

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 134/TT/2020

Coram:

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

Date of Order: 03.12.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 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 **Asset-1: 765 kV D/C Srikakulam-Angul Transmission Line** under Common System associated with East Coast Energy Private Limited and NCC Power Projects Limited LTOA Generation Projects in Srikakulam Area-Part-A in Southern Region and Eastern Region.

And in the matter of:

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

.....Petitioner

Versus

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



5. Electricity Department,
Government of Pondicherry,
Pondicherry-605001.
6. Eastern Power Distribution Company of Andhra Pradesh Limited,
P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh.
7. Southern Power Distribution Company of Andhra Pradesh Limited,
Srinivasasa Kalyana Mandapam Backside, Tiruchanoor Road,
Kesavayana Gunta,
Chittoor District, Tirupati-517501 (Andhra Pradesh).
8. Central Power Distribution Company of Andhra Pradesh Limited,
Corporate Office, Mint Compound,
Hyderabad-500063 (Telangana).
9. Northern Power Distribution Company of Andhra Pradesh Limited,
Opposite NIT Petrol Pump, Chaitanyapuri, Kazipet,
Warangal-506004 (Telangana).
10. Bangalore Electricity Supply Company Limited,
Corporate Office, K. R. Circle,
Bangalore-560001 (Karnataka).
11. Gulbarga Electricity Supply Company Limited,
Station Main Road, Gulbarga,
Karnataka.
12. Hubli Electricity Supply Company Limited,
Navanagar, PB Road, Hubli,
Karnataka.
13. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore-575001 (Karnataka).
14. Chamundeswari Electricity Supply Corporation Limited,
927, L J Avenue, Ground Floor,
New Kantharaj URS Road, Saraswatipuram,
Mysore-570 009 (Karnataka).
15. Electricity Department,
Government of Goa, Vidyuti Bhawan,
Panaji, Goa-403001.
16. Transmission Corporation of Telangana Limited,
Vidhyut Sudha, Khairatabad,
Hyderabad-500082.



17. Tamil Nadu Transmission Corporation,
NPKRR Maaligai, 800, Anna Salai,
Chennai-600002.
 18. Bihar State Electricity Board,
Vidyut Bhawan, Bailey Road,
Patna-800001.
 19. West Bengal State Electricity Distribution Company Limited,
Vidyut Bhawan, Bidhan Nagar, Block-DJ, Sector-II, Salt Lake City,
Kolkata-700091.
 20. Grid Corporation of Orissa Limited,
Shahid Nagar,
Bhubaneswar-751007.
 21. Damodar Valley Corporation,
DVC Tower, Maniktala, Civic Centre, VIP Road,
Kolkata-700054.
 22. Power Department,
Government of Sikkim,
Gangtok-737101.
 23. Jharkhand State Electricity Board,
In Front of main Secretariat, Doranda,
Ranchi-834002.
 24. East Coast Energy Private Limited,
7-1-24, B Block, 5th Floor, Roxana Towers,
Green Lands, Begumpet,
Hyderabad-500016.
 25. NCC Power Projects Limited,
6th Floor, NCC House, Madhapur,
Hyderabad-500081.
-Respondent(s)

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 B. Vinodh Kanna, Advocate, TANGEDCO
Shri R. Srinivasan, TANGEDCO
Ms. R. Ramalakshmi, TANGEDCO



ORDER

The Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, has filed the instant petition for truing up of transmission tariff for 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 **Asset-1**: 765 kV D/C Srikakulam-Angul Transmission Line (hereinafter referred to as “the transmission asset”) under Common System associated with East Coast Energy Private Limited and NCC Power Projects Limited LTOA Generation Projects in Srikakulam Area-Part-A in Southern Region and Eastern Region (hereinafter referred to as “the transmission scheme”).

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

- “1) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 10.2 and 11.0 above.*
- 2) Approve the Completion cost and additional capitalization incurred during 2014-19 and also projected to be incurred during 2019-24.*
- 3) Allow the petitioner to submit the Revised Cost estimate-II for the project.*
- 4) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 10.2 and 11.0 above for respective block.*
- 5) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.*



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

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

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

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

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

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

3. **Background of the case**

a) The Petitioner was entrusted with implementation of the transmission scheme and the same was discussed and agreed in the 30th SCM of Southern Region Constituents held on 13.4.2010. Further, it was discussed and ratified by SRPC in its special meeting held on 25.11.2010. The said scheme was also discussed and agreed in the meeting of the Standing Committee of Eastern Region constituents held on 28.12.2010.

b) The Investment Approval for the transmission scheme was accorded by the Board of Directors (BOD) of the Petitioner company (in its 272nd meeting held on 29.5.2012) vide Memorandum Ref. No. C/CP/LTA Srikakulam Part-A dated 4.6.2012 at an estimated cost of ₹190924.00 lakh, including IDC of ₹11594.00 lakh (based on February 2012 Price Level) with the broad scope of work as follows:

Transmission Line

Srikakulam Pooling Station-Angul 765 kV D/C line (Initially charged at 400 kV).

Sub-stations



- Establishment of 765 kV Pooling Station at Srikakulam (Initially charged at 400 kV); and
- Extension of 765/400 kV Angul Sub-station with provision of 1x1500 MVA 765/400 kV transformer.

Reactive Compensation

Line Reactors (400 kV)

80 MVAR line reactors with 800 ohms NGR at each end of both circuits of Srikakulam Pooling Station-Angul 765 kV D/C line (Initially charged at 400 kV) (Switchable line reactor at Srikakulam Pooling Station end)

Bus Reactors (400 kV)

1x80 MVAR 400 kV bus reactor at 765/400 kV Srikakulam Pooling Station.

- c) BOD of the Petitioner company (in its 339th meeting held on 29.3.2017) vide Memorandum Ref. no. C/CP/PA1617-03-0V-RCE010 dated 31.3.2017 accorded approval of Revised Cost Estimate (RCE) at ₹143897.00 lakh, including IDC of ₹17180.00 lakh (based on August 2016 Price Level) with the broad revised scope of work as follows:

Transmission Line

Srikakulam Pooling Station-Angul 765 kV D/C line

(Note: the transmission system inter-alia comprised establishment of 765/400 kV pooling station at Srikakulam, where power from IPPs shall be pooled and transmitted to various beneficiaries through Srikakulam Pooling Station-Angul 765 kV D/C line under the project. The entire system was to be initially operated at 400 kV (under Part-A) and to be upgraded to 765 kV at a later date (under Part-C). However, due to changed load generation scenario in Southern Region (SR) it was agreed to operate the Srikakulam-Angul 765 kV D/C line at its rated voltage of 765 kV right from the beginning. Accordingly, 400 kV elements including reactors and associated switchgear at both Srikakulam and Angul Sub-stations got deleted from the earlier approved scope of the project. However, cost towards preliminary survey, Land acquisition, R&R compensation and cost of civil works have been retained under the present project i.e. Srikakulam-Part-A and the same are not covered under Srikakulam-Part-C of the scheme).

- d) The transmission tariff of the transmission asset for the 2014-19 tariff period was allowed and the time over-run of 20 months, 03 days was condoned by the Commission vide order dated 19.7.2018 in Petition No. 230/TT/2016.
- e) BOD of the Petitioner company (in its 374th meeting held on 6.3.2020) vide Memorandum Ref. No. C/CP/PA1920-12-0AI-RCE009 dated 16.3.2020 accorded approval of RCE-II at ₹148418.00 lakh, including IDC of ₹16771.00 lakh (based on September 2019 price level).

4. The Respondents are distribution licensees, power departments, power utilities and transmission licensees, which are procuring transmission services from the



Petitioner, mainly beneficiaries of Southern Region and Eastern Region.

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), Respondent No. 4, has filed its reply vide an affidavit dated 5.6.2021 and has raised issues of cost over-run, Additional Capital Expenditure (ACE) during the 2014-19 and 2019-24 tariff periods, GST and sharing of transmission charges. The Petitioner vide affidavit dated 21.6.2021 has filed rejoinder to TANGEDCO's reply. The issues raised by TANGEDCO and clarifications thereto given by the Petitioner are considered in the relevant portions of this order.

6. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 6.1.2020, the Petitioner's affidavit dated 10.12.2020 filed in response to technical validation letter dated 28.3.2021, TANGEDCO's reply filed vide affidavit dated 5.6.2021 and the Petitioner's rejoinder to TANGEDCO's reply filed vide affidavit dated 21.6.2021.

7. 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 TANGEDCO, representatives of the Petitioner and after perusal of the materials on record, we proceed to dispose of the petition.

TRUING UP OF ANNUAL FIXED CHARGES FOR THE 2014-19 TARIFF PERIOD

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



(₹ in lakh)			
Particulars	2016-17	2017-18	2018-19
Depreciation	1139.74	7422.18	7510.65
Interest on Loan	1300.62	7889.47	7268.81
Return on Equity	1287.60	8386.69	8514.49
Interest on working capital	83.91	533.52	525.27
O&M Expenses	50.64	323.77	334.55
Total	3862.51	24555.63	24153.77

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

(₹ in lakh)			
Particulars	2016-17	2017-18	2018-19
O&M expenses	26.11	26.98	27.88
Maintenance Spares	46.99	48.57	50.18
Receivables	3982.53	4092.61	4025.63
Total	4055.63	4168.16	4103.69
Rate of Interest (in %)	12.80	12.80	12.80
Interest on Working Capital	519.12	533.52	525.27
Pro-rata Interest on Working Capital	83.91	533.52	525.27

Capital Cost

10. The details of apportioned capital cost as per FR, capital cost as per RCE, capital cost as on COD, ACE during the 2014-19 period and total estimated cost as on 31.3.2019 in respect of the transmission asset as allowed by the Commission vide order dated 19.7.2018 in Petition No. 230/TT/2016 are as follows:

(₹ in lakh)						
Approved apportioned Cost (FR)	Approved Cost (RCE)	Capital Cost (as on COD)	ACE			Total Capital Cost allowed (as on 31.3 2019)
			2016-17	2017-18	2018-19	
190924.00	143897.00	129209.68	1842.19	9651.79	1654.68	142358.34

11. Based on Auditor's Certificate dated 31.7.2019, the details of capital cost up to COD along with actual ACE during the 2014-19 tariff period in respect of the transmission asset as submitted by the Petitioner in the instant petition are as follows:

(₹ in lakh)						
Approved Cost (FR)	Approved Cost (RCE)	Actual Capital Cost (as on COD)	ACE			Actual Capital Cost (as on 31.3 2019)
			2016-17	2017-18	2018-19	
190924.00	143897.00	132033.63	10595.75	824.17	385.53	143839.08



Cost Over-run

12. The actual completion cost as on 31.3.2019 (including actual ACE during the 2014-19 tariff period) in respect of the transmission asset is ₹143839.08 lakh against approved cost (RCE) of ₹143897.00 lakh. Therefore, there is no cost over-run in this case.

Time Over-run

13. As per I.A., the scheduled COD of the transmission asset associated with the transmission scheme was 29.5.2015 against which it was put into commercial operation on 1.2.2017. Hence, there was a time over-run of 20 months 3 days which was condoned by the Commission vide order dated 19.7.2018 in Petition No. 230/TT/2016.

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

14. With respect to the transmission asset, IDC has been claimed by the Petitioner based on Auditor's Certificate dated 31.7.2019 and details of actual IDC discharged up to COD, IDC accrued on COD and discharged thereafter along with accrual IDC adjustment has been submitted by the Petitioner. The Petitioner has also submitted that accrued IDC to be discharged during 2016-17 and 2017-18 has not been included in ACE for the respective year as per the said Auditor's Certificate.

15. We have considered the submissions of the Petitioner. The allowable IDC (on cash basis) in respect of the transmission asset has been worked out considering the information as submitted by the Petitioner. The loan details as submitted in Form-9C for the 2014-19 tariff period and IDC computation sheet have also been considered for the purpose of IDC calculation on cash basis and accrued basis. Further, the un-discharged IDC as on COD has been considered as ACE during the year in which it has been discharged.



16. In view of the above, the details of IDC as per the said Auditor's Certificate, admissible IDC, dis-allowed IDC, IDC discharged and un-discharged as on COD and IDC discharged during the 2014-19 tariff period are as follows:

(₹ in lakh)						
IDC as per Auditor's Certificate	IDC Admissible	IDC disallowed due to computational difference	IDC Discharged (as on COD)	IDC Undischarged (as on COD)	IDC Discharge During	
					2016-17	2017-18
A	B	C=A-B	D	E=B-D	F	G
16770.76	16770.76	0.00	13946.81	2823.95	482.44	2341.51

17. With respect to the transmission asset, IEDC of ₹3132.87 lakh has been claimed by the Petitioner based on Auditor's Certificate dated 31.7.2019. The Petitioner has also submitted that entire IEDC has been discharged as on COD in respect of the transmission asset.

18. We have considered the submissions of the Petitioner. IEDC claimed is within the percentage of the hard cost and hence, the same is allowed.

Initial Spares

19. The Petitioner has claimed Initial Spares for the transmission asset in accordance with Regulation 13(d) of the 2014 Tariff Regulations subject to the following ceiling norms:

- “(d) Transmission system
 (i) Transmission line - 1.00%
 (ii) Transmission Sub-station (Green Field) - 4.00%
 (iii) Transmission Sub-station (Brown Field) - 6.00%
 (iv) Series Compensation devices and HVDC Station - 4.00%
 (v) Gas Insulated Sub-station (GIS) - 5.00%

20. The Petitioner has claimed the Initial Spares in respect of transmission line in this petition as follows:

Particulars	Plant & Machinery cost up to cut-off date (excluding IDC and IEDC) (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Ceiling (in %)
Transmission Line	124730.34	1100.00	1

21. We have considered the submissions of the Petitioner. The Initial Spares claimed by the Petitioner are within the ceiling as specified in the 2014 Tariff



Regulations. Therefore, the details of allowable Initial Spares in respect of the transmission asset for the 2014-19 tariff period are as follows:

Particulars	Plant & Machinery cost considered as on cut-off date (excluding IDC and IEDC) (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Ceiling as per the 2014 Tariff Regulations (in %)	Initial Spares allowable as per the 2014 Tariff Regulations (₹ in lakh)	Initial Spares allowed (₹ in lakh)
Transmission Line	124730.34	1100.00	1	1248.79	1100.00

Capital Cost allowed as on COD

22. Accordingly, the capital cost allowed as on COD (on cash basis) in respect of the transmission asset is as follows:

Capital Cost (as on COD as per Auditor's Certificate)	Less: IDC as on COD due to		Capital Cost (as on COD) (on cash basis)
	IDC Disallowed	Un-discharged IDC	
132033.63	0.00	2823.95	129209.68

Additional Capital Expenditure

23. Based on the Auditor's Certificate dated 31.7.2019, the details of ACE claimed by the Petitioner during the 2014-19 tariff period as submitted in this petition are as follows:

(₹ in lakh)		
2016-17	2017-18	2018-19
10595.75	824.17	385.53

24. The Petitioner has submitted that ACE incurred in respect of the transmission asset is on account of un-discharged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date and expenditure towards the work executed within cut-off date. Further, ACE during 2016-19 has been claimed under Regulations 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations. The Petitioner vide affidavit dated 10.12.2020 has submitted details of ACE during the 2014-19 period in accordance with the format showing head/ party-wise, year of actual capitalisation party-wise, discharge/ reversal (year-wise), additional liability recognized and outstanding liability as on 31.3.2014 and 31.3.2019.



25. TANGEDCO vide affidavit dated 5.6.2021 has submitted that no list of unexecuted/ deferred works has been submitted by the Petitioner and mere mentioning of the amount or filing of Auditor's Certificate does not entitle the Petitioner to claim ACE based towards final payment/ withhold payment due to contractual exigencies. Further, the provisions of Regulation 14 of the 2014 Tariff Regulations are very clear and the Petitioner is required to prove its claim.

26. In response, the Petitioner vide affidavit dated 21.6.2021 has submitted that ACE was allowed earlier based on projections and while projecting ACE, contracts were not closed and liabilities were not finalized. However, in this petition, ACE is claimed based on the actual payments made to the contractor after receipt of the final invoices and incorporation of amendments, which can be higher than the projected ACE. Further, the payments were made after submission of invoice and after reconciliation in accordance with contractual clause in terms of the provisions of contract.

27. The Petitioner has also submitted that ACE claimed is within the cut-off date and the same is as per the original scope of work and has requested to allow ACE for the 2014-19 tariff period as claimed in this petition.

28. We have considered the submissions of the Petitioner and TANGEDCO. The un-discharged IDC as on COD has been allowed as ACE during the year of discharge. ACE claimed by the Petitioner has been allowed under Regulations 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations, which pertains to un-discharged liabilities recognized to be payable at a future date and liabilities towards works deferred for execution respectively. Accordingly, the details of ACE allowed during the 2014-19 tariff period are as follows:



(₹ in lakh)

Particulars	ACE allowed		
	2016-17	2017-18	2018-19
Balance and Retention payments for liabilities	10593.76	614.07	143.05
Works deferred for execution	1.99	210.09	242.48
IDC discharge after COD	482.44	2341.51	0.00
Total	11078.19	3165.67	385.53

29. Accordingly, the details of capital cost as on 31.3.2019 including ACE during the 2014-19 period allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016, claimed by the Petitioner in this petition and capital cost and ACE during 2014-19 period approved after true up in the instant order are as follows:

(₹ in lakh)

Particulars	Capital Cost (as on COD) on cash basis	ACE			Total Capital Cost including ACE (as on 31.3.2019)
		2016-17	2017-18	2018-19	
Allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016	129209.68	1842.19	9651.79	1654.68	142358.34
Claimed by the Petitioner in the instant petition	129209.68	11078.19	3165.67	385.53	143839.07
Approved after truing up in this order	129209.68	11078.19	3165.67	385.53	143839.07

Debt-Equity Ratio

30. The Petitioner has claimed debt-equity ratio of 70:30 as on COD. The debt-equity ratio of 70:30 has been considered for capital cost as on COD and ACE during the 2014-19 tariff period as provided under Regulation 19 of the 2014 Tariff Regulations. The details of debt-equity ratio in respect of the transmission asset as on COD and 31.3.2019 are as follows:

Funding	Capital Cost (as on COD) (₹ in lakh)	(in %)	Capital cost (as on 31.3.2019) (₹ in lakh)	(in %)
Debt	90446.78	70.00	100687.37	70.00
Equity	38762.90	30.00	43151.70	30.00
Total	129209.68	100.00	143839.07	100.00

Depreciation

31. The depreciation has been allowed as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. Depreciation has been approved considering capital expenditure as on COD and allowed ACE during the 2014-19 tariff



period. The Gross Block during the 2014-19 tariff period in respect of the transmission asset has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD at Annexure-I has been worked out considering the depreciation rates of assets as specified in the 2014 Tariff Regulations. The details of the trued-up depreciation approved in respect of the transmission asset for the 2014-19 period are as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Opening Gross Block	129209.68	140287.87	143453.54
Additional Capitalisation	11078.19	3165.67	385.53
Closing Gross Block	140287.87	143453.54	143839.07
Average Gross Block	134748.78	141870.71	143646.31
Weighted average rate of Depreciation (WAROD) (in %)	5.23	5.23	5.23
Lapsed useful life of the asset at the beginning of the year (Year)	0	0	1
Balance useful life of the asset at the beginning of the year (Year)	35	35	34
Aggregated Depreciable Value	120592.74	126993.01	128572.46
Depreciation during the year	1139.74	7422.17	7510.65
Cumulative Depreciation at the end of the year	1139.74	8561.91	16072.56
Remaining Aggregated Depreciable Value at the end of the year	119453.00	118431.09	112499.90

32. Depreciation in respect of the transmission asset as allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016	1099.80	7096.57	7387.83
Claimed by the Petitioner in the instant petition	1139.74	7422.18	7510.65
Approved after true-up in this order	1139.74	7422.17	7510.65

Interest on Loan (IoL)

33. The Petitioner has claimed Weighted Average Rate of Interest (WAROI) on loan based on its actual loan portfolio and rate of interest. Accordingly, IoL has been calculated based on actual interest rate in accordance with Regulation 26 of the 2014 Tariff Regulations. The details of the trued-up IoL approved in respect of the transmission asset for the 2014-19 tariff period are as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Gross Normative Loan	90446.78	98201.51	100417.49
Cumulative Repayments up to Previous Year	0.00	1139.74	8561.91
Net Loan-Opening	90446.78	97061.77	91855.58
Addition due to Additional Capitalization	7754.73	2215.98	269.88
Repayment during the year	1139.74	7422.17	7510.65
Net Loan-Closing	97061.77	91855.58	84614.81
Average Loan	93754.28	94458.68	88235.20
Weighted Average Rate of Interest on Loan (in %)	8.582	8.352	8.238
Interest on Loan	1300.62	7889.47	7268.82

34. IoL in respect of the transmission asset as allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016, claimed by the Petitioner in the instant petition and trued-up in this order is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016	1260.57	7776.52	7477.68
Claimed by the Petitioner in the instant petition	1300.62	7889.47	7268.81
Approved after true-up in this order	1300.62	7889.47	7268.82

Return on Equity (RoE)

35. 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 Minimum Alternate Tax (MAT) rates and has claimed the effective tax rates for the 2014-19 tariff period as follows:



Year	Claimed effective tax (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
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

36. 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

37. MAT rates considered in order dated 27.4.2020 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	MAT Rate (%)	Grossed up RoE (in %) [(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, RoE is trued-up on the basis of MAT rates applicable in the respective years and is approved as follows:

Particulars	₹ in lakh		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Opening Equity	38762.90	42086.36	43036.05
Addition due to Additional Capitalization	3323.46	949.69	115.65
Closing Equity	42086.36	43036.05	43151.70
Average Equity	40424.63	42561.20	43093.87
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500
Tax Rate applicable (in %)	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax)	19.705	19.705	19.758
Return on Equity (Pre-tax)	1287.60	8386.68	8514.49



39. RoE in respect of the transmission asset as allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016	1237.48	7993.69	8326.27
Claimed by the Petitioner in the instant petition	1287.60	8386.69	8514.49
Approved after true-up in this order	1287.60	8386.68	8514.49

Operation & Maintenance Expenses (O&M Expenses)

40. The O&M Expenses as claimed by the Petitioner in respect of the various elements covered under the transmission asset are in line with the norms specified under the 2014 Tariff Regulations and are allowed under Regulation 29(4)(a) of the 2014 Tariff Regulations as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
AC Lines (in km)			
765 kV D/C Angul Srikakulam transmission line (kms)	276.49	276.49	276.49
Norms (₹ lakh/km)			
Double Circuit (Bundled with 4 or more sub-conductor)	1.133	1.171	1.210
O&M Expenses Transmission Line	313.26	323.77	334.55
Total O&M Expenses	50.64	323.77	334.55

41. O&M Expenses in respect of the transmission asset as allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016	50.64	323.76	334.55
Claimed by the Petitioner in the instant petition	50.64	323.77	334.55
Approved after true-up in this order	50.64	323.77	334.55



Interest on Working Capital

42. IWC has been worked out as per the methodology provided in Regulation 28(1)(c) of the 2014 Tariff Regulations and the trued-up IWC allowed in respect of the transmission asset for the 2014-19 tariff period is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Working Capital for O&M Expenses (O&M expenses for 1 month)	26.11	26.98	27.88
Working Capital for Maintenance Spares (15% of O&M expenses)	46.99	48.57	50.18
Working Capital for Receivables (Equivalent to 2 months of annual fixed cost / annual transmission charges)	3982.53	4092.60	4025.63
Total	4055.62	4168.15	4103.69
Rate of Interest on Working Capital (in %)	12.80	12.80	12.80
Interest on Working Capital	83.91	533.52	525.27

43. IWC in respect of the transmission asset as allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016	81.08	515.40	523.05
Claimed by the Petitioner in the instant petition	83.91	533.52	525.27
Approved after true-up in this order	83.91	533.52	525.27

Approved Annual Fixed Charges for the 2014-19 Tariff Period

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

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Depreciation	1139.74	7422.17	7510.65
Interest on Loan	1300.62	7889.47	7268.82
Return on Equity	1287.60	8386.68	8514.49
O&M Expenses	50.64	323.77	334.55
Interest on Working Capital	83.91	533.52	525.27
Total	3862.51	24555.62	24153.78



45. Accordingly, AFC in respect of the transmission asset as allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016, claimed by the Petitioner in the instant petition and approved after trueing up in the instant order are as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 59 days)	2017-18	2018-19
Allowed vide order dated 19.7.2018 in Petition No. 230/TT/2016	3729.56	23705.93	24049.38
Claimed by the Petitioner in the instant petition	3862.51	24555.63	24153.77
Approved after true-up in this order	3862.51	24555.62	24153.78

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

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	201-22	2022-23	2023-24
Depreciation	7611.68	7705.22	7705.22	7705.22	7705.22
Interest on Loan	6800.83	6261.67	5651.66	5041.07	4385.88
Return on Equity	8209.87	8314.98	8314.98	8314.98	8314.98
Interest on Working Capital	356.13	352.51	343.89	335.29	325.15
Operation and Maintenance	365.52	378.24	391.51	405.33	419.44
Total	23344.03	23012.62	22407.26	21801.89	21150.67

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses	30.46	31.52	32.63	33.78	34.95
Maintenance Spares	54.83	56.74	58.73	60.80	62.92
Receivables	2870.17	2837.17	2762.54	2687.90	2600.49
Total	2955.46	2925.43	2853.90	2782.48	2698.36
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	356.13	352.51	343.89	335.29	325.15

Capital Cost

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

“19. Capital Cost: (1) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence check



in accordance with these regulations shall form the basis for determination of tariff for existing and new projects.

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) Capitalised Initial Spares subject to the ceiling rates in accordance with these regulations;*
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) Expenditure on account of change in law and force majeure events; and*
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

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

- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
- (c) Capital expenditure on account of 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 assets forming part of the project, but not in use, as declared in the tariff petition;
(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:*

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be 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 assets.

*(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and
(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”*

49. The Petitioner has submitted that in respect of the transmission asset, capital cost as on 31.3.2019 of ₹143839.07 lakh has been considered for computation of tariff for the 2019-24 tariff period. Further, based on the Auditor's Certificate dated 31.7.2019, the estimated completion cost including IDC and IEDC as on 31.3.2024 is ₹147570.13 lakh. Hence, as per RCE, there is cost over-run of ₹3673.13 lakh. The Petitioner has submitted that the line length and type of various types of towers and foundations in the approved DPR were estimated on the basis of walk-over/preliminary survey. The same was envisaged on the basis of survey and executed/



likely to be executed quantities of the project and accordingly the BOD approved RCE. Based on latest/ final amendments as per site requirement, there is an increase in the quantities used in construction of transmission line and, accordingly, the BOD approved the same in RCE-II. Further, the project involves an insulator package that was awarded to M/s Shandong on which subsequently anti-dumping duty was levied. In RCE, based on actual/ anticipated payments, the same was considered at ₹2763.00 lakh. However, in RCE-II, considering actual payments, the same works out to ₹4189.00 lakh, resulting in an increase of ₹1426.00 lakh (0.99% of the overall project cost). Accordingly, the tariff of the transmission asset for the 2019-24 period has been claimed on the capital cost as on COD along with actual/ projected expenditure up to 31.3.2024.

50. TANGEDCO vide affidavit dated 5.6.2021 has submitted that that there is 51.61% increase in insulator cost in RCE-II as compared to RCE and the Petitioner is not a novice in the domain and has established its dominance. Further, as per the staff paper of MoP, the transmission charges under cost plus route are much higher than TBCB projects. Therefore, the Petitioner should have followed prudent utility practices in preparing cost estimates and obtaining investment approvals. TANGEDCO has further submitted that cost over-run on account of variations in quantities and contractual exigencies cannot be fastened to beneficiaries and has requested for dis-allowance of cost over-run.

51. The Petitioner vide affidavit dated 10.12.2020 has submitted that RCE-II in this case was approved by its BOD and the completion cost is within the apportioned approved cost of RCE-II. The details of apportioned approved cost (FR), as per RCE and RCE-II, expenditure up to 31.3.2019 and cost as on 31.3.2024 as submitted vide afore-said affidavit are as follows:



(₹ in lakh)

Apportioned Approved Cost (as per FR)	Apportioned Approved Cost (as per RCE-I)	Apportioned Approved Cost (as per RCE-II)	Expenditure (as on 31.3.2019)	Expenditure (as on 31.3.2024)
190924.00	143897.00	148418.00	143839.07	147570.13

52. We have considered the submissions of the Petitioner and TANGEDCO. A comparison of RCE and RCE-II indicates that there is cost increase of ₹4521.00 lakh from RCE to RCE-II. The cost as on 31.3.2024 has been indicated as ₹147570.13 (including claimed ACE during 2019-24 period) whereas approved cost as per RCE-II is ₹148418.00 lakh. Therefore, with reference to RCE-II, there is no cost over-run. The admitted capital cost as on 31.3.2019 of ₹143839.07 lakh 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 the 2019-24 tariff period.

Additional Capital Expenditure

53. Regulation 24 of the 2019 Tariff Regulations provides as follows:

“24. Additional Capitalization within the original scope and upto the cut-off date

(1) The Additional Capital Expenditure in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law; and*
- (f) Force Majeure events:*

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.”



54. The Petitioner has projected ACE of ₹3731.05 lakh during 2019-20 and has submitted that said ACE has been claimed under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations and is on account of un-discharged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date and expenditure towards the work to be executed within cut-off date.

55. In response, referring the Liability Flow Statement as submitted by the Petitioner (vide affidavit dated 10.12.2020), TANGEDCO vide affidavit dated 5.6.2021 has submitted that the Petitioner is not disclosing the reasons for withholding the payment of ₹2275.00 lakh for more than two years. TANGEDCO has requested to disallow ACE claim in the absence of detailed justification for withholding the money for more than two years.

56. In response, in addition to reiterating its submissions made in this petition regarding ACE claimed during the 2019-24 period, the Petitioner vide affidavit dated 21.6.2021 has submitted that ACE for an amount ₹2269.00 lakh during 2019-20 is towards the final payment balance for M/s Aster and the same shall be paid after reconciliation in accordance with contractual clause as per provisions of contract. The amount of ₹950.00 lakh towards the transmission line to be paid to M/s Utkarsh after completion of balance rectification work and after final reconciliation. The amount of ₹505.00 lakh to be incurred during 2019-20 is towards the construction work of township, road, street light, CSD, store sheds etc.

57. We have considered the submissions of the Petitioner and note that the Petitioner, in this petition, has submitted that anti-dumping duty was levied on an insulator package that was awarded to M/s Shandong. In RCE, based on anticipated payments, the same was considered as ₹2763.00 lakh. However, in RCE-II, considering actual payments, the same has been shown as ₹4189.00 lakh which is an increase of ₹1426.00 lakh compared to RCE.



58. The Petitioner has not submitted any documentary evidence of payment of anti-dumping duty. Accordingly, ₹2763.00 is allowed lakh as payment towards insulator package and liberty is given to the Petitioner to submit the justification and documentary evidence towards payment of anti-dumping duty in support of the claim at the time of truing-up.

59. In view of the above, ACE of ₹2305.05 lakh (₹3731.05 lakh - ₹1426.00 lakh) during 2019-20 is allowed subject to truing-up.

Capital cost for the 2019-24 tariff period

60. Accordingly, the details of the capital cost as on 1.4.2019, ACE allowed for 2019-20 and total estimated completion cost up to 31.3.2024 in respect the transmission asset as considered for the 2019-24 tariff period, subject to truing-up, are as follows:

(₹ in lakh)		
Capital Cost allowed (as on 1.4.2019)	ACE allowed (2019-20)	Total Estimated Completion Cost (up to 31.3.2024)
143839.07	2305.05	146144.12

Debt-Equity Ratio

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

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

Provided that:

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

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



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

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

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

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

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

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

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

Funding	Capital Cost (as on 1.4.2019) (₹ in lakh)	(in %)	Total Capital Cost (as on 31.3.2024) (₹ in lakh)	(in %)
Debt	100687.37	70.00	102300.91	70.00
Equity	43151.70	30.00	43843.21	30.00
Total	143839.07	100.00	146144.12	100.00

Depreciation

63. Regulations 33(1), 33(2) and 33(5) of the 2019 Tariff Regulations provide 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.”

“(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.”

64. 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 Gross Block during the 2019-24 tariff period in respect of the transmission asset has been depreciated at WAROD. WAROD at Annexure-II has been worked out after considering the depreciation rates as specified in the 2019 Tariff Regulations. The details of depreciation 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
Opening Gross Block	143839.07	146144.12	146144.12	146144.12	146144.12
Addition during the year 2019-24 due to projected Additional Capitalisation	2305.05	0.00	0.00	0.00	0.00
Closing Gross Block	146144.12	146144.12	146144.12	146144.12	146144.12
Average Gross Block	144991.60	146144.12	146144.12	146144.12	146144.12
Weighted average rate of Depreciation (WAROD) (in %)	5.22	5.22	5.22	5.22	5.22
Balance useful life at the beginning (Year)	33	32	31	30	29
Aggregated Depreciable Value	129774.11	130811.38	130811.38	130811.38	130811.38
Depreciation during the year	7574.03	7629.92	7629.92	7629.92	7629.92
Cumulative Depreciation at the end of the year	23646.59	31276.51	38906.43	46536.36	54166.28
Remaining Aggregate Depreciable Value at the end of the year	106127.52	99534.87	91904.95	84275.03	76645.10



Interest on Loan

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

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

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

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

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

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

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

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

(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.”*

66. WAROI on loan has been considered on the basis of the rates prevailing as on 1.4.2019 for respective loans. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period to be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up.



67. We have considered the submissions of the Petitioner. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed in respect of the transmission asset for the 2019-24 tariff period is follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	100687.37	102300.91	102300.91	102300.91	102300.91
Cumulative Repayments up to Previous Year	16072.56	23646.59	31276.51	38906.43	46536.36
Net Loan-Opening	84614.81	78654.32	71024.40	63394.48	55764.56
Addition due to Additional Capitalization	1613.54	0.00	0.00	0.00	0.00
Repayment during the year	7574.03	7629.92	7629.92	7629.92	7629.92
Net Loan-Closing	78654.32	71024.40	63394.48	55764.56	48134.63
Average Loan	81634.57	74839.36	67209.44	59579.52	51949.59
Weighted Average Rate of Interest on Loan (in %)	8.2821	8.2649	8.3043	8.3528	8.3308
Interest on Loan	6761.07	6185.43	5581.29	4976.53	4327.80

Return on Equity

68. 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:

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.”

69. The Petitioner has submitted that it is liable to pay Income Tax at MAT rate specified under the Taxation laws (Amendment) Ordinance 2019. Further, RoE has been calculated @18.782% after grossing up 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, the same 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.

70. We have considered the submissions of the Petitioner. 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 for the 2019-24 tariff period is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	43151.70	43843.21	43843.21	43843.21	43843.21
Addition due to Additional Capitalization	691.51	0.00	0.00	0.00	0.00
Closing Equity	43843.21	43843.21	43843.21	43843.21	43843.21
Average Equity	43497.45	43843.21	43843.21	43843.21	43843.21
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (in %)	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
Return on Equity (Pre-tax)	8169.69	8234.63	8234.63	8234.63	8234.63

Operation & Maintenance Expenses

71. Regulation 35(3)(a) of the 2019 Tariff Regulations provides 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) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back- to-Back station	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme	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.

72. We have considered the submissions of the Petitioner. The O&M Expenses in respect of various elements covered under the transmission asset are allowed in accordance with Regulation 35(3)(a) of the 2019 Tariff Regulations as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
AC Lines (in kms)					
765 kV D/C Angul Srikakulam (km)	276.49	276.49	276.49	276.49	276.49
Norm (₹ lakh/km)					
Double Circuit (Bundled with 04 or more sub-Conductor)	1.322	1.368	1.416	1.466	1.517
O&M Expenses Transmission Line	365.52	378.24	391.51	405.33	419.44
Total O&M Expenses	365.52	378.24	391.51	405.33	419.44

Interest on Working Capital

73. Regulations 34(1)(c), 34(3) and 34(4) and 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. 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;”

74. 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%.

75. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, ROI for 2020-21 has been considered as 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points), whereas ROI for 2021-22 onwards has been considered as 10.50% (SBI 1 year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points). Therefore, IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations and the components of the working capital and interest thereon allowed 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)	30.46	31.52	32.63	33.78	34.95
Working Capital for Maintenance Spares (15% of O&M expenses)	54.83	56.74	58.73	60.80	62.92
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	2855.49	2805.26	2728.78	2655.02	2568.66
Total of Working Capital	2940.78	2893.51	2820.14	2749.59	2666.53
Rate of Interest of Working Capital (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	354.36	325.52	296.11	288.71	279.99



Annual Fixed Charges of the 2019-24 Tariff Period

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	7574.03	7629.92	7629.92	7629.92	7629.92
Interest on Loan	6761.07	6185.43	5581.29	4976.53	4327.80
Return on Equity	8169.69	8234.63	8234.63	8234.63	8234.63
O&M Expenses	365.52	378.24	391.51	405.33	419.44
Interest on Working Capital	354.36	325.52	296.11	288.71	279.99
Total	23224.68	22753.75	22133.46	21535.13	20891.77

Filing Fee and the Publication Expenses

77. 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

78. 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

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. In response, TANGEDCO vide affidavit dated 21.6.2021 has submitted that Government of India has exempted the charges of transmission of electricity hence, if GST is levied at any point of time in future, the same should not be allowed retrospectively. Relying upon the judgment of Hon'ble Gujarat High Court delivered on 9.12.2018 in Special Civil Appeal No. 5343 of 2018 in the matter of Torrent Power Ltd. v. Union of India, TANGEDCO has submitted that the Hon'ble High Court has quashed the clarification with regard to levy of GST which was issued in para 4(1) of the impugned Circular No. 34/8/2018-GST dated 1.3.2018 by the Government of India as ultra vires the provisions of the GST laws as well as the notifications issued thereunder and made the rule absolute. TANGEDCO has further submitted that the Commission may direct the Petitioner to restrain from including the paragraph related to GST in all the petitions filed by it so as to avoid wastage of resources and man hours which are also being recovered from the beneficiaries.

81. In response, the Petitioner vide affidavit dated 21.6.2021 has reiterated its submissions made in the instant petition.

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

Security Expenses

83. The Petitioner has submitted that security expenses in respect of 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.

84. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The said petition has already been disposed of by the Commission



vide order dated 3.8.2021 wherein the Commission has 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. Therefore, 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

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. TANGEDCO vide affidavit dated 5.6.2021 has submitted that the trued-up capital cost for the 2014-2019 tariff period has to be shared among the beneficiaries as per the 2010 Sharing Regulations. Further, the 2020 Sharing Regulations were notified on 4.5.2020, which came into effect on 1.11.2020 and hence it is essential to segregate the additional cost and tariff liability up to 31.10.2020 and from 01.11.2020 so as to allocate the charges based on 2010 Sharing Regulations and 2020 Sharing Regulations respectively. TANGEDCO has requested that suitable directions may be issued to allocate the trued-up Yearly Transmission Charges (YTC) up to 31.10.2020 as per the 2010 Sharing Regulations and YTC from 1.11.2020 as per the 2020 Sharing Regulations.

87. In response, the Petitioner vide affidavit dated 21.6.2021 has submitted that the tariff determination and sharing of transmission charges are two independent activities and same cannot be interlinked. After the determination of tariff of the assets by the Commission, the aspects of YTC bifurcation as raised by TANGEDCO shall be taken care of by CTU at the time of billing.



88. We have considered the submissions of the Petitioner and TANGEDCO. We agree with the submissions of the Petitioner that tariff determination and sharing of transmission charges are two independent activities and they are not interlinked. The tariff of the transmission asset is determined in accordance with the provisions of the relevant Tariff Regulations and after the determination of tariff of the assets by the Commission, the sharing of YTC amongst DICs are worked out in terms of provisions of the relevant Sharing Regulations and bills are raised accordingly. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010 Sharing Regulations), sharing of transmission charges is governed by the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and Sharing Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection and disbursement of the transmission charges for subsequent period shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

89. To summarise:

- a) The trued-up AFC approved in respect of the transmission asset for the 2014-19 tariff period are as follows:

(₹ in lakh)		
2016-17 (Pro-rata for 59 days)	2017-18	2018-19
3862.51	24555.62	24153.78

- b) AFC allowed in respect of the transmission 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
23224.68	22753.75	22133.46	21535.13	20891.77

90. Annexure-I and Annexure-II given hereinafter shall form part of the order.

91. This order disposes of Petition No. 134/TT/2020 in terms of the above discussions and findings.

sd/-
(P. K. Singh)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



Annexure-I

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 Depreci ation (%)	Annual Depreciation as per Regulations		
		2016-17	2017-18	2018-19			2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Land	756.84	0.00	21.05	20.25	798.14	0.00	0.00	0.00	0.00
Building	1115.30	227.51	209.45	222.23	1774.49	3.34	41.05	48.35	55.56
Transmission Line	127337.54	10850.68	2935.17	143.05	141266.44	5.28	7009.88	7373.83	7455.09
TOTAL	129209.68	11078.19	3165.67	385.53	143839.07		7050.93	7422.17	7510.65
Average Gross Block (₹ in lakh)							134748.78	141870.71	143646.31
Weighted Average Rate of Depreciation (%)							5.23	5.23	5.23



Annexure-II

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 Depreciat ion (%)	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)
Land	798.14	798.14	0.00	0.00	0.00	0.00	0.00	0.00
Building	1774.49	2285.88	3.34	67.81	76.35	76.35	76.35	76.35
Transmission Line	141266.44	143060.10	5.28	7506.22	7553.57	7553.57	7553.57	7553.57
TOTAL	143839.07	146144.12		7574.03	7629.92	7629.92	7629.92	7629.92
		Average Gross Block (₹ in lakh)		144991.60	146144.12	146144.12	146144.12	146144.12
		Weighted Average Rate of Depreciation (%)		5.22	5.22	5.22	5.22	5.22

