

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 138/TT/2020

Coram:

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

Date of Order: 16.02.2021

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 the 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 in respect of Rapp–Kota 400 kV D/C line (part of Rapp-Jaipur (South) 400 kV D/C line with one ckt LIL Oed at Kota) along with associated bay at Kota under “Transmission System associated with Rapp 7 and 8 Part-A”.

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 – 302005.
2. Ajmer Vidyut Vitran Nigam Ltd.,
132 KV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar.
Jaipur-302017.
3. Jaipur Vidyut Vitran Nigam Ltd.,
132 KV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017.
4. Jodhpur Vidyut Vitran Nigam Ltd.,
132 KV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017.



5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171004.
6. Punjab State Electricity Board,
Thermal Shed Tia, Near 22 Phatak,
Patiala-147001.
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula- 134109.
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 – 226001.
10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi-110002.
11. BSES Yamuna Power Ltd.,
B-Block, Shakti Kiran, Bldg.,
(Near Karkadooma Court)
Karkadooma, 2nd Floor,
New Delhi-110092.
12. BSES Rajdhani Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi-110019.
13. Tata Power Delhi Distribution Ltd.,
NDPL House, Hudson Lines Kingsway Camp,
New 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-110002.

...Respondents

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

For Respondents : Shri R.B. Sharma, Advocate, BRPL

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, for truing up of the tariff from COD 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 for 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 Rapp-Kota 400 kV D/C line (part of Rapp-Jaipur (South) 400 kV D/C line with one ckt LILoed at Kota) along with associated bay at Kota (hereinafter referred to as “the transmission asset”) under “Transmission System associated with Rapp 7 and 8 Part-A” (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 assets covered under this petition, as per para 8 and 9 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 10.10 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 on 28.3.2013 vide Memorandum Ref:C/CP/RAPP 7&8 Part A dated 5.4.2013 with an estimated cost of ₹10040 lakh, including IDC of ₹501 lakh based on February, 2013 price level.

b) The transmission tariff in respect of the transmission asset was allowed from COD i.e. 3.8.2017 to 31.3.2019 vide order dated 19.9.2018 in Petition No.206/TT/2017 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017 as per the 2014 Tariff Regulations. The scope of the transmission project “Transmission System associated with Rapp 7 and 8 Part-A” is as under:



(i) Transmission Lines:

RAPP-Kota 400 kV D/C line (bunched at both ends) [part of RAPP-Jaipur (south) 400 kV D/C line with one ckt LILoed at Kota].*

*(11 km of Multi Circuit portion which was constructed and strung under Transmission System associated with RAPP– 5&6, shall be part of the line.)

(ii) Sub-station Works:

Extension of 400 kV Sub-station at Kota-1 no. of 400 kV line bay at Kota.

4. The trued up tariff claimed by the Petitioner in the instant petition along with details of the tariff approved earlier by the Commission in respect of the transmission asset vide order dated 19.9.2018 in Petition No. 206/TT/2017 are as under:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Annual Fixed Charges approved vide order dated 19.9.2018 in Petition No. 206/TT/2017	988.42	1648.45
AFC claimed by the Petitioner based on truing up in the instant petition	901.16	1418.16

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

6. The Petitioner has served the petition on the Respondents and public notice regarding the filing of this petition has also 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 notices published in the newspapers by the Petitioner. General Notice dated 12.3.2020 directing the beneficiaries/Respondents to file reply in the matter was also posted on the Commission's website. Uttar Pradesh Power Corporation Ltd. (UPPCL), Respondent



No. 9 has filed its reply vide affidavit dated 7.8.2020 and has raised issues of capital cost, additional capital expenditure (ACE), approved cumulative depreciation, Interest on Loan (IoL), Return on Equity (RoE), Initial Spares and O&M Expenses, etc. for the 2014-19 tariff period. UPPCL has also raised the Petitioner's claim of cumulative depreciation, IoL, RoE and O&M Expenses in 2019-24 tariff period. BSES Rajdhani Power Limited (BRPL), Respondent No. 12, has filed its reply dated 22.7.2020 and raised the issue that in terms of Regulation 6(1) of the 2014 Tariff Regulations, tariff cannot be determined and as such the tariff determined through POC mechanism is liable to be refunded to the Respondents from the date of commercial operation of the line. Other issues raised by BRPL are accrued IDC, initial spares, effective tax rate, return on equity, deferred tax liability and over-payment of income tax for the period 2014-19 period. With regard to the tariff period 2019-14, the issues raised by BRPL are grossed up rate of return on equity, GST, security expenses, etc. In addition to the above, BRPL has filed another common reply dated 3.8.2020 in number of petitions including the present petition wherein mainly the issue of taxation has been raised. BRPL filed hard copy of its reply dated 22.7.2020 vide affidavit dated 24.9.2020 after lifting of lockdown due to Covid-19 pandemic. The Petitioner has filed rejoinder to the reply of UPPCL and BRPL vide affidavits dated 27.8.2020, 13.8.2020 and 14.8.2020 respectively. The issues raised by Respondents and the response of 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 the petition vide affidavits dated 9.1.2020, 20.5.2020 and 27.8.2020 besides its rejoinder to the reply filed by the Respondents.



8. The hearing in this matter was held on 28.7.2020 through video conference and order was reserved in the matter.

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

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

10. The details of the trued up transmission charges claimed by the Petitioner in respect of the transmission asset are as under:

Particulars	(₹ in lakh)	
	2017-18 (Pro-rata for 241 days)	2018-19
Depreciation	255.96	411.04
Interest on Loan	262.37	394.90
Return on Equity	285.49	459.72
Interest on Working Capital	21.16	33.29
O & M Expenses	76.18	119.21
Total	901.16	1418.16

11. The details of the trued up Interest on Working Capital (IWC) claimed by the Petitioner of the transmission asset are as under:

Particular	(₹ in lakh)	
	2017-18 (Pro-rata for 241 days)	2018-19
O & M Expenses	9.62	9.93
Maintenance Spares	17.31	17.88
Receivables	227.47	236.36
Total	254.40	264.17
Rate of Interest (%)	12.60	12.60
Interest on Working Capital	21.16	33.29

12. BRPL has submitted that the asset covered in the instant petition is not complete as the transmission line has been bunched at both ends which clearly show that it is a temporary measure and this temporary measure is only for a part of the transmission line. BRPL has further submitted that tariff of an incomplete portion of

the transmission line which is purely a temporary measure cannot be determined as per Regulation 6(1) of the 2014 Tariff Regulations.

13. In response, the Petitioner has denied the above submission of BRPL and submitted that RLDC certificate issued by NRLDC shows the utilization of the transmission asset. The Petitioner has further submitted that the Commission after taking into consideration CEA, RLDC and CMD certificates approved the COD of the transmission asset in Petition No. 206/TT/2017. The Petitioner has submitted that in view of Commission's order dated 19.9.2018 in Petition No. 206/TT/2017 with regard to completeness of the transmission asset, the stand of BRPL is unjustified.

14. We have considered the above submissions of the Petitioner and BRPL and have perused the record. For redressal of the present issue, we think it proper to extract the relevant portions of the order dated 19.9.2018 in Petition No. 206/TT/2017 and the same are as under:

“15.....The petitioner has submitted the CEA certificate, RLDC certificate and the CMD certificate vide affidavit dated 9.1.2018. Further, the instant asset has been put into use from 3.8.2017 for evacuation of power from Units 5 and 6 of RAPP as per the revised arrangement. Accordingly, the COD of the instant asset has been approved as 3.8.2017.

16 During the hearing on 8.8.2018, learned counsel for BRPL requested to direct the petitioner to submit the power flow details of the instant asset on the date of energisation, TSA pertaining to the instant assets and copy of the LTA entered into by the petitioner with the generators. In response, the petitioner vide affidavit dated 18.8.2018 has submitted the power flow status of the RAPP-Kota line for three months from its COD i.e. from 30.8.2017 to 3.10.2017. The petitioner has further submitted that the instant asset was initially included in the LTA granted to RAPP 7 & 8 and subsequently considering the system requirement in the 25th NRPC meeting held on 23-24 February, 2012 and 31st Northern Region Standing Committee held on 2.1.2013, the instant asset was delinked from the evacuation system of RAPP 7 & 8 generation. Therefore, LTA is not applicable for the instant assets.”

15. In view of the above observations of the Commission in order dated 19.9.2018 in Petition No. 206/TT/2017 on the issue of completeness of the transmission asset, no fresh finding is required. Hence, the submission of BRPL on this issue is rejected.

Capital Cost

16. The Commission vide order dated 19.9.2018 in Petition No. 206/TT/2017 and corrigendum dated 5.11.2018 in Petition No. 206/TT/2017 allowed capital cost as on COD and ACE in respect of the transmission asset as under:

(₹ in lakh)				
Approved capital cost as per FR	Expenditure up to COD	Additional Capital Expenditure		Total capital cost as on 31.3.2019
		2017-18	2018-19	
10040.13	7111.65	1801.36	277.44	9190.45

17. The details of approved capital cost and the capital cost as on COD and ACE up to 31.3.2019 claimed by the Petitioner vide auditor's certificate dated 30.7.2019 for the transmission asset are as under:

(₹ in lakh)				
Approved capital cost as per FR	Capital cost as on COD	Additional Capital Expenditure		Total capital cost as on 31.3.2019
		2017-18	2018-19	
10040.13	7364.66	400.49	489.14	8254.29

18. UPPCL has submitted that there is inconsistency in the capital cost considered by the Petitioner *vis-à-vis* the cost allowed. The cost allowed vide order dated 19.9.2018 in Petition No. 206/TT/2017 is ₹7111.65 lakh whereas the cost considered by the Petitioner is ₹7113.97 lakh. In response, the Petitioner has submitted that the Commission deducted excess Initial Spares from the COD cost based on the recalculation of Initial Spares and year-wise Initial Spares discharge. The Petitioner has further submitted that the Commission deducted Initial Spares of ₹46.36 lakh only while the excess Initial Spares as per the revised calculations come to ₹50.40 lakh.

The Petitioner has submitted that based on the year-wise Initial Spares discharge, excess Initial Spares of ₹44.03 lakh was deducted from the COD cost and ₹6.37 lakh was further deducted from the ACE for the period 2018-19 and details of the same have been mentioned in the petition.

19. We have considered the submission of UPPCL and response of the Petitioner thereon. The completion cost including ACE is within the approved apportioned capital cost. Therefore, there is no cost over-run in respect of the transmission asset. The initial spares is dealt with in later part of this order.

Time over-run

20. The Commission vide order dated 19.9.2018 in Petition No. 206/TT/2017 observed that out of the total time over-run of 28 months and 7 days, time over-run of 15 months and 5 days was due to delay in forest clearance and delay in getting permission to work in RAPP and accordingly the same was condoned.

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

21. The Petitioner has claimed the IDC for the transmission asset and has submitted the Auditor's Certificate dated 30.7.2019 in support of the same. The Petitioner has submitted computation of IDC along with the year-wise details of the IDC discharged.

22. The IDC allowed in order dated 19.9.2018 in Petition No. 206/TT/2017 for the transmission asset was ₹471.77 lakh.

23. The allowable IDC has been worked out considering the information submitted by the Petitioner for the transmission asset on cash basis. The loan details submitted



in Form-9C for the 2014-19 tariff period and the IDC computation sheet have been considered for the purpose of IDC calculation on cash and accrued basis. The undischarged IDC as on COD has not been allowed on account of time over-run not condoned and computational difference.

24. The Petitioner has also included certain ACE of loans for calculation of IDC.

25. The IDC approved based on the submissions of the Petitioner is as under:

(₹ in lakh)

IDC approved in previous orders (A)	IDC claimed by Petitioner (B)	IDC disallowed due to excess claim and time over-run not condoned	IDC admissible	IDC allowed as on COD on cash basis
471.77	651.32	380.74	270.58	270.58

26. The Petitioner has also claimed IEDC of ₹98.30 lakh and submitted the Auditor's Certificate in support of the same. The Petitioner has also submitted that the entire IEDC has been discharged as on COD in respect of the transmission asset. The IEDC claimed is within the percentage of the Hard Cost and hence has been allowed after adjusting for the time over-run not condoned in the previous order. The details of IEDC claimed and allowed are as under:

(₹ in lakh)

IEDC claimed	IEDC disallowed due to time over-run not condoned	IEDC allowed
98.30	27.10	71.20

Initial Spares

27. The Petitioner had claimed initial spares for the transmission asset in Petition No. 206/TT/2017 as under:

Particulars	Initial Spares claimed
TL	70.08
SS (Brown field)	68.31



28. The Petitioner in the instant petition, vide affidavit dated 20.5.2020, has submitted Form 13 which contains the break-up of Initial Spares for the transmission asset and has also submitted the Auditor's Certificate in support of the Initial Spares claimed. The details of Initial Spares claimed by the Petitioner are as follows:

Particulars	Plant & machinery cost up to cut-off date (excluding IDC and IEDC as per Auditor's Certificate) (A) (₹ in lakh)	Initial Spares Claimed (B) (₹ in lakh)	Ceiling Limit (%) (C)	Initial Spares worked out by the Petitioner
				$D = [(A-B)*C / (100-C)]$ (₹ in lakh)
Transmission Line	7564.37	70.08	1	70.08
Sub-station	305.56	55.71	6	15.95
PLCC	66.55	12.60	3.5	1.96

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

"13. Initial Spares

(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: 5.00%*
- (vi) Communication system : 3.5%"*

30. The Petitioner did not claim Initial spares for PLCC under communication system separately for the transmission asset in Petition No. 206/TT/2017. Whereas, in the instant petition, the Petitioner has claimed the initial spares for PLCC under communication system separately. We are of the view that PLCC is part of Sub-station. Therefore, the Initial Spares for the transmission asset has been allowed



under sub-station by combing the plant and machinery cost upto cut-off date excluding IDC and IEDC of sub-station and PLCC.

31. The Petitioner has also submitted that the Initial Spares as claimed above under transmission line component is within the ceiling limit. However, for sub-station and PLCC, there is excess claim of ₹39.76 lakh and ₹10.64 lakh respectively. Accordingly, the same has been reduced from the claimed capital cost. The Petitioner has also submitted that excess Initial Spares of ₹46.36 lakh against the Sub-station was disallowed and deducted from the cost as on COD earlier in order dated 19.9.2018 in Petition 206/TT/2017.

32. We have considered the submissions of the Petitioner. The details of the Initial Spares allowed in terms of the 2014 Tariff Regulations are as under:

(₹ in lakh)

Particulars	Plant & Machinery Cost upto cut-off date (excluding IDC and IEDC) (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Ceiling Limit (%)	Initial Spares as per Ceiling Limit (₹ in lakh)	Initial Spares disallowed due to excess claim (₹ in lakh)	Initial Spares allowed (₹ in lakh)
Transmission Line	7564.37	70.08	1	75.70	-	70.08
Sub-station	372.11	68.31	6	19.39	48.92*	19.39

*Out of this, ₹43.15 lakh has been disallowed on COD and ₹5.77 lakh has been disallowed in 2018-19.

Capital Cost as on COD

33. Accordingly, the capital cost allowed in respect of the transmission asset as on COD is summarized hereunder:

(₹ in lakh)

Capital cost claimed as on COD as per Auditor's	Less: IDC disallowed due to computational	Less: IEDC disallowed due to time over-run (C)	Less: Excess Spares disallowed	Capital cost considered as on COD



certificate (A)	difference and time over-run (B)		as on COD (D)	E=A-B-C-D
7364.66	380.74	27.10	43.15	6913.67

Additional Capital Expenditure (ACE)

34. The Commission had allowed ACE of ₹2078.80 lakh for the transmission asset during the 2014-19 period vide order dated 19.9.2018 in Petition No. 206/TT/2017. The Petitioner has claimed the following trued-up ACE in respect of the transmission asset and submitted Auditor's Certificate in support of its claim:

(₹ in lakh)

ACE			
2017-18		2018-19	
IDC Discharged	As per Auditor's Certificate	IDC Discharged	As per Auditor's Certificate
40.33	400.49	14.18	489.14

35. UPPCL has submitted that the ACE should be supported by year-wise and item-wise liability flow statements.

36. The Petitioner has submitted that ACE in the transmission asset is on account of undischarged liability towards the final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date. The ACE for the years 2017-18, 2018-19 has been claimed under Regulation 14(1)(i) (un-discharged liabilities) and Regulation 14(1)(ii) of the 2014 Tariff Regulations.

37. The Petitioner has submitted that ACE upto 31.3.2019 has been considered in the Auditor's Certificate as per actuals. The Petitioner has submitted Form 5 for the transmission asset. Contract-wise details submitted by the Petitioner are as follows:

(₹ in lakh)

Party	Particulars	Outstanding Liability as on COD	Discharge			Outstanding Liability as on 31.3.2019
			2017-18	2018-19	Total (2014-19)	



Jyoti Power Trans. Ltd	Transmission Line	979.55	240.38	351.52	591.9	387.65
Techno Electric Co. Ltd	Sub-station	26.61	1.74	5.77	7.51	19.10
Techno Electric Co. Ltd	PLCC	15.37	-	13.56	13.56	1.81
Techno Electric Co. Ltd	IT	0.90	-	-	-	0.90
Total		1022.43	242.12	370.85	612.97	409.46

(₹ in lakh)

Party	Particulars	Details of unexecuted work		
		2017-18	2018-19	Total (2014-19)
Jyoti Power Trans. Ltd	Transmission Line	158.41	118.29	276.70

38. The cut-off date for the transmission asset is 31.3.2020 and thus the ACE claimed is within the cut-off date.

39. The Petitioner has claimed ACE including the accrued IDC discharged during 2017-18 to 2018-19 period. It is observed that the total estimated completion cost including ACE for 2017-18 to 2018-19 period is within the approved cost as per FR.

40. The ACE claimed by the Petitioner for 2017-18 to 2018-19 period for the transmission asset is within the cut-off date. Therefore, the same has been considered for computation of total capital cost as on 31.3.2019. Excess Initial Spares of ₹5.77 lakh has been reduced from the ACE for the year 2018-19. Accordingly, ACE allowed for the transmission asset is as follows:

(₹ in lakh)

Particulars	2017-18	2018-19
ACE to the extent of Balance & Retention Payments and work deferred for execution other than IDC	400.49	483.37



Capital Cost for the tariff period 2014-19

41. Accordingly, the capital cost of the transmission asset considered for the 2014-19 tariff period is as follows:

(₹ in lakh)			
Capital cost as on COD (on cash basis)	2017-18	2018-19	Total capital cost as on 31.3.2019
6913.67	400.49	483.37	7797.53

Debt-Equity Ratio

42. The Petitioner has considered the debt-equity ratio of 70:30 as on COD and for ACE in respect of the transmission asset. The debt-equity ratio of 70:30 claimed by the Petitioner in Form 6 has been considered for capital cost as on COD and ACE during 2017-18 to 2018-19 period as provided under Regulation 19 of the 2014 Tariff Regulations. The same is summarised as under:

Particulars	As on COD		As on 31.3.2019	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Debt	4839.58	70.00	5458.29	70.00
Equity	2074.09	30.00	2339.25	30.00
Total	6913.67	100.00	7797.53	100.00

Interest on Loan (IoL)

43. The Petitioner has claimed IoL based on actual interest rates for each year during the 2014-19 tariff period. The Petitioner has submitted that the weighted average rate of IoL has been considered on the basis of the rates prevailing as on 1.4.2014 and has prayed to consider floating rate of interest applicable during the 2014-19 period, if any, during the truing up of tariff.

44. UPPCL has submitted to examine the validity of derivation of weighted average Rate of Interest. In response, the Petitioner has submitted that the detailed

calculation of weighted average rate of interest on loan for the 2014-19 tariff period has been provided in Tariff Forms 9E and 9C in the instant petition.

45. We have considered the submissions made by the Petitioner and UPPCL. It is observed that the SBI loan with respect to the transmission asset has been deployed with floating interest rates. Accordingly, factoring the impact of floating rate of interest, IoL has been worked out based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations.

46. IoL in respect of the transmission asset has been worked out as per the following considerations:

i. Gross amount of loan, repayment of instalments, rate of interest and weighted average rate of interest on actual average loan have been considered as per the petition.

ii. The repayment for the 2014-19 tariff period has been considered to be equal to the depreciation allowed for that period.

47. The trued up IoL approved for the transmission asset for the period from COD to 31.3.2019 is as follows:

Particular	₹ in lakh	
	2017-18 (Pro-rata for 241 days)	2018-19
Gross Normative Loan	4839.58	5119.93
Cumulative Repayments upto Previous Year	0.00	248.38
Net Loan-Opening	4839.58	4871.54
Addition due to Additional Capitalization	280.34	338.36
Repayment during the year	248.38	399.58
Net Loan-Closing	4871.54	4810.32
Average Loan	4855.56	4840.93
Weighted Average Rate of Interest on Loan (%)	7.960	7.949
Interest on Loan	255.20	384.83

48. Accordingly, IoL approved vide order dated 19.9.2018 in Petition No. 206/TT/2017 read with corrigendum dated 5.11.2018, claimed by the Petitioner in the



instant petition and trued up in this order in respect of the transmission asset is shown in the table below:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Approved vide order dated 19.9.2018 and in Petition No. 206/TT/2017 read with corrigendum dated 5.11.2018	297.89	479.33
As claimed by the Petitioner in the instant petition	262.37	394.90
Allowed after true-up in this order	255.20	384.83

Return on Equity (RoE)

49. The Petitioner has claimed RoE for 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 following effective tax rates for the 2014-19 tariff period:

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

50. BRPL has submitted that the information regarding Income Tax Assessment submitted by the Petitioner is in respect of all the business streams undertaken by it and the same is not in respect of the tax on the transmission business in respect of the Northern Region. Accordingly, the said information is not relevant information for the purposes of effective tax rate as Regulation 25(1) of the 2014 Tariff Regulations stipulates that any income from non-transmission business shall not be taken into consideration for the effective tax rate. BRPL has further submitted that on the basis of the financial statements of the Petitioner in public domain, it has worked out the



effective tax rate of the Petitioner which stands at 8.70% for 2014-15 and 'Nil' in 2015-16, 2016-17, 2017-18, and 2018-19. BRPL has submitted that the computed tax rate of the Petitioner is based on the consolidated financial statements of the Company and the effective tax rate on the actual income of the transmission business would be further reduced as the benefits of tax rate applicable on the transmission business would be further reduced as the benefits of tax are applicable on the transmission business. BRPL has further submitted that in terms of the provisions of Regulation 8(8) of the 2014 Tariff Regulations, the Petitioner is required to carry out the truing up of the grossed up rate of RoE in accordance with clause 3 of Regulation 25 of the 2014 Tariff Regulations. However, the Petitioner has not furnished any details pursuant to the truing up exercise indicating whether there was under-recovery or over-recovery of the grossed-up rate of return either claimed or refunded on year to year basis from/to the beneficiaries. BRPL has submitted that the Petitioner in Form 3 has mentioned that the effective tax rate for 2014-19 tariff period as zero and as such no tax during the tariff period 2014-19 was paid by the Petitioner in respect of its transmission business. BRPL has submitted that over-payment of tax by the beneficiaries may be returned to them immediately. With regard to deferred tax liability in terms of Regulation 49 of the 2014 Tariff Regulations, BRPL has submitted that the claim of tax amount of deferred tax liabilities is permissible upto 31.3.2009 as and when the same is materialized and that deferred tax is required to be adjusted for the tariff period 2004-09 period as there was no concept of grossing up of the equity and the beneficiaries were paying the income tax on actuals as per the provisions of 2004 Tariff Regulations. BRPL has submitted that the Respondents were paying the income tax on transmission business without the benefits being allowed under the Income Tax Act, 1961 (hereinafter referred to as "the 1961 Act"). The Petitioner is



required to pay back the extra amount of income tax collected after accounting for the benefits allowed under the 1961 Act and it cannot be allowed to use the extra payment of the Respondents for its own use for payment of income tax for the services other than the transmission service. BRPL has submitted that the Petitioner has failed to furnish on record the documentary evidence of tax payment to the Income Tax Department on the transmission business of Northern Region and as such the submission of the Petitioner to include the effective tax rate in the present case is liable to be rejected.

51. BRPL has further submitted that the transmission companies have been allowed huge tax benefits under the 1961 Act in the form of Tax Holiday for enterprises engaged in infrastructure development etc. as per Section 80IA of the 1961 Act and other benefits like the higher depreciation allowed in initial years. BRPL has submitted that the Petitioner has already stated on affidavit that the effective tax rate is zero and accordingly the effective tax rate for the earlier tariff period (2009-14) would also be zero since the benefits of the tax holiday under Section 80IA of the 1961 Act and other benefits like the higher depreciation etc. were also be applicable during earlier tariff period.

52. In response, the Petitioner has submitted that that the Petitioner does not file income tax return on transmission business in respect of particular region as the Company has a single PAN and there is no provision in the 1961 Act to file separate returns on the basis of nature of business being undertaken by any entity. All the documents in support of Income tax (either returns or assessment orders) are for the Petitioner's Company as a whole. The Auditor's Certificate clearly shows the income from transmission business and income from other segments along with copy of



assessment order/income return which are relevant to derive the effective tax rate and has already been submitted in Petition No. 24/TT/2020. The Petitioner has submitted that it has computed effective tax rate based on actual tax paid pursuant to assessment orders for years 2014-15, 2015-16 and 2016-17. The income tax due for 2017-18 and 2018-19 periods has been deposited and tax returns have already been filed, however assessment orders are yet to be received. The Petitioner has further submitted that after deducting depreciation and tax holiday benefit under normal provision, the income tax for the respective year has been calculated along with surcharge and cess, which works out to be in the range of 33.99% to 34.944% during financial years 2014-15 to 2018-19. In case, the tax computed under normal provision is less than the tax calculated on book profit at the percentage prescribed under section 115JB (Minimum Alternate Tax), then the Company has to pay tax computed as per the provisions of section 115JB of the 1961 Act which works out between 20.96% to 21.5488% (including surcharge and cess). Hence, the Petitioner Company is paying MAT. The Petitioner has further submitted that Regulation 15(3) of the 2009 Tariff Regulations provide that 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 submitted that Form-3 is a system generated form and due to a system error/constraint the header in Form-3 displays 0.00 instead of blank as the effective tax rate is mentioned in the following rows. The aforementioned error has now been rectified. The Petitioner has submitted that the Petitioner is eligible for claiming the deferred tax liabilities for the period up to 31.3.2009 on materialization on subsequent period i.e. financial year 2009-10 onwards. The Petitioner is only claiming the reimbursement of income tax liability, discharged as per the provisions of the Income Tax Act.



53. UPPCL has submitted that the grossed up rate of RoE for the period 2016-17 to 2018-19 is not based on the MAT rates approved by the Income Tax Authorities. 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 Income Tax Authorities, for the purpose of grossing up of RoE rate. Further, the effective rate of tax considered for 2017-18 and 2018-19 are based on the Income Tax returns filed for the purpose of grossing up RoE rate of respective years. The Petitioner has submitted that the authenticated tax rates have been considered for calculation of RoE.

54. We have considered the contentions of BRPL, UPPCL and the clarifications given by the Petitioner. BRPL has contended that details of the income tax submitted by the Petitioner are in respect of the Petitioner's Company as a whole and it does not pertain to the transmission business in Northern Region. The Petitioner has clarified that every registered Company has only one single PAN number and it has to file one single return and the Petitioner cannot file income tax return separately for each region. As regards the BRPL's contention that as per the information available in public domain, the Petitioner has to pay the effective tax rate for 2014-15 @8.70% and for the period 2015-19 it is zero and the excess recovery made by the Petitioner should be returned to the beneficiaries along with simple interest as provided in Regulation 6 of the 2009 Tariff Regulations, the Petitioner has clarified that the effective tax rate was shown as zero for the period 2015-19 inadvertently due to technical reasons and the Petitioner has paid income tax for the said period. The Petitioner has also clarified that as per the provisions of the 1961 Act, tax has to be computed under normal provisions of Income Tax Rules 1962 and as per MAT



provisions under the section 115JB of 1961 Act and the assessee will have to pay tax higher of the two. As per the submission, during the tariff period 2014-19, the Petitioner calculated the tax under regular provisions of Income Tax Act (with tax rates of 33.99% to 34.944%) and the tax was worked out to be lower than the tax payable under the MAT due to deductions under section 80IA and availability of accelerated depreciation under the Income Tax. Thus, the Petitioner has been assessed and paid tax under the MAT. We are satisfied with the clarifications given by the Petitioner and convinced that the Petitioner has acted prudently and has complied with the provisions of the 1961 Act and the provisions of the tariff regulations.

55. As regards UPPCL's contention that the grossed up rate of RoE for the period 2016-17 to 2018-19 is not based on the MAT rates approved by the Income Tax Authorities, it is observed that the effective rate of tax considered by the Petitioner for 2014-15, 2015-16 and 2016-17 periods is based on Assessment Orders issued by Income Tax Authorities and the effective rate of tax considered for 2017-18 and 2018-19 is based on the Income Tax returns filed for the purpose of grossing up the RoE rate of respective years. In view of the clarification given by the Petitioner, we are of the view that there is no merit in the contention of UPPCL.

56. The Commission in order dated 27.4.2020 in Petition No.274/TT/2019 has arrived at the effective tax rate based on the notified MAT rates for the Petitioner. The relevant portion of the order dated 27.4.2020 is as under:

"26. We are conscious that the entities covered under MAT regime are paying Income Tax as per MAT rate notified for respective financial year under IT Act, 1961, which is levied on the book profit of the entity computed as per the Section 115JB of the IT Act, 1961. The Section 115JB(2) defines book profit as net profit in the statement of Profit & Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner



has been paying income tax on income computed under Section 115JB of the IT Act, 1961 as per the MAT rates of the respective financial year, the notified MAT rate for respective financial year shall be considered as effective tax rate for the purpose of grossing up of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax authorities shall be considered on actual payment. However, penalty (for default on the part of the Assessee) if any imposed shall not be taken into account for the purpose of grossing up of rate of return on equity. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/ DICs as the case may be on year to year basis.

27. Accordingly, following effective tax rates based on notified MAT rates are considered for the purpose of grossing up of rate of return on equity:

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

”

57. The MAT rates considered in the above order are considered 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.

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

58. Accordingly, the trued up RoE approved for the transmission asset is as follows:

Particulars	(₹ in lakh)	
	2017-18 (Pro-rata for 241 days)	2018-19
Opening Equity	2074.09	2194.24
Addition due to Additional Capitalization	120.15	145.01



Closing Equity	2194.24	2339.25
Average Equity	2134.16	2266.74
Return on Equity (Base Rate) (%)	15.50	15.50
Tax Rate applicable (%)	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.705	19.758
Return on Equity (Pre-tax)	277.67	447.86

59. Accordingly, the RoE approved vide order dated 19.9.2018 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017, claimed by the Petitioner in the instant petition and trued up RoE allowed in the instant order in respect of the transmission asset is shown in the table below:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Approved vide order dated 19.9.2018 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017	311.23	532.51
As claimed by the Petitioner in the instant petition	285.49	459.72
Allowed after true-up in this order	277.67	447.86

Depreciation

60. UPPCL has submitted that there is inconsistency in the cumulative depreciation as claimed by the Petitioner and as allowed by the Commission in Petition No. 206/TT/2017. In response, the Petitioner has submitted that the changes in the cumulative depreciation are mainly on account of the difference in the admitted cost and claimed cost and due to the difference between the admitted ACE and actual ACE.

61. The Petitioner's claim towards depreciation in respect of the transmission asset in this petition was found to be higher than the depreciation allowed in order dated 19.9.2018 in Petition No. 206/TT/2017. The Petitioner has neither given any justification for claiming higher depreciation than that was allowed earlier in the said order nor has made any specific prayer for allowing higher depreciation in this petition.



62. The tariff from COD to 31.3.2019 in respect of the transmission asset was determined vide order dated 19.9.2018 in Petition 206/TT/2017. It is observed that the Petitioner did not claim any capital expenditure towards "IT Equipment" in the above said petition where the tariff for the transmission asset from COD to 31.3.2019 was determined even though there was a clear provision in the 2014 Tariff Regulations providing depreciation @15% for IT Equipment. It is observed that the Petitioner has for the first time apportioned a part of the capital expenditure towards IT Equipment and has claimed depreciation under the head "IT Equipment" @15% at the time of truing up of the tariff for the 2014-19 tariff period.

63. Subsequently, it was identified that in Petition No. 206/TT/2017 during tariff determination of the transmission asset for the 2014-19 tariff period, the Petitioner submitted capital cost of IT equipment in sub-station cost and therefore depreciation for IT equipment was allowed @5.28% of corresponding capital cost.

64. Similar claim was made by the Petitioner in Petition No. 19/TT/2020, wherein the Commission vide order dated 9.5.2020 held as under:

"31. We have considered the submissions of the Petitioner. The instant assets were put into commercial operation during the 2009-14 period and the tariff from the respective CODs to 31.3.2014 was allowed vide orders dated 30.8.2012 and 9.5.2013 in Petition No.343/2010 and Petition No. 147/TT/2011 respectively. Further, the tariff of the 2009-14 period was trued up and tariff for the 2014-19 period was allowed vide order dated 25.2.2016 in Petition No.10/TT/2015. The Petitioner did not claim any capital expenditure towards "IT Equipment" in the above said three petitions where tariff for the instant assets for the 2009-14 period was allowed, tariff of the 2009-14 period was trued up and tariff for 2014- 19 period was allowed even though there was a clear provision in the 2009 Tariff Regulations and 2014 Tariff Regulations providing depreciation @15% for IT Equipment. Having failed to make a claim as per the 2009 Tariff Regulations(the period during which COD of assets was achieved), the Petitioner has now, at the time of truing up of the tariff allowed for the 2014-19 period has apportioned a part of the capital expenditure to "IT Equipment". The Petitioner has adopted similar methodology not only in this but in some of the other petitions listed along with the instant petition on 26.2.2020. It is observed that the Petitioner has for the first time apportioned a part of the capital expenditure towards IT Equipment and has claimed depreciation under the head "IT Equipment" @15% at the time of truing up of



the tariff of 2014-19 period. Regulation 8(1) of the 2014 Tariff Regulations provides for truing up of the capital expenditure including the additional capital expenditure, incurred upto 31.3.2019, admitted by the Commission after prudence check. We are of the view that scope of truing up exercise is restricted to truing up of the capital expenditure already admitted and apportionment or reapportionment of the capital expenditure cannot be allowed at the time of truing up. Therefore, we are not inclined to consider the Petitioner's prayer for apportionment of capital expenditure towards IT Equipment and allowing depreciation @ 15% from 1.4.2014 onwards. Accordingly, the depreciation @ 5.28% has been considered for IT Equipment as part of the substation upto 31.3.2019 while truing up the capital expenditure for the 2014-19 period. During the 2019-24 tariff period, the IT Equipment has been considered separately and depreciation has been allowed @ 15% for the balance depreciable value of IT Equipment in accordance with Regulation 33 read with Sr. No. (p) of the Appendix-I (Depreciation Schedule) of the 2019 Tariff Regulations."

65. In line with the above decision, the depreciation @5.28% has been considered for IT Equipment as part of the sub-station upto 31.3.2019 while truing up the capital expenditure for the 2014-19 period. During the 2019-24 tariff period, the IT Equipment has been considered separately and depreciation has been allowed @15% for the balance depreciable value of IT Equipment in accordance with Regulation 33 of the 2019 Tariff Regulations. Weighted Average Rate of Depreciation (WAROD) has been worked out in respect of the transmission asset taking into account the depreciation rate as prescribed in the 2014 Tariff Regulations and the trued-up depreciation allowed for the transmission asset is as under:

Particular	(₹ in lakh)	
	2017-18 (Pro-rata for 241 days)	2018-19
Opening Gross Block	6913.67	7314.16
Additional Capitalisation	400.49	483.37
Closing Gross Block	7314.16	7797.53
Average Gross Block	7113.92	7555.85
Weighted average rate of Depreciation (WAROD) (%)	5.288	5.288
Balance useful life of the asset at the beginning of year	34	34
Elapsed life at the beginning of the year	0	0
Aggregated Depreciable Value	6402.53	6800.26
Depreciation during the year	248.38	399.58
Aggregate Cumulative Depreciation	248.38	647.97
Remaining Aggregate Depreciable Value at	6154.15	6152.30



the end of the year		
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66. Accordingly, the depreciation approved vide order dated 19.9.2018 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017, claimed by the Petitioner in the instant petition and true up depreciation allowed in respect of the transmission asset is shown in the table below:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Approved vide order dated 19.9.2018 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017	279.76	478.67
As claimed by the Petitioner in the instant petition	255.96	411.04
Allowed after true-up in this order	248.38	399.58

Operation & Maintenance Expenses (O&M Expenses)

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

Particulars	(₹ in lakh)	
	2017-18 (Pro-rata for 241 days)	2018-19
Sub-station Bays		
400 kV RAPP Bay at Kota – Nos.	1	1
Norm (₹ lakh/bay)		
400 kV Sub-station Bays	66.51	68.71
Total Sub-station O&M	66.51	68.71
AC Lines (Line length in km)		
RAPP 7 & 8 - Kota 400 D/C Line – DC	44.607	44.607
RAPP 7 & 8 - Kota D/C Line – MC	9.998	9.998
RAPP 7 & 8 - Kota D/C Line – SC	0.905	0.905
Norm (₹ lakh/km)		
D/C Twin Conductor	0.78	0.81
Multi Ckt Twin	1.37	1.41
Single Circuit Twin Conductor	0.45	0.46
Total Transmission Line:		
D/C Twin Conductor	34.79	35.95
Multi Ckt Twin	13.68	14.13
Single Circuit Twin Conductor	0.40	0.42
Total O&M Expenses	76.18	119.21



68. Accordingly, the O&M Expenses approved vide order dated 19.9.2018 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017, claimed by the Petitioner in the instant petition and trued up O&M allowed in this order in respect of the transmission asset is shown in the table below:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Approved vide order dated 19.9.2018 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017	76.18	119.21
As claimed by the Petitioner in the instant petition	76.18	119.21
Allowed after true-up in this order	76.18	119.21

Interest of Working Capital (IWC)

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

(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 IWC is considered on normative basis in accordance with Regulation 28(3) of the 2014 Tariff Regulations.

70. The trued up IWC approved for the transmission asset is as under:



(₹ in lakh)

Particulars	2017-18 (Pro-rata for 241 days)	2018-19
O & M Expenses	9.62	9.93
Maintenance Spares	17.31	17.88
Receivables	221.65	230.68
Total	248.58	258.49
Rate of Interest (%)	12.60	12.60
Interest of working Capital	20.68	32.57

71. Accordingly, IWC approved vide order dated 19.9.2018 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017, claimed by the Petitioner in the instant petition and trued up IWC allowed in this order in respect of the transmission asset is shown in the table below:

(₹ in lakh)

Particulars	2017-18	2018-19
Approved vide order dated 19.9.2018 and Corrigendum dated 5.11.2018 in Petition No. 206/TT/2017	23.36	38.73
As claimed by the Petitioner in the instant petition	21.16	33.29
Allowed after true-up in this order	20.68	32.57

Approved Annual Fixed Charges for the 2014-19 Tariff Period

72. Accordingly, the annual fixed charges allowed for the transmission asset after truing up of the 2014-19 tariff period are as under:

(₹ in lakh)

Particulars	2017-18 (Pro-rata for 241 days)	2018-19
Depreciation	248.38	399.58
Interest on Loan	255.20	384.83
Return on Equity	277.67	447.86
Interest on Working Capital	20.68	32.57
O & M Expenses	76.19	119.21
Total	878.12	1384.05

73. Accordingly, annual transmission charges approved vide order dated 19.9.2018 read with corrigendum dated 5.11.2018 in Petition No. 206/TT/2017, as

claimed by the Petitioner in the instant petition and approved after trueing up in the instant order in respect of the transmission asset is shown in the table below:

Particulars	(₹ in lakh)	
	2017-18	2018-19
Approved vide order dated 19.9.2018 and Corrigendum dated 5.11.2018 in Petition No. 206/TT/2017	988.42	1648.45
As claimed by the Petitioner in the instant petition	901.16	1418.16
Allowed after true-up in this order	878.12	1384.05

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

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	201-22	2022-23	2023-24
Depreciation	435.28	446.74	446.74	446.74	446.74
Interest on Loan	390.67	366.72	331.00	295.29	258.87
Return on Equity	462.78	474.94	474.94	474.94	474.94
Interest on Working Capital	23.24	23.43	23.03	22.63	22.18
Operation and Maintenance	88.55	91.61	94.79	98.07	101.46
Total	1400.52	1403.44	1370.50	1337.67	1304.19

75. The Petitioner has claimed the following IWC for the transmission asset for the 2019-24 tariff period:

Particulars	(₹ in lakh)				
	2019-20	2020-21	201-22	2022-23	2023-24
O&M expenses	7.38	7.63	7.90	8.17	8.46
Maintenance Spares	13.28	13.74	14.22	14.71	15.22
Receivables	172.20	173.03	168.97	164.92	160.35
Total	192.86	194.40	191.09	187.80	184.03
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	23.24	23.43	23.03	22.63	22.18

Weighted Average Life (WAL) of the Transmission Asset



76. The life as defined in Regulation 33 of the 2019 Tariff Regulations has been considered for determination of Weighted Average Life (WAL).

77. The asset may have multiple elements (i.e. land, building, transmission line, sub-station and PLCC) and each element may have different span of life. Therefore, the concept of WAL has been used as the useful life of the project as whole.

78. WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2019 and their respective life as stipulated in the 2019 Tariff Regulations. The element-wise life as it was defined in the 2014 Tariff Regulations prevailing at the time of actual COD of the individual asset has been ignored for this purpose. The life as defined in the 2019 Tariff Regulations has been considered for determination of WAL. Accordingly, WAL of the transmission asset has been worked out as 34 years as shown below:

Admitted capital cost as on 31.3.2019				
Particulars	Capital cost (₹ in lakh) (a)	Life as per 2019 Regulation (Years) (b)	Weight (c)=(a) x (b) (₹ in lakh)	Weighted Avg. Life of Asset (in years) (d) = (c)/ (a)
Building	0.00	25	0.00	
Transmission Line	7479.61	35	261786.43	
Sub Station	240.93	25	6023.24	
PLCC	67.31	15	1009.64	
Leasehold Land	0.00	25	0.00	
IT Equipment and software	9.68	7	64.55	
Total	7797.53		268883.86	34.48 Years (Rounded off to 34 years)

79. The WAL as on 1.4.2019 as determined above is applicable prospectively (i.e. for 2019-24 tariff period onwards) and no retrospective adjustment of depreciation in

previous tariff period is required to be done. Accordingly, the WAL has been used to determine the remaining useful life as on 31.3.2019 to be 34 years.

Capital Cost as on 1.4.2019

80. Regulations 19 of the 2019 Tariff Regulations provides as under:

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

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

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

(b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

- (a) *The assets forming part of the project, but not in use, as declared in the tariff petition;*
- (b) *De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:*

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

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

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



81. The Petitioner vide Auditor's Certificate has claimed the following capital cost including ACE projected to be incurred during the year 2019-20:

(₹ in lakh)			
Approved capital cost as per IA	Capital cost claimed as on 31.3.2019	ACE claimed in 2019-20	Estimated completion capital cost
10040.13	8254.29	431.81	8686.10

82. Against the overall approved capital cost as per FR of ₹10040.13 lakh, the estimated completion capital cost is ₹8686.10 lakh. Therefore, there is no cost over-run.

83. The capital cost has been dealt with in line with Regulation 19(3) of the 2019 Tariff Regulations. The element-wise capital cost (i.e. land, building, transmission line, sub-station and PLCC) admitted as on 31.3.2019 for the transmission asset is as follows:

(₹ in lakh)	
Element	Amount
Free hold Land	0.00
Leasehold Land	0.00
Building & Other Civil Works	0.00
Transmission Line	7479.61
Sub-station Equipment	240.93
PLCC	67.31
IT Equipment and Software	9.68
Total	7797.53

Additional Capital Expenditure (ACE)

84. Regulations 24 and 25 of the 2019 Tariff Regulations provide as under:

"24. Additional Capitalization within the original scope and up to 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.*

25. Additional Capitalisation within the original scope and after the cut-off date:

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

- a) *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;*
- b) *Change in law or compliance of any existing law;*
- c) *Deferred works relating to ash pond or ash handling system in the original scope of work;*
- d) *Liability for works executed prior to the cut-off date;*
- e) *Force Majeure events;*
- f) *Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and*
- g) *Raising of ash dyke as a part of ash disposal system.*

(2) *In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*

- (a) *The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*
- (b) *The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*
- (c) *The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- (d) *The replacement of such asset or equipment has otherwise been allowed by the Commission.”*

85. The Petitioner has claimed projected ACE for the 2019-24 tariff period and submitted Auditor’s Certificate in support of the same. The Petitioner has submitted



that ACE claimed for the period 1.4.2019 to 31.3.2020 is on estimated basis and may vary due to final claim/reconciliation at the time of contract closing. The Petitioner has claimed the projected ACE of ₹431.81 lakh during the 2019-20 period.

86. ACE claimed by the Petitioner is covered under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations and is within the cut-off date. Accordingly, ACE allowed in respect of the transmission asset is ₹431.81 lakh subject to truing-up.

Capital Cost for the 2019-24 Tariff Period

87. Accordingly, the capital cost considered for the 2019-24 tariff period subject to truing up is as follows:

(₹ in lakh)		
Capital cost allowed as on 1.4.2019	ACE allowed for the year 2019-20	Total estimated completion capital cost up to 31.3.2024
7797.53	431.81	8229.34

Debt-Equity Ratio

88. Regulation 18 of the 2019 Tariff Regulations provides as under:

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

Provided that:

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

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

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent



authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

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

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

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

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

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as ACE 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.”

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

Particulars	Capital cost as on 1.4.2019 (₹ in lakh)	(%)	Total capital cost as on 31.3.2024 (₹ in lakh)	(%)
Debt	5458.29	70.00	5760.55	70.00
Equity	2339.25	30.00	2468.79	30.00
Total	7797.53	100.00	8229.34	100.00

Return on Equity (RoE)

90. Regulations 30 and 31 of the 2019 Tariff Regulations provide as under:

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

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission project including communication project 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 project;

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 project 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 project up to load dispatch centre or protection project based on the report submitted by the respective RLDC;

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

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

- a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;
- b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:
Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.

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

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

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

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



or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.

Illustration-

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

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

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

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

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

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

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

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

91. UPPCL has submitted that the gross rate of RoE for the 2019-24 period is same as that of the rate ending in 2019-20 which is not based on MAT rates approved by the Income Tax Authorities. In response, the Petitioner has submitted that RoE has been calculated at the rate of 18.782% after grossing up RoE with MAT rate of 17.472% (Base Rate 15% + Surcharge 12% + Cess 4%) based on the formula given as per Regulation 31(2) of the 2019 Tariff Regulations for 2019-24 period. The Petitioner has further submitted that 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 the 2019-24 tariff period on actual gross income of any financial year.

92. We have considered the submissions of the Petitioner and UPPCL. The MAT rate applicable during the 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. Accordingly, RoE allowed for the transmission asset under Regulation 30 of the 2019 Tariff Regulations is as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	2339.25	2468.79	2468.79	2468.79	2468.79
Addition due to Additional Capitalization	129.54	0.00	0.00	0.00	0.00
Closing Equity	2468.79	2468.79	2468.79	2468.79	2468.79
Average Equity	2404.02	2468.79	2468.79	2468.79	2468.79
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50	15.50
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
Return on Equity (Pre-tax)	451.52	463.69	463.69	463.69	463.69

Interest on Loan (IoL)

93. Regulation 32 of the 2019 Tariff Regulations provides as under:

*“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 up to 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 project, 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”.

94. UPPCL has submitted to examine the validity of weighted average rates of interest on loan. UPPCL has further submitted that the Petitioner has already negotiated the loan portfolios bearing fixed year rate of interest, hence the apprehension of the Petitioner regarding imposition of floating rate of interest is premature.

95. In response, the Petitioner has submitted that in the instant petition, the loans deployed include loans carrying floating rates of interest. Therefore, the Petitioner has prayed to allow to bill and adjust the impact on interest on loan due to change in rate of interest on account of floating rate of interest applicable during the 2019-24 tariff period.

96. We have considered the submissions of UPPCL and the Petitioner. 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 the 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 truing up. In view of above, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations and the same is as follows:

(₹ in lakh)					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	5458.29	5760.55	5760.55	5760.55	5760.55
Cumulative Repayments up to Previous Year	648.00	1072.81	1509.08	1945.34	2381.60
Net Loan-Opening	4810.28	4687.74	4251.48	3815.21	3378.95
Addition due to Additional Capitalization	302.27	0.00	0.00	0.00	0.00
Repayment during the year	424.81	436.26	436.26	436.26	436.26
Net Loan-Closing	4687.74	4251.48	3815.21	3378.95	2942.68
Average Loan	4749.01	4469.61	4033.34	3597.08	3160.82
Weighted Average Rate of Interest on Loan (%)	8.031	8.016	8.019	8.021	8.004
Interest on Loan	381.40	358.29	323.42	288.54	252.98

Depreciation

97. Regulation 33 of the 2019 Tariff Regulations provides as under:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

98. The IT equipment has been considered as a part of the Gross Block and depreciated using WAROD. WAROD has been worked out after taking into account the depreciation rates of IT and non-IT assets as prescribed in the 2019 Tariff Regulations. The salvage value of IT equipment has been considered nil, i.e. IT asset has been considered as 100 per cent depreciable. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated



depreciation up to 31.3.2019. The depreciation allowed for the transmission asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	201-22	2022-23	2023-24
Opening Gross Block	7797.53	8229.34	8229.34	8229.34	8229.34
Addition during 2019-24 due to Projected Additional Capitalisation	431.81	0.00	0.00	0.00	0.00
Closing Gross Block	8229.34	8229.34	8229.34	8229.34	8229.34
Average Gross Block	8013.44	8229.34	8229.34	8229.34	8229.34
Weighted Average Rate of Depreciation (WAROD) (%)	5.301	5.301	5.301	5.301	5.301
Balance useful life of the asset	33	32	31	30	29
Elapsed Life at the beginning of the year	1	2	3	4	5
Aggregate Depreciable Value	7213.11	7407.47	7407.47	7407.47	7407.47
Depreciation during the year	424.81	436.26	436.26	436.26	436.26
Cumulative Depreciation up to previous year	648.00	1072.81	1509.08	1945.34	2381.60
Aggregate Cumulative Depreciation	1072.81	1509.08	1945.34	2381.60	2817.87
Remaining Depreciable Value	6140.29	5898.39	5462.13	5025.86	4589.60

Operation & Maintenance Expenses (O&M Expenses)

99. Regulations 35(3) and (4) of the 2019 Tariff Regulations provide as under:

“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



<i>Double Circuit (Bundled conductor with four or more sub-conductors)</i>	1.322	1.368	1.416	1.466	1.517
<i>Double Circuit (Twin & Triple Conductor)</i>	0.881	0.912	0.944	0.977	1.011
<i>Double Circuit (Single Conductor)</i>	0.377	0.391	0.404	0.419	0.433
<i>Multi Circuit (Bundled Conductor with four or more sub-conductor)</i>	2.319	2.401	2.485	2.572	2.662
<i>Multi Circuit (Twin & Triple Conductor)</i>	1.544	1.598	1.654	1.713	1.773
<i>Norms for HVDC stations</i>					
<i>HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)</i>	834	864	894	925	958
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)</i>	1,666	1,725	1,785	1,848	1,913
<i>500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)</i>	2,252	2,331	2,413	2,498	2,586
<i>±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)</i>	2,468	2,555	2,645	2,738	2,834
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

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



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

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

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

(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.”

100. UPPCL has submitted that the Petitioner’s claim of O&M Expenses for 2 Nos. 400 kV ICT is incorrect. In response, the Petitioner has submitted that O&M Expenses have been claimed as per the 2019 Tariff Regulations.

101. We have considered the submissions of UPPCL and the Petitioner. The total O&M Expenses claimed in respect of the transmission asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV RAPP Bay at Kota – Nos.	1	1	1	1	1
Norm (₹ lakh/bay)					
400 kV Bay	32.15	33.28	34.45	35.66	36.91
Total Sub-station O&M	32.15	33.28	34.45	35.66	36.91
AC Lines					
RAPP 7 & 8 - Kota 400 D/C Line - DC	44.607	44.607	44.607	44.607	44.607
RAPP 7 & 8 - Kota D/C Line – MC	9.998	9.998	9.998	9.998	9.998
RAPP 7 & 8 - Kota D/C Line – SC	0.905	0.905	0.905	0.905	0.905
Norm (₹ lakh/ km)					
M/C with Two Conductor	1.544	1.598	1.654	1.713	1.773
D/C Twin Conductor	0.881	0.912	0.944	0.977	1.011
Single Circuit Twin Conductor	0.503	0.521	0.539	0.558	0.578
Total Transmission Line:					
M/C with Two Conductor	15.44	15.98	16.54	17.13	17.73
D/C Twin Conductor	39.30	40.68	42.11	43.58	45.10
Single Circuit Twin Conductor	0.46	0.47	0.49	0.50	0.52
Communication System					
PLCC – capital cost (₹ lakh)	60.03	60.03	60.03	60.03	60.03
Norm (%)					



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
PLCC	2	2	2	2	2
Total Communication System	1.20	1.20	1.20	1.20	1.20
Total O&M Expenses	88.54	91.61	94.78	98.07	101.46

102. 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 are extracted hereunder:

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

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

106. The principle adopted in this petition that PLCC is part of sub-station and accordingly no separate O&M Expenses is admissible for PLCC equipment in the 2019-24 tariff period under Regulation 35(4) of the 2019 Tariff Regulations shall be applicable in case of all petitions where similar claim is made by the Petitioner. As



already mentioned, the Commission, however, on the basis of the claim made by the Petitioner has inadvertently allowed O&M Expenses for PLCC equipment @2% of its original project cost, which is applicable for other “communication system”, for 2019-24 period in 31 petitions given in Annexure-3 of this order. Therefore, the decision in this order shall also be applicable to all the petitions given in Annexure-3. Therefore, PGCIL is directed to bring this decision to the notice of all the stakeholders in the 31 petitions given in Annexure-3 and also make revised claim of O&M Expenses for PLCC as part of the sub-station at the time of truing up of the tariff allowed for 2019-24 period in respective petitions.”

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

103. The O&M Expenses allowed for the transmission asset is as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV RAPP Bay at Kota – Nos.	1	1	1	1	1
Norm (₹ lakh/bay)					
400 kV Bay	32.15	33.28	34.45	35.66	36.91
Total Sub-station O&M	32.15	33.28	34.45	35.66	36.91
AC Lines					
RAPP 7 & 8 - Kota 400 D/C Line - DC	44.607	44.607	44.607	44.607	44.607
RAPP 7 & 8 - Kota D/C Line – MC	9.998	9.998	9.998	9.998	9.998
RAPP 7 & 8 - Kota D/C Line – SC	0.905	0.905	0.905	0.905	0.905
Norm (₹ lakh/ km)					
M/C with Two Conductor	1.544	1.598	1.654	1.713	1.773
D/C Twin Conductor	0.881	0.912	0.944	0.977	1.011
Single Circuit Twin Conductor	0.503	0.521	0.539	0.558	0.578
Total Transmission Line:					
M/C with Two Conductor	15.44	15.98	16.54	17.13	17.73
D/C Twin Conductor	39.30	40.68	42.11	43.58	45.10
Single Circuit Twin Conductor	0.46	0.47	0.49	0.50	0.52
Total O&M Expenses	87.34	90.41	93.58	96.87	100.26

Interest on Working Capital (IWC)

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

“34. Interest on Working Capital:

(1).....

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

(i) Receivables equivalent to 45 days of 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.....

(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;”

105. The Petitioner has submitted that it has computed the 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 1year 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 are as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O & M Expenses	7.28	7.53	7.80	8.07	8.35
Maintenance Spares	13.10	13.56	14.04	14.53	15.04
Receivables	168.17	168.91	164.95	161.02	156.57
Total	181.27	182.47	178.99	175.55	171.61
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on working capital	22.72	21.38	21.01	20.66	20.25



Annual Fixed Charges for the 2019-24 Tariff Period

106. The various components of the annual fixed charges for the transmission asset for the 2019-24 tariff period is summarized below:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	424.81	436.26	436.26	436.26	436.26
Interest on Loan	381.40	358.29	323.42	288.54	252.98
Return on Equity	451.52	463.69	463.69	463.69	463.69
Interest on Working Capital	22.72	21.38	21.01	20.66	20.25
Operation and Maintenance	87.34	90.41	93.58	96.87	100.26
Total	1367.79	1370.03	1337.97	1306.02	1273.43

Filing Fee and Publication Expenses

107. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. BRPL has submitted that though the Commission can allow filing fee and publication expenses at its discretion under Regulation 70(1) of the 2019 Tariff Regulations, but the exercise of such discretion is a judicial discretion in the adjudication of tariff for which no justification has been submitted by the Petitioner. BRPL has referred to the Commission's order dated 11.9.2008 in Petition No. 129 of 2005 wherein it declined the claim of Central Power Sector undertakings for allowing the reimbursement of the application filing fee. In response, the Petitioner has submitted that it has requested for reimbursement of expenditure by the beneficiaries towards petition filing fee and publication expense, in terms of Regulation 70(1) of the 2019 Tariff Regulations. Further, the Petitioner has also placed reliance on the Commission's order dated 28.3.2016 in Petition No. 137/TT/2015 where it allowed the recovery of petition filing fee and expenditure for publication of notices from beneficiaries on pro-rata basis.



108. We have considered the submissions of the Petitioner and BRPL. Regulation 70(1) of the 2019 Tariff Regulations provides for reimbursement of the filing fees and publication paid by the Petitioner. Accordingly, the Petitioner is 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

109. The Petitioner has submitted that Regulation 70(3) and (4) of the 2019 Tariff Regulations authorize the Petitioner to bill and recover licensee fee from the beneficiaries. License fee is to be reimbursed directly by beneficiaries as per manner specified in Tariff Regulations.

110. We have considered the submissions of the Petitioner. 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

111. 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.



112. BRPL has submitted that the demand of the Petitioner is premature and need not be considered at this juncture. In response, the Petitioner has submitted that currently transmission of electricity by an electric transmission utility is exempted from GST. Hence, the transmission charges currently charged are exclusive of GST. Further, if GST is levied at any rate and at any point of time in future, the same shall be borne and additionally paid by the Respondents to the Petitioner and the same shall be charged and billed separately.

113. We have considered the submission of the Petitioner and BRPL. Since GST is not levied on transmission service at present, we are of the view that Petitioner's prayer is premature and the Petitioner is at liberty to approach the Commission if GST is levied subsequently.

Security Expenses

114. The Petitioner has submitted that security expenses for the transmission asset have not been 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 shall be filed on a yearly basis on the basis of the actual expenses of previous year subject to true up at the end of the year on actual expenses. The Petitioner has submitted that the difference, if any, between the estimated security expenses and actual security expenses as per the duly audited accounts may be allowed to be recovered from the beneficiaries on an early basis.



115. BRPL has submitted that the approach of the Petitioner towards the claim of security expenses does not warrant the need for IWC as the same is claimed in advance. In response, the Petitioner has submitted that the expenses are not claimed in the instant petition and shall be claimed separately in a separate petition along with other assets.

116. 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 the Petition No.260/MP/2020 claiming consolidated security expenses on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19. Therefore, security expenses will be dealt with in Petition No. 260/MP/2020 in accordance with the applicable provisions of the 2019 Tariff Regulations.

Capital Spares

117. The Petitioner has sought reimbursement of capital spares at the end of the tariff block. UPPCL has submitted that the claim of capital spares at the end of the tariff period is permissible only to the extent of the provision of the concerned tariff regulation which is the ceiling value. Therefore, if the value of actual capital spares is more than the provision for the same in the respective regulation, the same may not be allowed. In response, the Petitioner has submitted that the capital spares shall be claimed at the end of the tariff block as per actual. Accordingly, the Petitioner has not claimed capital spares the instant petition and has informed that the same shall be claimed in a separate petition along with all other assets in accordance with the 2019 Tariff Regulations.



118. We have considered the submissions of the Petitioner and UPPCL. The Petitioner's claim towards capital spares, if any, will be dealt in accordance with the provisions of the 2019 Tariff Regulations.

Sharing of Transmission Charges

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

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

Particulars	(₹ in lakh)	
	2017-18	2018-19
Annual Fixed Charges	878.12	1384.05

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	1367.79	1370.03	1337.97	1306.02	1273.43

122. This order disposes of Petition No. 138/TT/2020.

**Sd/
(Arun Goyal)
Member**

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



Annexure-I

Asset	2014-19	Admitted capital cost as on 1.4.2014 (₹ in lakh)	Admitted capital cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations				
	Capital Expenditure as on 1.4.2014				2014-15 (₹ in lakh)	2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Transmission Asset	Land	0.00	-	0	0.00	0.00	0.00	0.00	0.00
	Building	0.00	-	3.34	0.00	0.00	0.00	0.00	0.00
	Transmission Line	6611.05	7,479.61	5.28	0.00	0.00	0.00	359.59	382.52
	Sub-station	239.19	240.93	5.28	0.00	0.00	0.00	12.68	12.72
	PLCC	53.75	67.31	6.33	0.00	0.00	0.00	3.40	3.83
	Leasehold Land	0.00	-	3.34	0.00	0.00	0.00	0.00	0.00
	IT Equipment and software	9.68	9.68	5.28	0.00	0.00	0.00	0.51	0.51
	TOTAL		6,913.67	7,797.53		0.00	0.00	0.00	376.18
Average Gross Block (₹ in lakh)					0.00	0.00	0.00	7113.92	7555.85
Weighted Average Rate of Depreciation (%)					0	0	0	5.288	5.288



Annexure-II

Asset	2019-24	Admitted capital cost as on 1.4.2019 (₹ in lakh)	Admitted capital cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations				
	Capital Expenditure as on 1.4.2019				2019-20 (₹ in lakh)	2020-21 (₹ in lakh)	2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)
Asset	Land	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00
	Building	0.00	0.00	3.34	0.00	0.00	0.00	0.00	0.00
	Transmission Line	7479.61	7889.61	5.28	405.75	416.57	416.57	416.57	416.57
	Sub-station	240.93	260.03	5.28	13.23	13.73	13.73	13.73	13.73
	PLCC	67.31	69.12	6.33	4.32	4.38	4.38	4.38	4.38
	Leasehold Land	0.00	0.00	3.34	0.00	0.00	0.00	0.00	0.00
	IT Equipment and software	9.68	10.58	15	1.52	1.59	1.59	1.59	1.59
	TOTAL	7797.53	8229.34		424.81	436.26	436.26	436.26	436.26
Average Gross Block (₹ in lakh)					8013.44	8229.34	8229.34	8229.34	8229.34
Weighted Average Rate of Depreciation (%)					5.3	5.3	5.3	5.3	5.3

