014-19 tariff period is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges (AFC) approved vide order dated 15.2.2016 in Petition No. 495/TT/2014	5246.92	5122.80	4999.30	4876.59	4754.43
AFC claimed by the Petitioner based on truing up in the instant petition	5248.22	5132.17	5007.78	4885.07	4767.66

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No suggestions/ objections have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Uttar Pradesh Power Corporation Ltd. (UPPCL), i.e. Respondent No. 9, has filed its reply vide affidavit dated 1.10.2020 and has raised issues of grossed up Return on Equity (RoE), effective rate of tax, Interest on Loan (IoL) on the basis of floating rate of interest, working capital for 2014-19 tariff period and IoL for 2019-24 tariff period. The Petitioner vide affidavit dated 1.3.2021 has filed



rejoinder to the reply of UPPCL. BSES Rajdhani Power Ltd. (BRPL) i.e. Respondent No. 12 has also filed its reply vide affidavit dated 17.3.2021 and has raised issues of RoE, refund of tax on actual basis, deferred tax liability, adoption of Indian Accounting Standards by the Petitioner and annual truing-up of tariff by transmission licensee during 2019-24 period. In response to the issues raised by BRPL, the Petitioner has filed its rejoinder vide affidavit dated 25.3.2021.

6. The hearing in this matter was held on 31.3.2021 through video conference and order was reserved. In the course of hearing, learned counsel for BRPL advanced oral submissions on the issue of Income Tax during 2009-24 and 2014-19 tariff periods. BSES Yamuna Power Ltd (BYPL), Respondent No. 11 adopted the submissions of BRPL. The issues raised by the Respondents and clarifications given by the Petitioner have been considered in the relevant portions of this order.

7. This order is issued considering the submissions made by the Petitioner in its petition vide affidavit dated 7.1.2020, replies of UPPCL, BRPL and Petitioner's rejoinders thereto.

8. Having heard the representatives of the Petitioner, learned counsel for BRPL and having perused the material on record, we proceed to dispose of the petition.

9. BRPL has submitted that truing up of tariff for 2009-14 period as per order dated 15.2.2016 in Petition No. 495/TT/2014 is not in accordance with Regulation 6(1) of the 2009 Tariff Regulations. According to BRPL, actual tax rate applicable to transmission licensee was to be trued up as per Regulation 6 of the 2009 Tariff Regulations based on which if the recovered tariff from the beneficiaries exceeded the approved tariff, then the difference was to be refunded to the beneficiaries along



with simple interest. BRPL has further submitted that transmission licensees have been allowed huge tax benefits under Income Tax Act, 1961 (1961 Act) in the form of Tax Holiday for enterprises engaged in infrastructure development and under Section 80IA of the 1961 Act, other benefits like higher depreciation have been allowed in initial years. It has been submitted that claim for grossing up can be allowed provided the Petitioner has submitted any document indicating payment of tax on its transmission business. BRPL has submitted that order of the Commission dated 15.2.2016 in Petition No. 495/TT/2014 may be reviewed and corrected in terms of the aforementioned submissions.

10. In response, the Petitioner has submitted that as per Regulation 15(3) of the 2009 Tariff Regulations, RoE shall be grossed up with MAT/ Corporate Income Tax rate of the transmission licensee and not the tax rate of the assets or region. The Petitioner has further submitted that tax liability of a person is determined considering total income and not segment-wise income as provided in the Income Tax Act, 1961. The Petitioner has submitted that in absence of higher depreciation and tax holiday benefit under Section 80IA of the 1961 Act, the Petitioner would have been required to pay higher tax at the rate of 34.33%. The Petitioner has further submitted that higher depreciation as prescribed under Appendix-I read with Rule 5 of the Income Tax Rule, 1962 and tax holiday under section 80IA of the 1961 Act are not applicable while paying Minimum Alternate Tax (MAT). The Petitioner has submitted that instant petition is for truing up of tariff of 2014-19 period and determination of tariff of 2019-24 period whereas order dated 15.2.2016 in Petition No. 495/TT/2014 related to truing up of tariff of 2009-14 period and determination of tariff of 2014-19 period as such grossed up RoE with MAT rate as applicable to the Petitioner is correct as per the



2009 Tariff Regulations and considering tax paid as per MAT as applicable under Income Tax Act, 1961.

11. We have considered the above submissions of the Petitioner and BRPL. Issue of review of truing-up of tariff of 2009-14 period has been raised by BRPL in several other petitions as well. We are of the view that the submissions of BRPL with regard to 2009-14 tariff period are in the nature of a review and the same cannot be entertained in this petition. In case BRPL was aggrieved with the order of the Commission dated 15.2.2016 in Petition No. 495/TT/2014, it had the option to prefer appeal. Not having done so, BRPL cannot raise this issue now as it has attained finality. As regards the other submissions of BRPL with regard to 2014-19 tariff period on the issues of grossing up of RoE, MAT rate, effective tax rates, tax holiday benefit etc., they have been dealt in the corresponding paragraphs of this order.

12. BRPL has submitted that the Petitioner has adopted Indian Accounting Standards (IND AS) due to which tariff in respect of the transmission asset has increased. Same issue has been raised by BRPL in several other petitions and the Commission has already rejected the contention of BRPL (e.g. in order dated 24.1.2021 in Petition No.136/TT/2020). It has been held by the Commission that adoption of IND AS 101 does not lead to any increase in tariff since tariff is determined in terms of applicable Tariff Regulations.

13. BRPL has submitted that in terms of the provisions of Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Section 94(3) of the Electricity Act, 2003, some consumer association may be asked to represent the interest of consumers during hearings of the instant petition.





14. We have considered the submissions of BRPL. Same contention has been aired by BRPL in several other petitions. Instant tariff application was published in newspapers on 16.1.2020 with a view to solicit objections of the consumers. The Petitioner vide affidavit dated 11.5.2020 has submitted the details of the publication of tariff application in the newspapers. The Commission in its website has also given notice of the present tariff petition on 12.3.2020. No objection from any consumer or consumer association was received by the Commission for consumer representation in the present matter. Accordingly, the submission of BRPL to engage consumer association for protection of consumer interests in the present has no merit and the same is, therefore, rejected.

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

15. The details of the trued-up transmission charges claimed by the Petitioner in respect of the transmission asset are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1549.43	1549.43	1549.43	1549.43	1549.43
Interest on Loan	1309.86	1170.25	1030.65	891.04	751.42
Return on Equity	1718.32	1726.20	1725.33	1725.33	1729.97
Interest on working capital	134.96	132.91	130.68	128.52	126.50
O & M Expenses	535.65	553.38	571.69	590.75	610.34
<b>Total</b>	<b>5248.22</b>	<b>5132.17</b>	<b>5007.78</b>	<b>4885.07</b>	<b>4767.66</b>

16. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission asset are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M expenses	44.64	46.12	47.64	49.23	50.86
Maintenance Spares	80.35	83.01	85.75	88.61	91.55
Receivables	874.70	855.36	834.63	814.18	794.61
<b>Total</b>	<b>999.69</b>	<b>984.49</b>	<b>968.02</b>	<b>952.02</b>	<b>937.02</b>
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
<b>Interest on Working Capital</b>	<b>134.96</b>	<b>132.91</b>	<b>130.68</b>	<b>128.52</b>	<b>126.50</b>



### **Capital Cost**

17. The capital cost of the transmission asset as allowed vide order dated 15.2.2016 in Petition No. 495/TT/2014 was ₹29308.53 lakh as on 31.3.2014 and 31.3.2019.

18. The details of FR approved capital cost, capital cost admitted as on 31.3.2014 and ACE incurred upto 31.3.2019 as claimed by the Petitioner for the transmission asset are as follows:

(₹ in lakh)			
Approved Cost (FR)	Actual Capital Cost as on COD	ACE	Total Capital Cost as on 31.3 2019
		2014-19	
41775.74	29308.53	0.00	29308.53

### **Cost Over-run**

19. The completion cost including ACE in respect of the transmission asset is ₹29308.53 lakh and the approved FR cost is ₹41775.74 lakh. Hence, the completion cost in respect of the transmission asset is within the approved FR cost and therefore, there is no cost over-run with regard to the transmission asset.

### **Initial Spares**

20. The Petitioner has not claimed any adjustment of Initial Spares in respect of the transmission asset covered in the instant petition. Initial Spares claimed by the Petitioner in respect of the transmission asset were allowed vide order dated 21.6.2011 in Petition No. 327/2010 and further trued-up vide order dated 15.2.2016 in Petition No. 495/TT/2014. The Petitioner claimed excess Initial Spares and the same was disallowed by the Commission vide order dated 21.6.2011 in Petition No. 327/2010.



21. The Petitioner has not claimed any ACE in respect of the transmission asset for 2014-19 period.

### **Debt-Equity Ratio**

22. The Petitioner has claimed debt-equity ratio of 70.13:29.87 as on 31.3.2014. The debt-equity ratio of 70.13:29.87 has been considered for capital cost as on 31.3.2014 and ACE during 2014-19 tariff period as provided under Regulation 19 of the 2014 Tariff Regulations. The same has been summarised as follows:

<b>Particulars</b>	<b>Amount as on 1.4.2014 (₹ in lakh)</b>	<b>(%)</b>	<b>Amount as on 31.3.2019 (₹ in lakh)</b>	<b>(%)</b>
Debt	20552.74	70.13	20552.74	70.13
Equity	8755.79	29.87	8755.79	29.87
<b>Total</b>	<b>29308.53</b>	<b>100.00</b>	<b>29308.53</b>	<b>100.00</b>

### **Depreciation**

23. The Petitioner has claimed the rate of depreciation for the transmission asset as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. Depreciation has been allowed considering capital expenditure as on 1.4.2014 and approved ACE during the 2014-19 tariff period. The Gross Block during the 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD) and working of WAROD is given in Annexure-1 of this order. WAROD has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations and trued up depreciation allowed in respect of the transmission asset for 2014-19 tariff period is as follows:

<b>Particulars</b>	<b>(₹ in lakh)</b>				
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Opening Gross Block	29308.53	29308.53	29308.53	29308.53	29308.53
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	29308.53	29308.53	29308.53	29308.53	29308.53
Average Gross Block	29308.53	29308.53	29308.53	29308.53	29308.53
Weighted average rate of Depreciation (WAROD) (%)	5.29	5.29	5.29	5.29	5.29
Balance useful life of the	31.00	30.00	29.00	28.00	27.00



asset at the beginning of the year (Year)					
Aggregated Depreciable Value	26377.68	26377.68	26377.68	26377.68	26377.68
<b>Combined Depreciation during the year</b>	<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>
Remaining Aggregated Depreciable Value	19601.97	18052.54	16503.12	14953.69	13404.26

24. Accordingly, the depreciation approved vide order dated 15.2.2016 in Petition No. 495/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 15.2.2016 in Petition No. 495/TT/2014	1549.43	1549.43	1549.43	1549.43	1549.43
Claimed by the Petitioner in the instant petition	1549.43	1549.43	1549.43	1549.43	1549.43
Allowed after true-up in this order	1549.43	1549.43	1549.43	1549.43	1549.43

### **Interest on Loan (IoL)**

25. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and rate of interest. Accordingly, IoL is calculated based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations.

26. UPPCL has submitted that the Petitioner has not submitted the rate and related period of applicability of floating rate of interest on loan and has simply stated in the prayer that it has submitted a compendium of floating rate of interest for 2014-19 in Petition No. 255/TT/2019. UPPCL has further submitted that the Petitioner may be directed to submit Auditor's Certificate with regard to IOL.

27. In response, the Petitioner submitted that no loan has been deployed with floating rate of interest in the instant petition and the same has been mentioned inadvertently in the petition.

28. We have considered the submissions of the Petitioner and UPPCL. The details of trued-up IOL allowed in respect of the transmission asset is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	20552.74	20552.74	20552.74	20552.74	20552.74
Cumulative Repayments up to Previous Year	5226.28	6775.71	8325.13	9874.56	11423.99
Net Loan-Opening	15326.46	13777.03	12227.61	10678.18	9128.75
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	1549.43	1549.43	1549.43	1549.43	1549.43
Net Loan-Closing	13777.03	12227.61	10678.18	9128.75	7579.32
Average Loan	14551.75	13002.32	11452.89	9903.46	8354.04
Weighted Average Rate of Interest on Loan (%)	9.001	9.000	8.999	8.997	8.995
<b>Interest on Loan</b>	<b>1309.87</b>	<b>1170.25</b>	<b>1030.64</b>	<b>891.03</b>	<b>751.42</b>

29. Accordingly, IoL approved vide order dated 15.2.2016 in Petition No. 495/TT/2014, claimed by the Petitioner in the instant petition and allowed after true up is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 15.2.2016 in Petition No. 495/TT/2014	1309.86	1170.25	1030.64	891.03	751.42
Claimed by the Petitioner in the instant petition	1309.86	1170.25	1030.65	891.04	751.42
Allowed after true-up in this order	1309.87	1170.25	1030.64	891.03	751.42

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

30. The Petitioner has claimed RoE in respect of the transmission 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 MAT rates and has claimed the following effective tax rates for 2014-19 tariff period:



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

31. UPPCL has submitted that as per Regulation 25(3) of the 2014 Tariff Regulations, the transmission licensee has to true up the grossed up rate of RoE at the end of every financial year based on actual tax paid together with any additional demand made by the Income Tax Authorities including any interest thereon. UPPCL has further submitted that the Petitioner has paid the income tax for 2014-15, 2015-16, 2016-17 and 2017-18 but has not filed the returns for 2018-19 and as such it may not be allowed to gross up RoE on the basis of effective tax percentage of 21.548%, in view of the tax return not being filed as yet. UPPCL has submitted that the Petitioner must also submit the rate of effective tax duly certified by the Statutory Auditor applicable for the years 2014-18 at which the tax was paid.

32. In response, the Petitioner has submitted that the effective rate of tax considered for 2014-15, 2015-16 and 2016-17 are based on assessment orders issued by the Income Tax Authorities for the purpose of grossing up of RoE rate. The Petitioner has further submitted that the effective rate of tax considered for grossing up of RoE for 2017-18 and 2018-19 are based upon the Income Tax returns filed. The Petitioner has also submitted that the Auditor's Certificate for MAT rate was submitted in Petition No. 247/TT/2019 and the Commission has allowed trued up tariff to the Petitioner based on it in various petitions including in Petition Nos. 247/TT/2019, 274/TT/2019, 245/TT/2019 and 307/TT/2019 vide orders dated 18.4.2020, 27.4.2020, 23.4.2020 and 16.4.2020 respectively.



33. The Petitioner further submitted that the grossed up RoE (in %) and effective tax rate for 2014-19 tariff period has already been determined by the Commission and requested to allow the Petitioner to claim the differential tariff on account of the trued up ROE based on effective tax rate calculated on completion of income tax assessment/ re-assessment for 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 periods on receipt of the respective assessment orders, directly from the beneficiaries, on yearly basis as per the 2014 Tariff Regulations.

34. BRPL has submitted that the Petitioner has calculated the effective tax rate after grossing up the rate of RoE at the end of every financial year which is not based on actual tax paid. BRPL has further submitted that the Petitioner has not enclosed the details of the actual tax paid.

35. We have considered the above submissions of BRPL and UPPCL and have also gone through the record. BRPL has raised this issue in a number of other petitions including Petition No. 136/TT/2020 and the Commission has rejected the contentions of BRPL. With regard to submissions of UPPCL on the issue of RoE, we observe that the Commission has allowed MAT for grossing up of RoE in various petitions including Petition No. 136/TT/2020.

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

<b>Year</b>	<b>Notified MAT rates (%) (inclusive of surcharge &amp; cess)</b>	<b>Effective tax (in %)</b>
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



37. The MAT rates as considered vide order dated 27.4.2020 in Petition No. 274/TT/2019 are considered for the purpose of grossing up of the 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 which is as follows:

Year	MAT Rate (%)	Grossed up RoE [Base Rate/(1-t)] (%)
2014-15	20.961	19.610
2015-16	21.342	19.705
2016-17	21.342	19.705
2017-18	21.342	19.705
2018-19	21.549	19.758

38. Accordingly, the trued up RoE allowed in respect of the transmission asset for 2014-19 tariff period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	8755.79	8755.79	8755.79	8755.79	8755.79
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Closing Equity	8755.79	8755.79	8755.79	8755.79	8755.79
Average Equity	8755.79	8755.79	8755.79	8755.79	8755.79
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax)	19.610	19.705	19.705	19.705	19.758
<b>Return on Equity (Pre-tax)</b>	<b>1717.01</b>	<b>1725.33</b>	<b>1725.33</b>	<b>1725.33</b>	<b>1729.97</b>

39. Accordingly, RoE allowed vide order dated 15.2.2016 in Petition No. 495/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 15.2.2016 in Petition No. 495/TT/2014	1717.05	1717.05	1717.05	1717.05	1717.05
Claimed by the Petitioner in the instant petition	1718.32	1726.20	1725.33	1725.33	1729.97
Allowed after true-up in this order	1717.01	1725.33	1725.33	1725.33	1729.97





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

40. The details of the O&M Expenses claimed by the Petitioner in respect of the transmission asset and allowed under Regulation 29(4)(a) of the 2014 Tariff Regulations for the purpose of tariff are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Sub-station Bays</b>					
400 kV - Meerut:Kaithal - I Bay	1 Number				
400 kV - Meerut:Kaithal - II Bay	1 Number				
400 kV - Kaithal:Meerut - I Bay	1 Number				
400 kV - Kaithal:Meerut - II Bay	1 Number				
400 kV - Kaithal:Switchable Reactor Bay for Meerut – I	1 Number				
400 kV - Kaithal:Switchable Reactor Bay for Meerut - II	1 Number				
<b>Norm (₹ lakh/bay)</b>					
400 kV	60.300	62.300	64.370	66.510	68.710
<b>Total Sub-station O&amp;M</b>	<b>361.80</b>	<b>373.80</b>	<b>386.22</b>	<b>399.06</b>	<b>412.26</b>
<b>AC Lines</b>					
Meerut - Kaithal 400 kV Double Circuit Line (Quad)	163.70 KM				
<b>Norm (₹ lakh/KM)</b>					
Double Circuit (Bundled with 4 or more sub-Conductor)	1.062	1.097	1.133	1.171	1.210
<b>Total Transmission Line</b>	<b>173.85</b>	<b>179.58</b>	<b>185.47</b>	<b>191.69</b>	<b>198.08</b>
<b>Total O&amp;M Expenses</b>	<b>535.65</b>	<b>553.38</b>	<b>571.69</b>	<b>590.75</b>	<b>610.34</b>

41. Accordingly, O&M Expenses approved vide order dated 15.2.2016 in Petition No. 495/TT/2014, claimed by the Petitioner in the instant petition and trued up in the instant order with respect to the transmission asset are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 15.2.2016 in Petition No. 495/TT/2014	535.65	553.38	571.69	590.75	610.34
Claimed by the Petitioner in the instant petition	535.65	553.38	571.69	590.75	610.34
Allowed after true-up in this order	535.65	553.38	571.69	590.75	610.34

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

42. The Petitioner is entitled to claim IWC as per Regulation 28(1)(c) of the 2014 Tariff Regulations. The components of the working capital and the Petitioner's entitlement to interest thereon are discussed as follows:

**i. Maintenance spares:**

Maintenance spares have been worked out based on 15% of Operation and Maintenance Expenses.

**ii. O & M Expenses:**

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

**iii. Receivables:**

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

**iv. Rate of interest on working capital:**

Rate of interest on working capital is considered on normative basis in accordance with Clause (3) of Regulation 28 of the 2014 Tariff Regulations.

43. UPPCL has submitted that the Petitioner is claiming receivables for 2 months for the purpose of working capital instead of one and a half months as provided in Regulation 34(c) of the 2014 Tariff Regulations and, therefore, the Petitioner is required to correct the said calculation of receivables for the purpose of working capital and interest thereon.

44. In response, the Petitioner has submitted that it has claimed the receivables equivalent to 2 months based on Regulation 28(1)(c) of the 2014 Tariff Regulations and prayed that the same may be allowed.

45. We have considered the submissions of the Petitioner and UPPCL. We are of the view that as per Regulation 28(1)(c) of the 2014 Tariff Regulations, the



Petitioner's claim for receivables for two 2 months for the purpose of working capital is correct.

46. The trued up IWC allowed in respect of the transmission asset for 2014-19 tariff period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O & M Expenses (O&M expenses for 1 month)	44.64	46.11	47.64	49.23	50.86
Maintenance Spares (15% of O&M expenses)	80.35	83.01	85.75	88.61	91.55
Receivables (Equivalent to 2 months of annual fixed cost / annual transmission charges)	874.48	855.21	834.63	814.18	794.61
<b>Total</b>	<b>999.47</b>	<b>984.33</b>	<b>968.02</b>	<b>952.02</b>	<b>937.02</b>
Rate of Interest on working capital (%)	13.50	13.50	13.50	13.50	13.50
<b>Interest on working Capital</b>	<b>134.93</b>	<b>132.89</b>	<b>130.68</b>	<b>128.52</b>	<b>126.50</b>

47. Accordingly, IWC approved vide order dated 15.2.2016 in Petition No. 495/TT/2014, trued up IWC claimed by the Petitioner and trued up IWC allowed in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 15.2.2016 in Petition No. 495/TT/2014	134.93	132.69	130.49	128.33	126.20
Claimed by the Petitioner in the instant petition	134.96	132.91	130.68	128.52	126.50
Allowed after true-up in this order	134.93	132.89	130.68	128.52	126.50

### **Approved Annual Fixed Charges for the 2014-19 Tariff Period**

48. The trued up annual fixed charges allowed in respect of the transmission asset for 2014-19 tariff period is as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1549.43	1549.43	1549.43	1549.43	1549.43
Interest on Loan	1309.87	1170.25	1030.64	891.03	751.42
Return on Equity	1717.01	1725.33	1725.33	1725.33	1729.97
Interest on Working Capital	134.93	132.89	130.68	128.52	126.50
Operation and Maintenance	535.65	553.38	571.69	590.75	610.34
<b>Total</b>	<b>5246.88</b>	<b>5131.27</b>	<b>5007.77</b>	<b>4885.06</b>	<b>4767.65</b>

49. Accordingly, the Annual Transmission Charges approved vide order dated 15.2.2016 in Petition No. 495/TT/2014, trued up AFC claimed by the Petitioner in the instant petition and trued up AFC allowed in the instant order in respect of the transmission asset are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 15.2.2016 in Petition No. 495/TT/2014	5246.92	5122.80	4999.30	4876.59	4754.43
Claimed by the Petitioner in the instant petition	5,248.22	5,132.17	5,007.78	4,885.07	4,767.66
Allowed after true-up in this order	5246.88	5131.27	5007.77	4885.06	4767.65

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

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

(₹ in lakh)

Particulars	2019-20	2020-21	201-22	2022-23	2023-24
Depreciation	1,549.43	1,549.43	1,549.43	1,549.43	327.57
Interest on Loan	611.83	472.25	332.72	193.29	108.71
Return on Equity	1,644.51	1,644.51	1,644.51	1,644.51	1,644.51
Interest on Working Capital	75.23	73.93	72.47	71.04	51.92
Operation and Maintenance	413.00	427.31	442.19	457.63	473.48
<b>Total</b>	<b>4,294.00</b>	<b>4,167.43</b>	<b>4,041.32</b>	<b>3,915.90</b>	<b>2,606.19</b>

51. The Petitioner has claimed IWC in respect of the transmission asset for 2019-24 tariff period as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses	34.42	35.61	36.85	38.14	39.46
Maintenance Spares	61.95	64.10	66.33	68.64	71.02
Receivables	527.95	513.79	498.24	482.78	320.43
<b>Total</b>	<b>624.32</b>	<b>613.50</b>	<b>601.42</b>	<b>589.56</b>	<b>430.91</b>
Rate of Interest	12.05	12.05	12.05	12.05	12.05
<b>Interest on Working Capital</b>	<b>75.23</b>	<b>73.93</b>	<b>72.47</b>	<b>71.04</b>	<b>51.92</b>

### **Capital Cost**

52. 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 upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) *Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) *Expenditure on account of change in law and force majeure events; and*
- (o) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve*



and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

- (3) The Capital cost of an existing project shall include the following:
- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;
  - (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
  - (c) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
  - (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
  - (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
  - (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.”

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

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

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

- (a) The 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.”*

53. The Petitioner has claimed capital cost of ₹29308.53 lakh as on 31.3.2019 in respect of the transmission asset. Against the overall approved capital cost (as per FR) of ₹41775.74 lakh, the estimated completion cost including ACE is ₹29308.53 lakh as on 31.3.2024. Accordingly, the admitted capital cost of ₹29308.53 lakh as on 31.3.2019 as trued up in above paragraphs is considered as the capital cost as on 1.4.2019 for the purpose of determination of tariff for 2019-24 tariff period.

54. The Petitioner has not claimed any ACE during the 2019-24 tariff period.

### **Debt-Equity Ratio**

55. Regulations 18 of the 2019 Tariff Regulations provides as follows:

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

*Provided that:*

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

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

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



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

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

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

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

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

56. The details of the debt-equity considered for the purpose of computation of tariff for 2019-24 tariff period in respect of the transmission asset is as follows:

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	(%)	Total Capital Cost as on 31.3.2024 (₹ in lakh)	(%)
Debt	20552.74	70.13	20552.74	70.13
Equity	8755.79	29.87	8755.79	29.87
<b>Total</b>	<b>29308.53</b>	<b>100.00</b>	<b>29308.53</b>	<b>100.00</b>

### **Depreciation**

57. Regulations 33 of the 2019 Tariff Regulations provides as follows:

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

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



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

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

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

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

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

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

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

*(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the 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 upto 31.3.2019 from the gross depreciable value of the assets.*

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

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



58. We have considered the submissions of the Petitioner. WAROD has been worked out and is given in Annexure-2 of this order after taking into account the depreciation rates as prescribed in the 2019 Tariff Regulations. As the transmission asset shall complete 12 years of life as on 31.3.2023, the remaining depreciable value has been spread across the balance useful life of 23 years in accordance with Regulation 33(5) of the 2019 Tariff Regulations. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation allowed in respect of the transmission asset for 2019-24 tariff period is as follows:

	(₹ in lakh)				
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Opening Gross Block	29308.53	29308.53	29308.53	29308.53	29308.53
Addition during the year 2019-24 due to projected Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	29308.53	29308.53	29308.53	29308.53	29308.53
Average Gross Block	29308.53	29308.53	29308.53	29308.53	29308.53
Weighted average rate of Depreciation (WAROD) (%)	5.29	5.29	5.29	5.29	1.12%
Balance useful life at the beginning (Year)	26.00	25.00	24.00	23.00	22.00
Aggregated Depreciable Value	26377.68	26377.68	26377.68	26377.68	26377.68
<b>Combined Depreciation during the year</b>	<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>	<b>327.57</b>
Remaining Aggregate Depreciable Value at the end of the year	11854.83	10305.41	8755.98	7206.55	6878.98
Aggregate Cumulative Depreciation at the end of the year	14522.84	16072.27	17621.70	19171.13	19498.70

### **Interest on Loan (IoL)**

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

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

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



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

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

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

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

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

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

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

60. UPPCL has submitted that the Petitioner is calculating IoL based on interest rate actually prevailing on individual loans as on 1.4.2019 whereas, the Commission while approving the tariff for 2014-19 considered the weighted average rate of interest. Hence, the Petitioner should also claim IoL based upon weighted average rate of interest, subject to truing up for the 2019-24 tariff period. UPPCL has further submitted that the Petitioner should not be allowed to claim/ adjust differential of weighted average rate of interest and floating interest from the beneficiary directly during 2019-24 tariff period.

61. In response, the Petitioner submitted that IoL for 2019-24 tariff period has been claimed as per the 2019 Tariff Regulations. The Petitioner has reiterated that there is no loan with floating rate of interest and prayed to allow IoL as claimed in the petition.

62. We have considered the submissions of the Petitioner and UPPCL. The weighted average rate of IoL has been considered on the basis of the rate prevailing as on 1.4.2019. The Petitioner has prayed that change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. In view of above, IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed in respect of the transmission asset for 2019-24 tariff period is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	20552.74	20552.74	20552.74	20552.74	20552.74
Cumulative Repayments up to Previous Year	12973.42	14522.84	16072.27	17621.70	19171.13
Net Loan-Opening	7579.32	6029.90	4480.47	2931.04	1381.61
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Repayment during the year	1549.43	1549.43	1549.43	1549.43	327.57
Net Loan-Closing	6029.90	4480.47	2931.04	1381.61	1054.04
Average Loan	6804.61	5255.18	3705.76	2156.33	1217.83
Weighted Average Rate of Interest on Loan (%)	8.991	8.986	8.979	8.964	8.927
<b>Interest on Loan</b>	<b>611.83</b>	<b>472.25</b>	<b>332.72</b>	<b>193.29</b>	<b>108.72</b>

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

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

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

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



*Provided that return on equity in respect of Additional Capitalization after 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:

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

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

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

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

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

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

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

64. BRPL has submitted that as per Regulation 31(3) of the 2019 Tariff Regulations, the Petitioner has a statutory duty to undertake true up of the grossed-up rate of RoE at the end of every financial year based on actual tax paid.

65. In response, the Petitioner has submitted that the Commission has approved effective tax rate as notified MAT rates and for 2019-24 tariff period, tariff has been claimed with grossing of RoE as 18.782% considering MAT rate of 17.472%. Further, issues of under recovery or over recovery of grossed up rate of RoE should be taken up at the time of true up for 2019-24 tariff period. The Petitioner has further submitted that for claiming the differential tariff, it shall submit all the relevant documents such as income tax assessment order/ return and Auditor's Certificate with respect to effective tax rate to minimize the liability of interest either to the beneficiaries or the Petitioner.

66. The Petitioner has submitted that MAT rate is applicable to the Petitioner's Company. We have considered the submissions of the Petitioner and BRPL. The MAT rate applicable in 2019-20 has been considered for the purpose of RoE which shall be trued up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed in respect of the transmission asset under Regulation 31 of the 2019 Tariff Regulations is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	8755.79	8755.79	8755.79	8755.79	8755.79
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Closing Equity	8755.79	8755.79	8755.79	8755.79	8755.79
Average Equity	8755.79	8755.79	8755.79	8755.79	8755.79
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (Pre-tax)	18.782	18.782	18.782	18.782	18.782
<b>Return on Equity (Pre-tax)</b>	<b>1644.51</b>	<b>1644.51</b>	<b>1644.51</b>	<b>1644.51</b>	<b>1644.51</b>

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

67. Regulation 35(3)(a) of the 2019 Tariff Regulations provides as follows:

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578



Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-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
<b>Norms for HVDC stations</b>					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

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

*Provided further that:*

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





reviewed after three years.

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

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

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

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

68. O&M Expenses claimed by the Petitioner in respect of the transmission asset for 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Sub-station Bays</b>					
400 kV - Meerut:Kaithal - I Bay	1 Number				
400 kV - Meerut:Kaithal - II Bay	1 Number				
400 kV - Kaithal:Meerut - I Bay	1 Number				
400 kV - Kaithal:Meerut - II Bay	1 Number				
400 kV - Kaithal:Switchable Reactor Bay for Meerut - I	1 Number				
400 kV - Kaithal:Switchable Reactor Bay for Meerut - II	1 Number				
<b>Norm (₹ lakh/bay)</b>					
400 kV	32.150	33.280	34.450	35.660	36.910
<b>Total Sub-station O&amp;M</b>	<b>192.90</b>	<b>199.68</b>	<b>206.70</b>	<b>213.96</b>	<b>221.46</b>
<b>AC Lines</b>					
Meerut - Kaithal 400 kV Double Circuit Line (Quad)	163.70 KM				
<b>Norm (₹ lakh/KM)</b>					
Double Circuit (Bundled with 4 or more sub-Conductor)	1.322	1.368	1.416	1.466	1.517
<b>Total Transmission Line O&amp;M</b>	<b>216.41</b>	<b>223.94</b>	<b>231.80</b>	<b>239.98</b>	<b>248.33</b>
<b>Communication System</b>					
PLCC (₹ in lakh)	184.47	184.47	184.47	184.47	184.47
<b>Norms (%)</b>	2	2	2	2	2
<b>Total Communication System</b>	<b>3.69</b>	<b>3.69</b>	<b>3.69</b>	<b>3.69</b>	<b>3.69</b>
<b>Total O&amp;M Expenses</b>	<b>413.00</b>	<b>427.31</b>	<b>442.19</b>	<b>457.63</b>	<b>473.48</b>

69. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. The Petitioner has made similar claim in other petitions as well. Though PLCC is a communication system, it has been considered as part of the sub-station in the 2014 Tariff Regulations and the 2019 Tariff Regulations and the norms for sub-station have been specified accordingly. Accordingly, the Commission vide order dated 24.1.2021 in Petition No.126/TT/2020 has already 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. The relevant portions of the order dated 24.1.2021 in Petition No. 126/TT/2020 is extracted as follows:

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

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

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



petitions given in Annexure-3 and also make revised claim of O&M Expenses for PLCC as part of the sub-station at the time of truing up of the tariff allowed for 2019-24 period in respective petitions.”

70. O&M Expenses allowed in respect of the transmission asset for 2019-24 tariff period covered in the petition are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Sub-station Bays</b>					
400 kV - Meerut:Kaithal - I Bay	1 Number				
400 kV - Meerut:Kaithal - II Bay	1 Number				
400 kV - Kaithal:Meerut - I Bay	1 Number				
400 kV - Kaithal:Meerut - II Bay	1 Number				
400 kV - Kaithal:Switchable Reactor Bay for Meerut – I	1 Number				
400 kV - Kaithal:Switchable Reactor Bay for Meerut – II	1 Number				
<b>Norm (₹ lakh/bay)</b>					
400 kV	32.150	33.280	34.450	35.660	36.910
<b>Total Sub-station O&amp;M</b>	<b>192.90</b>	<b>199.68</b>	<b>206.70</b>	<b>213.96</b>	<b>221.46</b>
<b>AC &amp; HVDC Lines</b>					
Meerut - Kaithal 400 kV Double Circuit Line (Quad)	163.70 Km				
<b>Norm (₹ lakh/KM)</b>					
Double Circuit (Bundled with 4 or more sub-Conductor)	1.322	1.368	1.416	1.466	1.517
<b>Total Transmission Line O&amp;M</b>	<b>216.41</b>	<b>223.94</b>	<b>231.80</b>	<b>239.98</b>	<b>248.33</b>
<b>Total O&amp;M Expenses allowed</b>	<b>409.31</b>	<b>423.62</b>	<b>438.50</b>	<b>453.94</b>	<b>469.79</b>

**Interest on Working Capital (IWC)**

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

“34. **Interest on Working Capital:** (1) *The working capital shall cover:*

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

(i) *Receivables equivalent to 45 days of annual fixed cost;*

(ii) *Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*



(iii) Operation and maintenance expenses, including security expenses for one month.”

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

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

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

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

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

72. The Petitioner has submitted that it has computed IWC for 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%.The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20 and 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-24. The components of the working capital and interest allowed thereon is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O & M Expenses (O&M Expenses for 1 month)	34.11	35.30	36.54	37.83	39.15
Maintenance Spares ( 15% of O&M Expenses)	61.40	63.54	65.77	68.09	70.47
Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	527.48	512.71	497.17	481.72	319.53
<b>Total</b>	<b>622.98</b>	<b>611.55</b>	<b>599.49</b>	<b>587.64</b>	<b>429.15</b>
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25



<b>Interest on working capital</b>	<b>75.07</b>	<b>68.80</b>	<b>67.44</b>	<b>66.11</b>	<b>48.28</b>
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**Annual Fixed Charges for 2019-24 Tariff Period**

73. The transmission charges allowed in respect of the transmission asset for 2019-24 tariff period is as follows:

(₹ in lakh)					
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Depreciation	1549.43	1549.43	1549.43	1549.43	327.57
Interest on Loan	611.83	472.25	332.72	193.29	108.72
Return on Equity	1644.51	1644.51	1644.51	1644.51	1644.51
Interest on Working Capital	75.07	68.80	67.44	66.11	48.28
Operation and Maintenance	409.31	423.62	438.50	453.94	469.79
<b>Total</b>	<b>4290.15</b>	<b>4158.61</b>	<b>4032.60</b>	<b>3907.28</b>	<b>2598.87</b>

**Filing Fee and Publication Expenses**

74. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses in terms of Regulation 70(1) of the 2019 Tariff Regulations.

75. BRPL has objected to the claim of filing fee submitting that the same is at the discretion of the Commission and the Petitioner has not submitted any justification regarding such discretion. BRPL has also submitted that the Commission vide its order dated 11.9.2009 in Petition No. 129 of 2005, has disallowed the reimbursement of filing fee observing that the Central Power Sector undertakings in furtherance of their business interests are statutorily required to approach the Commission for determination and approval of the tariff.

76. In response, the Petitioner submitted that it is entitled to filing fee and publication expenses as per Regulation 70(1) of the 2019 Tariff Regulations. The Petitioner further submitted that the Commission in its order dated 28.3.2016 in Petition No. 137/TT/2015 has rejected similar contentions and allowed the recovery of



the filing fee and publication charges of notices from the beneficiaries on pro rata basis.

77. We have considered the submissions of the Petitioner and BRPL. We are of the view that 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 and RLDC Fees and Charges**

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

#### **Goods and Services Tax**

79. 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.

80. BRPL has submitted that GST on transmission of electricity at present is nil and is, therefore, untenable.

81. We have considered the submission of the Petitioner and BRPL. We are of the view that GST is not levied on transmission service at present and as such Petitioner's prayer on this count is premature.



## **Security Expenses**

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

83. BRPL has submitted that if separate petitions are to be filed for claiming security expenses, then there is no need to claim IWC in advance. BRPL also submitted that the Petitioner should clarify the provision of Regulations under which such a claim has been made.

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



### **Capital Spares**

85. 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**

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

87. To summarise:

(a) The trued-up Annual Fixed Charges allowed in respect of the transmission asset for 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	5246.88	5131.27	5007.77	4885.06	4767.65

(b) The Annual Fixed Charges allowed in respect of the transmission asset for 2019-24 tariff period in this order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	4290.15	4158.61	4032.60	3907.28	2598.87

88. Annexure-1 and Annexure-2 attached hereinafter form part of the order.

89. This order disposes of Petition No. 125/TT/2020 in terms of the above discussions and findings.

**sd/-**  
**(Pravas Kumar Singh)**  
**Member**

**sd/-**  
**(Arun Goyal)**  
**Member**

**sd/-**  
**(I.S. Jha)**  
**Member**

**sd/-**  
**(P. K. Pujari)**  
**Chairperson**





## Annexure – 1

2014-19 Capital Expenditure as on COD	Admitted Capital Cost as on COD (₹ in lakh)	ACE (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depre- ciatio n (%)	Annual Depreciation as per Regulations				
		2014-19			2014-15 (₹ in lakh)	2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Transmission Line	26197.62	0.00	26197.62	5.28	1383.23	1383.23	1383.23	1383.23	1383.23
Sub Station	2926.44	0.00	2926.44	5.28	154.52	154.52	154.52	154.52	154.52
PLCC	184.47	0.00	184.47	6.33	11.68	11.68	11.68	11.68	11.68
<b>TOTAL</b>	<b>29308.53</b>	<b>0.00</b>	<b>29308.53</b>		<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>
<b>Average Gross Block (₹ in lakh)</b>					29308.53	29308.53	29308.53	29308.53	29308.53
<b>Weighted Average Rate of Depreciation (%)</b>					5.29	5.29	5.29	5.29	5.29



## Annexure – 2

2019-24 Capital Expenditure as on 1.4.2019	Combined admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations				
				2019-20 (₹ in lakh)	2020-21 (₹ in lakh)	2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)
Transmission Line	26197.62	26197.62	5.28	1383.23	1383.23	1383.23	1383.23	
Sub Station	2926.44	2926.44	5.28	154.52	154.52	154.52	154.52	
PLCC	184.47	184.47	6.33	11.68	11.68	11.68	11.68	
<b>TOTAL</b>	<b>29308.53</b>	<b>29308.53</b>		<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>	<b>1549.43</b>	<b>327.57</b>
		<b>Average Gross Block (₹ in lakh)</b>		29308.53	29308.53	29308.53	29308.53	29308.53
		<b>Weighted Average Rate of Depreciation (%)</b>		5.29	5.29	5.29	5.29	1.12

