

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 141/TT/2020

Coram:

Shri P.K. Pujari, Chairperson

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Shri P.K. Singh, Member

Date of Order: 08.11.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and revision of transmission tariff of the 2004-09 and 2009-14 tariff periods, truing up of transmission tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 in respect of **Combined Asset** comprising of **Asset-I:** LILO of both circuits of 400kV D/C Gazuwaka-Vijayawada Transmission Line at Vemagiri and **Asset-II:** Extension of 400/220 kV sub-station at Vijayawada under System Strengthening-VI of Southern Region Grid in Southern Region.

And in the matter of:

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

.....Petitioner

Versus

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



5. Electricity Department,
Government of Pondicherry,
Pondicherry-605001.
6. Eastern Power Distribution Company of Andhra Pradesh Limited,
P&T Colony, Seethmmadhara, Vishakhapatanam,
Andhra Pradesh.
7. Southern Power Distribution Company of Andhra Pradesh Limited,
Srinivasasa Kalyana Mandapam Backside, Tiruchanoor Road,
Kesavayana Gunta, Chittoor District,
Tirupati-517501 (Andhra Pradesh).
8. Southern Power Distribution Company of Telangana Limited,
Corporate Office, Mint Compound,
Hyderabad-500063 (Telangana).
9. Northern Power Distribution Company of Telangana Limited,
Opp. NIT Petrol Pump, Chaitanyapuri, Kazipet,
Warangal-506004 (Telangana).
10. Bangalore Electricity Supply Company Limited,
Corporate Office, K.R. Circle,
Bangalore-560001 (Karnataka).
11. Gulbarga Electricity Supply Company Limited,
Station Main Road, Gulbarga,
Karnataka.
12. Hubli Electricity Supply Company Limited,
Navanagar, PB Road, Hubli,
Karnataka.
13. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore-575001 (Karnataka).
14. Chamundeswari Electricity Supply Corporation Limited,
927, LJ Avenue, Ground Floor,
New Kantharaj URS Road, Saraswatipuram,
Mysore-570009 (Karnataka).
15. Electricity Department,
Government of Goa,
Vidyuti Bhawan, Panaji,
Goa-403001.



16. Transmission Corporation of Telangana Limited,
Vidhyut Sudha, Khairatabad,
Hyderabad-500082.

17. Tamil Nadu Transmission Corporation,
NPKRR Maaligai, 800, Anna Salai,
Chennai-600002.

.....Respondent(s)

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

For Respondents : Shri S. Vallinyagam, Advocate, TANGEDCO
Shri Dr. R. Kathiravan, TANGEDCO
Shri. R. Srinivasan, TANGEDCO
Ms. R. Ramalakshmi, TANGEDCO

ORDER

The Petitioner, Power Grid Corporation of India Limited, has filed the instant petition for revision of transmission tariff of the 2004-09 and 2009-14 tariff periods; truing up of the transmission tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”); and for determination of transmission tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the following transmission assets forming part of Combined Asset under System Strengthening-VI of Southern Region Grid in Southern Region (hereinafter referred to as “the transmission scheme”):

Asset-I: LILO of both circuit of 400kV D/C Gazuwaka-Vijayawada Transmission Line at Vemagiri; and

Asset-II: Extension of 400/220 kV substation at Vijayawada.

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

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



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

B. Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long-term customers / DIC as the case may be, as and when the same is materialized as per regulation 49 of 2014 and regulation 67 of 2019 tariff regulation. The petitioner may be allow to recover the deferred tax liability materialised directly without making any application before the commission as provided in the regulation.
- 4) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.*
- 5) *Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 6) *Allow the petitioner to 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.*
- 7) *Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 10.6 above.*
- 8) *Allow the petitioner to claim the capital spares at the end of tariff block as per actual.*
- 9) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

3. **Backdrop of the case**

- a) The Investment Approval (I.A.) for establishment of the transmission scheme was accorded by Board of Directors (BOD) of the Petitioner company (in its 164th meeting held on 28.2.2005) vide Memorandum Ref. No. C/CP/S45-00 dated 30.3.2005. A Corrigendum (Ref. No. C/CP/S45-00) dated 21.4.2005 at an



estimated cost of ₹11373.00 lakh, including IDC of ₹520.00 lakh with the scope of work as follows:

Transmission Line

LILO of both circuits of Gazuwaka-Vijayawada 400kV D/C line at Vemagiri (APTRANSCO)

Sub-station

Extension of 400/220 kV substations at Vijayawada (POWERGRID) and Vemagiri (APTRANSCO)

b) Further, a Corrigendum (Ref. No. C/CP/S45-00) dated 21.4.2005 with respect to I.A. was issued intimating that 400/220 kV sub-station of APTRANSCO at Vemagiri was to be extended by APTRANSCO at their cost for looping-in-looping-out of Gajuwaka-Vijayawada 400 kV D/C lines of the Petitioner and accordingly the scope related to the sub-station read as follows:

Sub-station

Extension of 400/220 kV sub-station at Vijayawada (POWERGRID) by POWERGRID and extension of Vemagiri (APTRANSCO) by APTRANSCO

c) The Revised Cost Estimate was accorded approval by BOD of the Petitioner company vide Memorandum dated 20.10.2008 at an estimated cost of ₹12684.00 lakh, including IDC of ₹713.00 lakh. As per I.A., the transmission scheme was scheduled to be commissioned within a period of 24 months from the date of letter of award for transformer package i.e. by December 2007 against which it was commissioned on 1.4.2008 with a time over-run of 03 months.

d) The transmission tariff of the transmission assets from COD (1.4.2008) to 31.3.2009 was allowed and time over-run in their commissioning was condoned by the Commission vide order dated 22.1.2009 in Petition No. 94/2008 further vide the said order, I.A. No. 20/2008 (in Petition No. 94/2008) was disposed of as infructuous, filed for *ad interim ex parte* order to charge the provisional transmission tariff on monthly basis from COD subject to adjustment based on approval of final tariff after disposal of Petition No. 94/2008.

e) The transmission tariff allowed vide order dated 22.1.2009 in Petition No. 94/2008 was revised on account of Additional Capital Expenditure (ACE) during



the period from 1.4.2008 to 31.3.2009 vide order dated 8.4.2010 in Petition No. 329/2009.

f) After accounting for ACE incurred/ projected to be incurred during 2009-10 and 2010-11, the transmission tariff of the transmission assets for the period from 1.4.2009 to 31.3.2014 was allowed vide order dated 25.2.2011 in Petition No. 202/2010.

g) The transmission tariff of Combined Asset for the 2009-14 tariff period was trued up and transmission tariff of the 2014-19 tariff period was allowed vide order dated 26.11.2015 in Petition No. 367/TT/2014.

h) The Commission vide order dated 26.11.2015 in Petition No. 367/TT/2014 had allowed the Petitioner to recover transmission charges as per the provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (hereinafter referred to as "the 2010 Sharing Regulations"), as amended from time to time.

i) Subsequent to above, the Petitioner experienced difficulty in implementing the recovery of transmission charges as per the 2010 Sharing Regulations and according to the Petitioner, the same was to be implemented as per the sharing mechanism prevailing prior to implementation of the 2010 Sharing Regulations i.e. prior to 1.7.2011.

j) Asset-II being downstream system was used by the host State (Andhra Pradesh) only and prior to introduction of the 2010 Sharing Regulations from 1.7.2011, there was a settled criterion laid down by the Commission that the transmission charges of the downstream assets was to be borne by the respective host State which is also evident from the order dated 28.3.2008 in Petition No. 85/2007 (Suo-motu). This philosophy was done away with, with effect from 1.7.2011, after implementation of the 2010 Sharing Regulations. Accordingly, in order to enable the recovery of transmission charges pertaining to Asset-II from the host State beneficiaries, the tariff of Asset-II were to be allowed separately up to 30.6.2011. Thereafter, the Petitioner had to seek tariff as per the 2010 Sharing Regulations separately from 1.7.2011.



k) The Petitioner has submitted that the transmission assets were combined inadvertently from 1.4.2009 (instead of from 1.7.2011) in Petition No. 367/TT/2014 while truing up of tariff for the 2009-14 period.. The Petitioner had faced difficulties in billing based on combined tariff determined by the Commission in Petition No. 367/TT/2014. Therefore, the Petitioner had approached the Commission for revisiting of the combined tariff of Asset-I and Asset-II allowed in Petition No. 367/TT/2014 and had sought approval for separate transmission tariff in respect of Asset-I and Asset-II from 1.4.2009 to 30.6.2011 (pre-POC period) and combined tariff from 1.7.2011 to 31.3.2014 (post-POC period).

l) Consequently, the transmission tariff of Asset-I and Asset-II from 1.4.2009 to 30.6.2011 and Combined Asset from 1.7.2011 to 31.3.2014 was trued-up and the tariff of Combined Asset for the period from 1.4.2014 to 31.3.2019 was allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016.

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

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

o) The APTEL in judgment dated 22.1.2007 in Appeal No.81 of 2005 and batch matters pertaining to generating stations of NTPC had considered 4 (four) issues. The issues considered by APTEL and its decisions/ directions are as follows:



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

p) The APTEL in its judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters pertaining to generating stations of NTPC had considered 9 (nine) issues. The issues considered and the decisions directions of the APTEL are as follows:

Sl. No.	Issue	APTEL's decision/direction
I	Computation of outstanding loan at the beginning of the tariff period i.e. 1.4.2004	The Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis.
II	Consequence of refinance of loan	The Commission to consider the issue afresh
III	Treating depreciation available as deemed repayment of loan	The Commission to make a fresh computation of outstanding loan
IV	Admissibility of depreciation up to 90%	The Commission to consider the issue afresh
V	Cost of Maintenance Spares	The Commission to consider the issue afresh
VI	Impact of de-capitalisation of the assets on cumulative repayment of loan	The cumulative repayment of the loan proportionate to the assets de-capitalized required to be reduced. The Commission to act accordingly
VII	Non-consideration of normative transit loss for coal import	The Commission to consider afresh the transit losses for coal imported from coal mines other than the dedicated ones
VIII	Foreign Exchange Rate	FERV has been kept as pass through



	Variation (FERV)	to ensure that any liability or gain, if any, arising on account of any variation in foreign exchange rates is passed on to the beneficiary as held in order dated 4.10.2006 in Appeals Nos.135 to 140 of 2005. The Commission to act accordingly
IX	Computation of IoL in Singrauli Station	Net loan closing at the end of a year is reflected as net loan opening on the first day of the next year. The Commission shall re-compute the interest accordingly

q) The Commission and certain interested parties preferred Civil Appeals against the APTEL's judgments before the Hon'ble Supreme Court in 2007. The Appeals were admitted and initially stay was granted by the Hon'ble Supreme Court. Subsequently, on an assurance by NTPC that the issues under Appeal would not be pressed for implementation during the pendency of the Appeals, the stay was vacated by the Hon'ble Supreme Court.

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

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

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

u) The instant petition was heard on 3.8.2021 and in view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the judgment of Hon'ble Supreme Court dated 10.4.2018, tariff is being revised. Period-wise transmission



tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods and suitable assumptions have been made at certain places and applied, which are indicated.

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (the 2003 Act). No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), Respondent No. 4, has filed its reply vide affidavit dated 25.8.2021 and has raised the issues of retrospective revision of tariff and sharing of transmission charges. The Petitioner has filed its rejoinder vide affidavit dated 7.9.2021 in response to TANGEDCO's reply. The issues raised by TANGEDCO and the clarifications given by the Petitioner are considered in the relevant portions of this order.

Re: Interest on Loan

6. The APTEL while dealing with the issue of computation of IoL, in judgment dated 22.1.2007 observed that IoL for the period from 1.4.1998 to 31.3.2001 shall be computed only on normative loan repayment as per its judgment dated 14.11.2006 in Appeal Nos. 94 and 96 of 2005. The APTEL vide judgment dated 14.11.2006 had set aside the Commission's methodology of computation of loan on the actual repayment basis or normative repayment whichever is higher and held that the Commission is required to adopt normative debt repayment methodology for working out IoL liability



for the period from 1.4.1998 to 31.3.2001. In view of the above, the interest allowed for the 2004-09 tariff period is revised on the basis of the normative debt repayment methodology.

Re: Additional Capital Expenditure

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

Re: Depreciation

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

9. The revision of transmission tariff allowed for the 2004-09 tariff period necessitates the revision of transmission tariff allowed for the 2009-14 tariff period, which is also being done in the present order. The implementation of the directions of the APTEL vide judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters was kept pending in case of the Petitioner awaiting the outcome of the Civil Appeals filed before the Hon'ble Supreme Court. Taking into consideration the facts of the case and keeping in view the interest of the consumers, we are of the view that the beneficiaries should not be burdened with the carrying cost for the difference in the tariff allowed earlier and allowed in the instant order for the 2004-09 and 2009-14 tariff periods.



Therefore, we direct that the Petitioner will neither claim nor pay any carrying cost from or to the beneficiaries for the difference, if any, in the tariff allowed earlier and the tariff being allowed in the instant order. Further, the said difference in tariff shall be recovered/ paid over a period of six months from the date of issue of this order.

10. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 3.1.2020, the Petitioner's affidavit dated 25.6.2021 filed in response to technical validation letter, TANGEDCO's reply filed vide affidavit dated 25.8.2021 and Petitioner's rejoinder filed vide affidavit dated 7.9.2021 to TANGEDCO's reply.

11. The hearing in this matter was held on 3.8.2021 through video conference and the order was reserved. Having heard the learned counsel of TANGEDCO and representatives of the Petitioner and after perusal of the materials on record, we proceed to dispose of the petition.

TANGEDCO's submissions vide counter affidavit dated 25.8.2021

12. TANGEDCO has raised several issues [said to have been observed by the Hon'ble Supreme Court in U.P. Power Corporation Limited vs. NTPC Limited (2009) 6 SCC 235] including the issues of revision applications filed by NTPC Limited for its Korba and Dadri Power Stations, claiming allowance of revised costs incurred during 2000-2001. TANGEDCO has submitted as under:

- a. NTPC in October 2003 had filed review petitions seeking to review Korba and Dadri tariffs for the period from 1997 to 2000 without any claim towards actual revised costs for the said period, but in July 2005, it had sought revised cost incurred by it. Similarly, the Petitioner had not raised the issue of revision of tariff in its Petition No. 45/2002, Petition No.134/2004, Petition No.92/2009 and Petition No.204/TT/2014, but has in the instant petition raised the issue based on the Commission's order in Petition No. 121/2007.



b. The Commission had passed an order in NTPC petitions relating to Korba and Dadri in which, *inter-alia*, it was held that after deciding the tariff, the Commission could not revisit the matter covered in the tariff orders, which had acquired finality. The APTEL had set aside the said order of the Commission and permitted additional costs to be absorbed in the new tariff.

c. The Hon'ble Supreme Court in U.P. Power Corporation Limited *supra* observed that the tariff regulations are applicable for a particular tariff period and that the 2001 Tariff Regulations are applicable for a limited period of three years. However, in the instant petition, the Petitioner has made a prayer to revise the tariff retrospectively for a period wherein the tariff period has expired. In view of the limited applicability of relevant Tariff Regulations to a particular period, the revision of tariff sought by the Petitioner in the present petition relying on the order of the Commission in Petition No. 121/2007 cannot be granted.

d. The Commission cannot revisit the matter covered in the tariff orders, which have acquired finality. The above has been reiterated by the Hon'ble Supreme Court, by adding the words "after passing of many stages". It is clear from the judgment of Hon'ble Supreme Court that tariff cannot be revised retrospectively.

e. In the instant case, there was no such provision made in the Tariff Orders sought to be trued-up, to claim the impact of alleged applicability of orders of the APTEL in Appeal No. 81 of 2005 and Appeal No. 139 of 2007. The Petitioner did not bring to the notice of the Commission, the Hon'ble Supreme Court judgment dated 3.3.2009 in the Civil Appeal (C.A.) No. 1110 of 2007 in the matter of U.P. Power Corporation Limited *supra*. As a result of this, an order contrary to the law laid down by Hon'ble Supreme Court was passed by the Commission permitting revision of tariff retrospectively for an earlier tariff period. In the circumstances, the order dated 18.1.2019 in Petition No. 121/2007 is *per incuriam* and such an order passed inadvertently cannot be relied upon by the Petitioner.

f. The judgment of the Hon'ble Supreme Court in U.P. Power Corporation Limited *supra* has been followed by another 3 Judge Bench of the Hon'ble



Supreme Court itself, in the common judgment dated 9.5.2019 in C.A. No. 684/2007 and C.A. No. 13452 of 2015, one filed by the Petitioner and other by NTPC Limited, in which it was held that any variation in the apportionment of FERV during 1.4.2001 to 31.3.2004, will consequently be passed on to the consumers which will be unfair to the consumers who were not consumers for the said tariff period but will eventually bear the brunt of transactions which took place 15-18 years ago.

g. Contention of the Petitioner that the APTEL in Appeal No. 81 of 2005 and Appeal No. 139 of 2007, had permitted the Petitioner to seek revision of tariff from 2001 onwards is factually wrong. Further, Appeal No. 81 of 2005 and Appeal No. 139 of 2007 were filed by NTPC against the orders of the Commission for the 2001-2004 and 2004-09 tariff periods, respectively. The orders were passed by the APTEL in two different appeals relating to two different Tariff Periods.

h. In the instant case, the Petitioner did not file any appeal against the tariff orders dated 22.1.2009 and 8.4.2010 in Petition No. 94/2008 and Petition No. 329/2009, respectively for the 2004-09 period, order dated 25.2.2011 in Petition No. 202/2010 for the 2009-14 period, order dated 30.11.2015 in Petition No. 367/TT/2014 for true up of the 2009-14 period and for the 2014-19 period and order dated 25.7.2016 in Petition No. 102/TT/2016 for revision of true up tariff for the 2009-14 period on account of segregation of assets for pre-POC and post-POC period.

i. The Electricity Act, 2003 (in short, 'the 2003 Act') only provides for either revision or appeal to a party aggrieved by an order passed by the Commission. Further, it is a settled principle of law that an act which cannot be done directly cannot be done indirectly. Further, the 2003 Act only provides for either revision or appeal to a party aggrieved of an order passed by the Commission. The order of the Commission dated 18.1.2019 in Petition No. 121/2007 is contrary to what was held by the Hon'ble Supreme Court in C.A. No. 684/2007 and C.A. No. 13452 of 2015 dated 9.5.2019 following the judgment in U.P. Power Corporation Limited *supra*.



j. In view of the fact that the order was inadvertently passed, the principle of restitution as held by the Hon'ble Supreme Court in (2020) 8 SCC 129 Indore Development Authority vs. Manoharlal And Others [5 J Bench of Supreme Court] would squarely apply.

k. Reliance of the Petitioner on the Commission's order dated 6.11.2019 and 6.5.2021 in Petition No. 288/TT/2019 and Petition No. 155/TT/2020, respectively is misplaced as these orders are passed ignoring the orders of the Hon'ble Supreme Court in U.P. Power Corporation Limited *supra* and orders in C.A. No. 684/2007 and C.A. No. 13452 of 2015 dated 9.5.2019. In view of the above, there cannot be retrospective revision of tariff of a tariff period which has already passed.

l. It is impossible to make the calculations retrospectively in ARRs (annual revenue requirements) of the distribution companies for two decades and bill the arrears to the same customers of the corresponding tariff periods. The present consumers cannot be burdened for the liability of the past. Further, the distribution companies are having huge customer base, which keeps changing every year. The arrears pertaining to two decades cannot be recovered from the present consumers and it is legally not tenable. Claim of the Petitioner may not be allowed so as to avoid burdening the present consumers.

13. In response, the Petitioner vide affidavit dated 7.9.2021, has made submissions dealing with the objections raised by TANGEDCO as follows:

a. The instant matter is primarily a legal aspect of admissibility of the Petitioner's claims which has been disputed by TANGEDCO. TANGEDCO is repeatedly raising the same issue which already stands decided by the Commission, including in the petitions wherein it was a party and the contentions were rejected.

b. TANGEDCO's claim that retrospective revision of the bills is not envisaged is erroneous and misconceived as there have been numerous instances wherein the tariffs for the past periods have been revised and the same is adjusted and recovered in tariff of subsequent years. While contending that substantial period has passed since 2004 and the revision of tariff should not



be allowed, TANGEDCO has conveniently ignored the process undertaken in the meantime.

c. The tariff orders determining the tariff of several parties including the Petitioner on various aspects pertaining to the principles of allowing the tariff for elements which are common to all the utilities, in the 2001-04 and 2004-09 periods, were challenged by NTPC before the APTEL by filing a series of appeals which culminated in judgments dated 22.1.2007 and 13.6.2007. The said judgements dealt with the interpretation of the 2001 Tariff Regulations and 2004 Tariff Regulations for the 2001-04 and 2004-09 periods, respectively, which are applicable in the case of the Petitioner also.

d. Based on the APTEL's judgment dated 13.6.2007, the Petitioner had filed Petition No. 121/2007 before the Commission seeking revision of tariff orders on the issues of computation of IoL, consequences of refinancing of loan, treatment of depreciation as deemed repayment of loan, admissibility of depreciation up to 90% of the value of assets, consideration of maintenance of spares for working capital and depreciation of assets. The said Petition was adjourned *sine die* by the Commission as certain parties including the Commission had challenged the APTEL's judgment dated 13.6.2007 before the Hon'ble Supreme Court. Since the petition was only adjourned *sine die*, the Petitioner did not have any cause of action to seek redressal of the grievance from the APTEL. The course adopted by the Commission at that stage was to defer the consideration till the decision by the Hon'ble Supreme Court. After the disposal of the said matter by the Hon'ble Supreme Court, the Commission vide order dated 18.1.2019 in Petition No. 121/2007 had directed the Petitioner to separately submit its claim in the light of the APTEL's judgments dated 22.1.2007 and 13.6.2007 along with the truing up petitions wherever applicable to be filed for the period 2014-19 in respect of concerned transmission assets. Therefore, TANGEDCO's contention that the Petitioner had not sought revision of tariff is misconceived.

e. TANGEDCO's reliance on Hon'ble Supreme Court judgment in U.P. Power Corporation Limited *supra* is misplaced as the Commission vide common order dated 6.11.2019 in Petition No. 288/TT/2019, Petition No. 300/TT/2019,



Petition No. 301/TT/2019 and Petition No. 305/TT/2019 had rejected the contention of the respective respondents on non-revision of tariff and held that the Commission has power to revise the tariff of any utility as upheld by the Hon'ble Supreme Court in U.P. Power Corporation Limited *supra*. The Commission has allowed revision of tariff in orders dated 6.5.2021, 21.07.2021, 31.08.2021 in Petition No. 155/TT/2020, Petition No. 123/TT/2020 and Petition No. 355/TT/2019, respectively.

f. Further, TANGEDCO has erred in comparing the case of U.P. Pradesh Power Corporation Limited *supra* to Petitioner's instant case as in the said case, NTPC had not raised the concerned issue of revision at all but in the present case, the Petitioner had raised the issue in 2007 itself, on basis of interpretation of the Regulations by the APTEL. TANGEDCO in its reply has only referred to a selective portion of the Hon'ble Supreme Court without producing the entire judgment.

g. The principle that determination of tariff is a continuous process and that it can be retrospectively implemented has been re-iterated by the APTEL in M.P Power Management Company Limited vs. Central Electricity Regulatory Commission and Others (vide judgment dated 1.7.2014 in Appeal No. 232 of 2013).

h. TANGEDCO's reliance on the decision dated 9.5.2019 in C.A. No. 684 of 2007 and C.A. No. 13452 of 2015 in case of the Petitioner and NTPC Limited is wrong as the said decision is not applicable to the instant case wherein the facts are completely different.

i. TANGEDCO's contention that the Commission's order dated 18.1.2019 in Petition No. 121/2007 is *per incuriam*, is misconceived and erroneous as the said order has not been challenged by TANGEDCO or any other party and has attained finality.

j. Also, reliance is place on judgement in State of West Bengal vs. Hemant Kumar Bhattacharjee and Others 1963 Supp (2) SCR 542; Mohanlal Goenka vs. Benoy Kishna Mukherjee AIR 1953 SC 65; Vasudev Dhanjibhai Modi vs. Rajabhai Abdul Rehman (1970) 1 SCC 670. In these judgements, it has been



held that it is well settled principle that an erroneous decision is still binding. Therefore, order of the Commission dated 18.1.2019 in Petition No. 121/2007 is binding.

k. The Commission is duty bound to apply the Regulations uniformly to all entities without any discrimination. Also, once the principle of Regulations has been settled by the APTEL and the Hon'ble Supreme Court, the same is to be applied uniformly to all entities. The Petitioner who is equally subjected to the said Regulations cannot be made to suffer an erroneous interpretation of the said Regulations despite raising the issue and seeking relief relying on the decision of the APTEL.

l. TANGEDCO's claim that the relief should be limited to NTPC who had filed appeals is entirely incorrect as the decision of Hon'ble Supreme Court is not on the basis of whether an appeal has been filed but is on the concept of regulatory power of the Commission. Further, it would be unfair and inequitable to deny the legitimate expenses to the Petitioner.

m. The Petitioner referring to the APTEL's judgment in Odisha Power Generation Corporation Limited vs. Odisha Electricity Regulatory Commission (2017) SCC Online APTEL 4, has submitted that even the functus officio argument has specifically been rejected by the APTEL.

n. It is a settled position of law that if in the tariff order, an aspect has been decided against the Regulations, the same can be corrected in truing up. In this regard, the judgement in the matter of Chhattisgarh State Power Distribution Company Limited vs. Chhattisgarh State Electricity Regulatory Commission (2012) SCC Online APTEL 140, paragraphs 7.1 to 7.4 is referred to.

o. The contention of TANGEDCO on principle of restitution is misconceived. The principle of restitution for an erroneous decision of the Court is when the order of the court is reversed in appeal or review or where an interim order is reversed in final decision. In such cases, since the original order has been modified and reversed, any benefit gained by one party or loss to the other party due to such original order needs to be restituted. It is not open to any party



to claim restitution for an alleged erroneous order while the order has attained finality.

p. In fact, the Petitioner is to be restituted. The interpretation of the Regulations based on which the costs were denied to the Petitioner has since been held erroneous. The erroneous interpretation should not be perpetuated so as to deny the costs to the Petitioner. The Petitioner should not suffer for the erroneous decisions of the Court. In terms of the decision of the APTEL upheld by Hon'ble Supreme Court on merits, the Petitioner is entitled to the costs.

q. The Petitioner has pointed out that TANGEDCO's claim is *ex-facie* contrary to well settled legal principles namely:

- i. When there is liberty granted by the court to make a claim subsequently and the claim is made, there is no retrospective application in law;
- ii. The maxim *actus curiae neminem gravabit* (an act of the court shall prejudice no man) is applicable in the instant case.

r. Its submissions against TANGEDCO's objections, the matters of Neeraj Kumar Sainy & Others Vs. State of U.P and Others (2017) 14 SCC 136 at Paragraphs 26 to 31; G.D. Ferro Alloys vs. Delhi Electricity Supply Undertaking 1997 (42) DRJ 747; Kanodia Chemicals and Industries vs. State of U.P. and Others (1992) 2 SCC 124, have been referred.

s. The contents of TANGEDCO's reply are erroneous and misconceived and contrary to the fundamental process of tariff determination. If the contention of TANGEDCO is accepted, then there can never be any true up or revision in tariff and further any appeal or review against tariff orders would be rendered infructuous. Even NTPC would not be entitled to claim any benefit of the decision of the APTEL and Hon'ble Supreme Court based on the above rationale. The passage of time due to pendency of the proceedings cannot be a reason to deny the legitimate dues of any entity.

14. We have considered the detailed submissions of the Petitioner and TANGEDCO. We note that the contentions of TANGEDCO regarding revision of tariff for 2004-09 and 2009-14 tariff periods are similar to that raised by BRPL. It has been



placed before us that the Commission has decided the above issue in various petitions including Petition No. 288/TT/2019 and Petition No. 290/TT/2020. TANGEDCO had also raised similar issues in several other petitions as well and the Commission, in terms of its findings in Petition No. 288/TT/2019 and Petition No. 290/TT/2020, rejected the contentions of TANGEDCO. As no appeal has been filed by TANGEDCO, the order has attained finality. The Respondent TANGEDCO in its detailed submissions has raised the same issues which do not deserve re-consideration of our findings in the above-mentioned orders. Accordingly, in terms of orders dated 31.7.2020 and 5.3.2021 in Petition No. 288/TT/2019 and Petition No. 290/TT/2020, respectively, we do not find any merit in the submissions of TANGEDCO and, therefore, reject the same and proceed with revision of tariff of the 2004-09 period and consequent revision of tariff allowed for the 2009-14 period.

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

2004-09 Period

15. The Commission vide order dated 22.1.2009 in Petition No. 94/2008 had allowed the final transmission tariff for the transmission assets for the period from 1.4.2008 to 31.3.2009 which was subsequently revised vide order dated 8.4.2010 and Petition No. 329/2009 and the same is as follows:

Particulars	(₹ in lakh)	
	2008-09	
Depreciation	328.17	
Interest on Loan	795.25	
Return on Equity	507.36	
Advance against Depreciation	0.00	
O&M Expenses	107.21	
Interest on Working Capital	52.07	
Total	1790.06	

16. The Petitioner has claimed the revised transmission charges in respect of the transmission assets for the 2004-09 tariff period in this petition as follows:



Particulars	(₹ in lakh)
	2008-09
Depreciation	328.17
Interest on Loan	810.93
Return on Equity	507.36
Advance against Depreciation	0.00
O&M Expenses	107.21
Interest on Working Capital	52.77
Total	1806.44

17. We have considered the submissions of the Petitioner. The transmission tariff is allowed for the transmission assets on the basis of the following:

- a) Admitted capital cost as on COD, 31.3.2009 and ACE during 2008-09 as follows:

(₹ in lakh)		
Admitted Capital Cost (as on COD)	ACE (2008-09)	Admitted Capital Cost (as on 31.3.2009)
11779.23	601.43	12380.66

- b) Weighted Average Rate of Interest (WAROI) on actual loan, Weighted Average Rate of Depreciation (WAROD), Rate of IWC and O&M Expenses as per order dated 22.1.2009 and 8.4.2010 in Petition No. 94/2008 and Petition No. 329/2009, respectively.
- c) With respect to calculation of IoL, moratorium period was availed by the Petitioner for the transmission assets during the 2008-09 and no actual repayment of loan was made. Earlier, the Commission vide order dated 22.1.2009 and 8.4.2010 in Petition No. 94/2008 and Petition No. 329/2009, respectively had considered depreciation provided during 2008-09 as loan repayment. Therefore, depreciation during 2008-09 has been considered as loan repayment in accordance with Regulation 56(i)(f) of the 2004 Tariff Regulations, which is as follows:

“56 (i) Interest on Loan Capital

(f) In case any moratorium period is availed of by the transmission licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly;”

- d) ACE during 2004-09 period, which necessitates revision of the maintenance spares component for calculating IWC.



18. In view of the above, the revised transmission charges allowed for the transmission assets for the 2004-09 tariff period are as follows:

(₹ in lakh)	
Particulars	2008-09
Depreciation	328.17
Interest on Loan	795.25
Return on Equity	507.36
Advance against Depreciation	0.00
O&M Expenses	107.21
Interest on Working Capital	52.45
Total	1790.44

19. The revised Annual Fixed Charges (AFC) of the transmission assets allowed vide order dated 8.4.2010 in Petition No. 329/2009, revised AFC claimed in the instant petition and the revised AFC allowed in the instant order is as follows:

(₹ in lakh)	
Particulars	2008-09
Allowed vide order dated 8.4.2010 in Petition No. 329/2009	1790.06
Claimed by the Petitioner in the instant Petition	1806.44
Approved in the instant order	1790.44

2009-14 Tariff Period

20. The Commission vide order dated 25.2.2011 in Petition No. 202/2010 had allowed the transmission tariff for Combined Asset for the 2009-14 tariff period which was first trued-up vide order dated 26.11.2015 in Petition No. 367/TT/2014 and subsequently, the tariff of (Asset-I and Asset-II) during Pre-POC period and tariff of Combined Asset during Post-POC period was trued-up vide order dated 25.7.2016 in Petition No. 102/TT/2016. The trued-up tariff allowed vide order dated 25.7.2016 is as follows:

(₹ in lakh)			
Asset-I (Pre-POC period)			
Particulars	2009-10	2010-11	01.04.2011 - 30.06.2011
Depreciation	555.91	558.59	140.30
Interest on Loan	653.14	603.32	138.29
Return on Equity	589.82	614.40	154.47
O&M Expenses	48.80	51.61	13.64
Interest on Working Capital	39.93	39.60	9.71
Total	1887.61	1867.51	456.41



(₹ in lakh)

Asset-II (Pre-POC period)			
Particulars	2009-10	2010-11	01.04.2011 - 30.06.2011
Depreciation	98.49	99.24	24.84
Interest on Loan	113.93	105.48	24.04
Return on Equity	104.50	109.16	27.35
O&M Expenses	89.08	94.18	24.89
Interest on Working Capital	11.06	11.25	2.83
Total	417.05	419.31	103.95

(₹ in lakh)

Combined Asset (Post-POC period)			
Particulars	01.07.2011 - 31.03.2012	2012-13	2013-14
Depreciation	495.43	660.57	660.57
Interest on Loan	486.99	586.13	522.92
Return on Equity	545.45	727.26	736.03
O&M Expenses	115.60	162.94	172.23
Interest on Working Capital	37.63	49.29	48.62
Total	1681.09	2186.19	2140.36

21. The Petitioner has claimed the revised transmission charges for (Asset-I and Asset-II) during Pre-POC period and for Combined Asset during post-POC period in this petition as follows:

(₹ in lakh)

Asset-I(Pre-POC period)			
Particulars	2009-10	2010-11	01.04.2011 - 30.06.2011
Depreciation	555.91	558.59	140.30
Interest on Loan	678.61	628.80	144.66
Return on Equity	589.82	614.40	154.47
O&M Expenses	48.80	51.61	13.64
Interest on Working Capital	40.46	40.13	9.84
Total	1913.61	1893.53	462.91

(₹ in lakh)

Asset-II (Pre-POC)			
Particulars	2009-10	2010-11	01.04.2011 - 30.06.2011
Depreciation	98.49	99.24	24.84
Interest on Loan	119.83	111.39	25.52
Return on Equity	104.50	109.16	27.35
O&M Expenses	89.08	94.18	24.89
Interest on Working Capital	11.18	11.38	2.86
Total	423.09	425.34	105.46



(₹ in lakh)

Combined Asset (Post-POC period)			
Particulars	01.07.2011 - 31.03.2012	2012-13	2013-14
Depreciation	495.43	660.57	660.57
Interest on Loan	510.54	617.52	554.31
Return on Equity	545.45	727.26	736.03
O&M Expenses	115.60	162.94	172.23
Interest on Working Capital	38.12	49.95	49.28
Total	1705.14	2218.24	2172.42

22. We have considered the submissions of the Petitioner. The revised transmission tariff is allowed on the basis of the following:

- Admitted capital cost of ₹10527.54 lakh and ₹1853.12 lakh as on 1.4.2009 for Asset-I and Asset-II, respectively and admitted capital cost of ₹12510.77lakh as on 1.7.2011 for Combined Asset.
- WAROI on actual loan and WAROD as per order dated 25.7.2016 in Petition No. 102/TT/2016.

23. In view of the above, the revised transmission charges approved for (Asset-I and Asset-II) during Pre-POC period and for Combined Asset during post-POC period are as follows:

(₹ in lakh)

Particulars	Asset-I (Pre-POC period)		
	2009-10	2010-11	2011-12 (up to 30.06.2011)
Depreciation	555.91	558.59	140.30
Interest on Loan	653.14	603.32	138.29
Return on Equity	589.82	614.40	154.47
O&M Expenses	48.80	51.61	13.64
Interest on Working Capital	39.93	39.60	9.71
Total	1887.61	1867.51	456.41

(₹ in lakh)

Particulars	Asset-II (Pre-POC period)		
	2009-10	2010-11	2011-12 (up to 30.06.2011)
Depreciation	98.49	99.24	24.84
Interest on Loan	113.93	105.48	24.04
Return on Equity	104.50	109.16	27.35
O&M Expenses	89.08	94.18	24.89
Interest on Working Capital	11.06	11.25	2.83
Total	417.05	419.31	103.95

(₹ in lakh)

Particulars	Combined Asset (Post-POC period)
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	2011-12 (from 01.07.2011)	2012-13	2013-14
Depreciation	495.43	660.57	660.57
Interest on Loan	486.99	586.13	522.92
Return on Equity	545.45	727.26	736.03
O&M Expenses	115.60	162.94	172.23
Interest on Working Capital	37.63	49.29	48.62
Total	1681.09	2186.19	2140.36

24. AFC allowed for the 2009-14 tariff period vide order dated 25.7.2016 in Petition No. 102/TT/2016, the revised AFC claimed in the instant petition and AFC approved in the instant order are as follows:

(₹ in lakh)

Asset	Particulars	2009-10	2010-11	01.04.2011-30.06.2011
Asset-I (Pre-POC period)	Allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016	1887.61	1867.51	456.41
	Claimed by the Petitioner in the instant Petition	1913.61	1893.53	462.91
	Approved in the instant order	1887.61	1867.51	456.41

(₹ in lakh)

Asset	Particulars	2009-10	2010-11	01.04.2011-30.06.2011
Asset-II (Pre-POC period)	Allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016	417.05	419.31	103.95
	Claimed by the Petitioner in the instant Petition	423.09	425.34	105.46
	Approved in the instant order	417.05	419.31	103.95

(₹ in lakh)

Asset	Particulars	01.07.2011-31.03.2012	2012-13	2013-14
Combined Asset (Post-POC period)	Allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016	1681.09	2186.19	2140.36
	Claimed by the Petitioner in the instant Petition	1705.14	2218.24	2172.42
	Approved in the instant order	1681.09	2186.19	2140.36

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

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

(₹ in lakh)



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	660.57	660.57	660.57	1692.48	514.45
Interest on Loan	491.16	428.01	364.85	278.79	199.72
Return on Equity	736.05	739.61	739.61	657.81	577.53
O&M Expenses	157.54	162.81	168.20	173.58	161.64
Interest on Working Capital	52.16	51.08	49.92	47.08	38.66
Total	2097.48	2042.08	1983.15	2849.74	1492.00

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

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	13.13	13.57	14.02	18.10	13.47
Maintenance Spares	23.63	24.42	25.23	32.57	24.25
Receivables	349.58	340.35	330.53	298.06	248.67
Total Working Capital	386.34	378.34	369.78	348.73	286.39
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest of Working Capital	52.16	51.08	49.92	47.08	38.66

Capital Cost

27. The Commission vide order dated 25.7.2016 in Petition No. 102/TT/2016 had admitted the capital cost as on 31.3.2014 of ₹12510.77 lakh for Combined Asset which has been claimed by the Petitioner as on 1.4.2014 for truing up tariff for the 2014-19 tariff period. Accordingly, the admitted capital of ₹12510.77 lakh has been considered as opening capital cost as on 1.4.2014 for working out the true up tariff for the 2014-19 tariff period. The capital cost of Combined Asset has been calculated in accordance with Regulation 9(3) of the 2014 Tariff Regulations.

De-capitalisation

28. In the instant petition, initially the Petitioner did not claim any ACE during the 2014-19 period. However, the Petitioner vide affidavit dated 25.6.2021 has submitted that due to implementation of transmission scheme viz. removal of constraints in 400 kV Bay extensions at 400 kV Vemagiri Sub-station, 58 numbers of D/C towers along with conductors and associated equipment became idle and were de-capitalised. The



details of the depreciation recovered due to de-capitalisation as submitted by the Petitioner vide aforementioned affidavit are as follows:

Number of Towers	Gross Block (₹ in lakh)	Year of De-capitalisation	Cumulative depreciation recovered (₹ in lakh)	Unrecovered Depreciation (₹ in lakh)
58	2767.41	2017-18	1385.70	1104.97

29. The chronological details pertaining to de-capitalisation as submitted by the Petitioner vide affidavit dated 25.6.2021 are as follows:

- a) Originally, the transmission assets were commissioned as a part of the transmission scheme and covered in the instant petition are as follows:

Name of elements	COD	Capital Cost (₹ in lakh)	ACE/ De-capitalisation
<ul style="list-style-type: none"> • LILO of both circuits of 400 kV D/C Gazuwaka-Vijayawada line at Vemagiri (AP) • Extension of 400/220 KV Sub-station at Vijayawada (POWERGRID) 	1.4.2008	12510.77	NIL (Till Date)

- b) The Original 400 KV D/C Line from Vijayawada (PG)-Gazuwaka (PG) was converted into the Lines as follows:
- i. Vijayawada (PG) to Vemagiri-I (AP) 400kV D/C Line;
 - ii. Vemagiri-I (AP) to Gazuwaka 400kV D/C Line.

- c) Subsequently, the portion of the D/C Line from Vemagiri (AP) to Gazuwaka was LILoed at Simhadri-II TPS under the project Transmission System Associated with SIMHADRI-II Generation Project with COD as 1.8.2011. Therefore, the original 400kV D/C Line from Vijayawada (PG) to Gazuwaka (PG) was now converted into 03 Lines as follows:

- i. Vijayawada (PG) to Vemagiri-I (AP) 400kV D/C Line;
- ii. Vemagiri- I (AP) to Simhadri-II 400kV D/C Line;
- iii. Simhadri-II to Gazuwaka (PG) 400kV D/C Line.

- d) The trued-up tariff of LILo portion of both the circuits of Gazuwaka-Vemagiri-I (AP) 400 kV D/C line at Simhadri-II TPS for the 2014-19 period and tariff for the 2019-24 period was allowed by the Commission vide order dated 27.4.2020 in Petition No. 274/TT/2019.

- e) Further, in view of the bay constraints at Vemagiri-I (AP) due to the then planned intra system lines in Andhra Pradesh, APTRANSCO had requested CEA/CTU for rearrangement of Vijayawada (PG) to Vemagiri-I (AP) and



Vemagiri-I (AP) to Simhadri-II/ Gazuwaka Lines following which Removal of Constraints in 400 kV Bay extensions at 400kV Vemagiri Sub-station Scheme(hereinafter referred to as “the removal scheme”) was envisaged and agreed in the 37th and 38th Standing Committee Meetings of Southern Region held on 31.7.2014 and 7.3.2015 respectively which got commissioned on 29.3.2018.

- f) The final arrangement of lines after commissioning of the said Scheme was as follows:
- i. 400 kV D/C Line from Vijayawada (PG) to Vemagiri-I (AP) was LILoed at Vemagiri (PG), thus becoming into:
 - 400 kV D/C Line from Vijayawada(PG) to Vemagiri (PG);
 - Vemagiri (PG) to Vemagiri-I (AP).
 - ii. Other 400 kV D/C Line from Simhadri-II to Vemagiri-I (AP) was Looped In at Vemagiri (PG), thus becoming into:
 - 400 kV D/C Line from Simhadri-II to Vemagiri (PG);
 - The other part of the Line at Vemagiri-I (AP) has not been Looped Out as it was proposed to be connected to upcoming D/C Lines of APTRANSCO from KV Kota to Vemagiri-I (AP).
- g) The above realignment was due to the request made by APTRANSCO which has resulted in idling of a total of 52 numbers of towers, associated conductors etc. spanning a length of 18.765 km as on date in both the circuits of 400 kV D/C Line from Vijayawada (PG) to Vemagiri-I (AP) and 400 kV D/C Line from Simhadri-II to Vemagiri-I (AP).
- h) The award for dismantling the tower has been placed and the dismantling work is under progress, to be completed shortly.
- i) Therefore, of the original elements commissioned and capitalised under the transmission scheme, in total 58 numbers of D/C towers along with conductors and associated equipment became idle and the same are now de-capped from the completion cost of Asset-I with effect from 29.3.2018.
- j) Due to dismantling of 58 numbers of towers, total line length got reduced by 22.22 km.
- k) Further, scrap value received, if any, shall be adjusted at the time of truing up of the 2019-24 tariff period.

30. In view of above submissions, the Petitioner has claimed capital cost as on 31.3.2019 after carrying out de-capitalisation for an amount of ₹2767.41 lakh during



2017-18 and has prayed to allow the unrecovered depreciation amounting to ₹1104.97 lakh.

31. We have considered the submissions of the Petitioner and observe that final arrangement of lines has resulted in idling of 58 numbers of towers, which have been a part of the transmission scheme covered under the instant petition. Accordingly, the Petitioner has claimed de-capitalisation of ₹2767.41 lakh during 2017-18 on account of removal of 58 numbers of idle towers. Since, the Petitioner is under the process of removal of 58 numbers of idle towers and its associated equipment and conductors, the same are required to be de-capitalised from the system where they were originally capitalized. Therefore, de-capitalisation of ₹2767.41 lakh during 2017-18 has been considered in the instant petition. As regards scrap received, if any, the Petitioner is directed to adjust the same from the capital cost and furnish the same at the time of truing up of tariff for the 2019-24 tariff period. With regard to the prayer of the Petitioner for allowing unrecovered depreciation, we observe that the 2014 Tariff Regulations do not provide for recovery of unrecovered depreciation in respect of the asset which have been de-capitalised and not going to be used further.

32. Accordingly, taking into consideration the de-capitalisation amounting to ₹2767.11 lakh, corresponding cumulative depreciation and repayment, the capital cost considered for computation of tariff (with no recovery of unrecovered depreciation as claimed) is as follows:

(₹ in lakh)		
Capital Cost (as on 1.4.2014)	De-capitalisation (during 2017-18)	Capital Cost (as on 31.3.2019)
12510.77	(2767.41)	9743.36

Debt-Equity Ratio

33. The debt-equity ratio has been considered in accordance with Regulation 19(3) of the 2014 Tariff Regulations. As per Regulation 19(3) of the 2014 Tariff Regulations,



the debt-equity ratio allowed by the Commission for determination of transmission tariff for the period ending on 31.3.2014 shall be considered. Accordingly, the details of debt-equity ratio in respect of Combined Asset as on 1.4.2014 and 31.3.2019 are as follows:

Funding	Capital Cost (as on 1.4.2014) (₹ in lakh)	(in %)	De- capitalization (2017-18)	(in %)	Capital Cost (as on 31.3.2019) (₹ in lakh)	(in %)
Debt	8757.54	70.00	-1937.19	70.00	6820.35	70.00
Equity	3753.23	30.00	-830.22	30.00	2923.01	30.00
Total	12510.77	100.00	-2767.41	100.00	9743.36	100.00

Depreciation

34. The Gross Block during the 2014-19 tariff period has been depreciated at WAROD. WAROD at Annexure-I has been worked out after considering the depreciation rates of assets as specified in the 2014 Tariff Regulations. The trued-up depreciation allowed for Combined Asset during the 2014-19 tariff period is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	12510.77	12510.77	12510.77	12510.77	9743.36
ACE	0.00	0.00	0.00	0.00	0.00
Less: De-capitalization	0.00	0.00	0.00	2767.41	0.00
Closing Gross Block	12510.77	12510.77	12510.77	9743.36	9743.36
Average Gross Block	12510.77	12510.77	12510.77	11127.07	9743.36
Freehold Land	0.00	0.00	0.00	0.00	0.00
Rate of Depreciation (in %)	5.28	5.28	5.28	5.28	5.28
Balance useful life of the asset beginning of the year (Year)	29	28	27	26	25
Lapsed life at the beginning of the year (Year)	6	7	8	9	10
Aggregate Depreciable Value	11259.69	11259.69	11259.69	10014.36	8769.02
Depreciation during the year	660.57	660.57	660.57	587.51	514.45
Cumulative Depreciation at the end of the year	4282.68	4943.25	5603.82	4805.62	5320.07
Remaining Depreciable Value at the end of the year	6977.02	6316.45	5655.88	3823.03	3448.95

35. Depreciation in respect of Combined Asset as allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016, claimed by the Petitioner in the instant petition and trued-up depreciation in the instant order are as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016	660.57	660.57	660.57	660.57	660.57
Claimed by the Petitioner in the instant Petition	660.57	660.57	660.57	1692.48	514.45
Approved after true-up in this order	660.57	660.57	660.57	587.51	514.45

Interest on Loan

36. The Petitioner has claimed WAROI on loan based on its actual loan portfolio and rate of interest. Accordingly, IoL has been calculated based on actual interest rate in accordance with Regulation 26 of the 2014 Tariff Regulations. The trued-up IoL allowed in respect of Combined Asset is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	8757.54	8757.54	8757.54	8757.54	6820.35
Cumulative Repayments up to Previous Year	3622.11	4282.68	4943.24	5603.81	4805.62
Net Loan-Opening	5135.43	4474.86	3814.29	3153.73	2014.73
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Less: due to De-capitalization	0.00	0.00	0.00	1937.19	0.00
Repayment during the year	660.57	660.57	660.57	587.51	514.45
Cumulative repayment pertaining to De-capitalized asset	0.00	0.00	0.00	1385.70	0.00
Net Loan-Closing	4474.86	3814.29	3153.73	2014.73	1500.28
Average Loan	4805.15	4144.58	3484.01	2584.23	1757.51
Weighted Average Rate of IoL (in %)	9.5681	9.5692	9.5707	9.5727	9.5758
Interest on Loan	459.76	396.60	333.44	247.38	168.29

37. IoL in respect of Combined Asset as allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 25.7.2016 in Petition No.	459.76	396.60	333.44	270.28	207.11



102/TT/2016					
Claimed by the Petitioner in the instant Petition	491.16	428.01	364.85	278.79	199.72
Approved after true-up in this order	459.76	396.60	333.44	247.38	168.29

Return on Equity (RoE)

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

Year	Claimed effective tax rate (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2014-15	21.018	19.625
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

39. 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 which are as follows:

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

40. MAT rates considered in order dated 27.4.2020 for the purpose of grossing up of rate of RoE for trueing up of the tariff of the 2014-19 tariff period, in terms of the provisions of the 2014 Tariff Regulations, is considered in the instant case which are as follows:

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



2016-17	21.342	15.50	19.705
2017-18	21.342	15.50	19.705
2018-19	21.549	15.50	19.758

41. RoE is trued-up on the basis of MAT rates applicable in the respective years and is allowed for Combined Asset as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	3753.23	3753.23	3753.23	3753.23	2923.01
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Less: due to De-capitalization	0.00	0.00	0.00	830.22	0.00
Closing Equity	3753.23	3753.23	3753.23	2923.01	2923.01
Average Equity	3753.23	3753.23	3753.23	3338.12	2923.01
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (in %)	19.610	19.705	19.705	19.705	19.758
Return on Equity	736.03	739.59	739.59	657.79	577.51

42. RoE in respect of Combined Asset as allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016	736.03	736.03	736.03	736.03	736.03
Claimed by the Petitioner in the instant Petition	736.05	739.61	739.61	657.81	577.53
Approved after true-up in this order	736.03	739.59	739.59	657.79	577.51

Operation & Maintenance Expenses (O&M Expenses)

43. The total O&M Expenses as claimed by the Petitioner for Combined Asset are as follows:

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
157.54	162.81	168.20	173.58	161.64

44. The Petitioner has submitted that 58 numbers D/C towers along with conductors and associated equipment have become idle and the same are now de-capitalised from the completion cost of Asset-I with effect from 29.3.2018. As a result,



the line length of the LILO of Vijayawada-Gajuwaka line at Vemagiri got reduced to 55.62 km from the earlier 77.837 km. Accordingly, the O&M Expenses are calculated and allowed as per the norms specified under the 2014 Tariff Regulations as follows:

(₹ in lakh)					
O&M Expenses	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line (D/C Twin/Triple Conductor)					
LILO of Vijayawada-Gajuwaka line at Vemagiri					
Line Length (in KM)	77.837	77.837	77.837	77.837	55.62
Norms (₹ lakh/KM)	0.707	0.731	0.755	0.78	0.806
Sub-Station (400 kV)					
Vijayawada ICT I at Vijayawada I					
Number of bays	1	1	1	1	1
Norms (₹ lakh/bay)	60.30	62.30	64.37	66.51	68.71
Sub-Station (220 kV)					
Vijayawada ICT at Vijayawada II					
Number of bays	1	1	1	1	1
Norms (₹ lakh/bay)	42.21	43.61	45.06	46.55	48.1
Total O&M Expenses (₹ in lakh)	157.54	162.81	168.20	173.63	161.64

45. O&M Expenses in respect of Combined Asset as allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016	157.54	162.81	168.20	173.77	179.55
Claimed by the Petitioner in the instant Petition	157.54	162.81	168.20	173.58	161.64
Approved after true-up in this order	157.54	162.81	168.20	173.63	161.64

Interest on Working Capital

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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
WC for O&M Expenses (O&M Expenses for 1 month)	13.13	13.57	14.02	14.47	13.47
WC for Maintenance Spares	23.63	24.42	25.23	26.04	24.25



(15% of O&M Expenses)					
WC for Receivables (Equivalent to 2 months of annual fixed cost/annual transmission charges)	344.22	334.99	325.17	285.04	243.31
Total Working Capital	380.98	372.98	364.41	325.56	281.02
Rate of Interest on working capital (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	51.43	50.35	49.20	43.95	37.94

47. IWC in respect of Combined Asset as allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016	51.43	50.27	49.11	47.97	46.83
Claimed by the Petitioner in the instant Petition	52.16	51.08	49.92	47.08	38.66
Approved after true-up in this order	51.43	50.35	49.20	43.95	37.94

Approved Annual Fixed Charges for the 2014-19 Tariff Period

48. The trued-up AFC approved for Combined Asset for the 2014-19tariff period are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	660.57	660.57	660.57	587.51	514.45
Interest on Loan	459.76	396.60	333.44	247.38	168.29
Return on Equity	736.03	739.59	739.59	657.79	577.51
O&M Expenses	157.54	162.81	168.20	173.63	161.64
Interest on Working Capital	51.43	50.35	49.20	43.95	37.94
Total	2065.33	2009.93	1951.00	1710.26	1459.83

49. Accordingly, the Annual Transmission Charges as allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016, claimed by the Petitioner in the instant petition and approved after truing up in the instant order are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 25.7.2016 in Petition No. 102/TT/2016	2065.33	2006.27	1947.34	1888.61	1830.08
Claimed by the Petitioner in the instant Petition	2097.48	2042.08	1983.15	2849.74	1492.00



Approved after true-up in this order	2065.33	2009.93	1951.00	1710.26	1459.83
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DETERMINATION OF ANNUAL FIXED CHARGES FOR THE 2019-24 TARIFF PERIOD

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	514.45	127.59	127.59	127.59	127.59
Interest on Loan	150.53	119.90	107.97	95.79	79.58
Return on Equity	549.00	549.00	549.00	549.00	549.00
O&M Expenses	216.43	224.18	232.04	240.33	248.45
Interest on Working Capital	27.69	21.79	21.95	22.13	22.20
Total	1458.10	1042.46	1038.55	1034.84	1026.82

51. The Petitioner has claimed IWC in respect of Combined Asset for the 2019-24 period as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
WC for O&M Expenses (O&M Expenses for 1 month)	18.04	18.68	19.34	20.03	20.70
WC for Maintenance Spares (15% of O&M Expenses)	32.46	33.63	34.81	36.05	37.27
WC for Receivables (Equivalent to 45 days of annual fixed cost/annual transmission charges)	179.27	128.52	128.04	127.58	126.25
Total Working Capital	229.77	180.83	182.19	183.66	184.22
Rate of Interest on working capital (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	27.69	21.79	21.95	22.13	22.20

Capital Cost

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

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

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

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

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



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

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

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

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

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

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

(h) Adjustment of revenue earned by the transmission licensee by using the 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 tried up by excluding liability, if any, as on 1.4.2019;

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

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

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

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

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



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

- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project inconformity 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."

53. The Petitioner has claimed capital cost as on 31.3.2019 of ₹9743.36 lakh for Combined Asset. The same has been worked out by the Commission as on 31.3.2019 and considered as the opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

54. The Petitioner has not claimed any ACE during the 2019-24 tariff period in respect of Combined Asset. Accordingly, the capital cost considered for the 2019-24 tariff period is as follows:

(₹ in lakh)		
Capital Cost (as on 1.4.2019)	ACE (2019-24)	Capital Cost (as on 31.3.2024)
9743.46	0.00	9743.36



Debt-Equity Ratio

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

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

Provided that:

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

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

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

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

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

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

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

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



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

Funding	Capital Cost (₹ in lakh) (as on 1.4.2019)	(in %)	Capital Cost (₹ in lakh) (as on 31.3.2024)	(in %)
Debt	6820.35	70.00	6820.35	70.00
Equity	2923.01	30.00	2923.01	30.00
Total	9743.36	100.00	9743.36	100.00

Depreciation

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

“33. Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission project or element thereof including communication project. In case of the tariff of all the units of a generating station or all elements of a transmission project including communication project 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 project 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 project, 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 project, weighted average life for the generating station of the transmission project 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 up to 31.3.2019 from the gross depreciable value of the assets.

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

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

58. The depreciation has been worked out considering the admitted capital expenditure as on 31.03.2019 and accumulated depreciation up to 31.03.2019. The Combined Asset has completed 12 years of life as on 31.03.2020, the remaining depreciable value has been spread across the balance useful life in accordance with Regulation 33(5) of the 2019 Tariff Regulations. WAROD at Annexure-II has been worked out after considering the rates of depreciation specified in the 2019 Tariff Regulations. The depreciation allowed in respect of Combined Asset for the 2019-24 tariff period is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	9743.36	9743.36	9743.36	9743.36	9743.36
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	9743.36	9743.36	9743.36	9743.36	9743.36
Average Gross Block	9743.36	9743.36	9743.36	9743.36	9743.36
Weighted average rate of Depreciation (WAROD) (in %)	5.28	1.31	1.31	1.31	1.31
Balance useful life at the beginning of the year (Year)	24	23	22	21	20
Lapsed life of the asset at the beginning of the year (Year)	11	12	13	14	15
Depreciable Value	8769.02	8769.02	8769.02	8769.02	8769.02
Depreciation during the year	514.45	127.59	127.59	127.59	127.59
Cumulative Depreciation at the	5834.52	5962.11	6089.70	6217.28	6344.87



end of the year					
Remaining Depreciable Value	2934.50	2806.91	2679.33	2551.74	2424.15

Interest on Loan

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

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

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

(3) *The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of 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 system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

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

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

60. WAROI on loan has been considered on the basis of 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 true up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019



Tariff Regulations. IoL allowed for Combined Asset for the 2019-24 tariff period is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	6820.35	6820.35	6820.35	6820.35	6820.35
Cumulative Repayments up to Previous Year	5320.07	5834.52	5962.11	6089.70	6217.28
Net Loan-Opening	1500.28	985.83	858.24	730.66	603.07
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	514.45	127.59	127.59	127.59	127.59
Net Loan-Closing	985.83	858.24	730.66	603.07	475.48
Average Loan	1243.06	922.04	794.45	666.86	539.28
Weighted Average Rate of IoL (in %)	9.5808	9.5906	9.6186	9.6281	9.1784
Interest on Loan	119.09	88.43	76.41	64.21	49.50

Return on Equity

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

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

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

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

Provided further that:

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

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

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



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

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

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

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

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

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

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

Illustration-

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

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

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

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

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

(c) Effective Tax Rate for the year 2019-20 = $\text{Rs. 240 crore} / \text{Rs. 1000 crore} = 24\%$;

(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.”

62. The Petitioner has submitted that MAT rate is applicable to the Petitioner company. We have considered the submissions of the Petitioner. Accordingly, the MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which shall be trued-up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for Combined Asset for the 2019-24 tariff period is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	2923.01	2923.01	2923.01	2923.01	2923.01
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	2923.01	2923.01	2923.01	2923.01	2923.01
Average Equity	2923.01	2923.01	2923.01	2923.01	2923.01
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
Return on Equity	548.98	548.98	548.98	548.98	548.98

Operation & Maintenance Expenses

63. The O&M Expenses claimed by the Petitioner for the various elements included in Combined Asset for the 2019-24 tariff period are as follows:

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line (D/C Twin/Triple Conductor)					
LILO of Vijayawada-Gajuwaka line at Vemagiri					
Line Length (in KM)	55.62	55.62	55.62	55.62	55.62
Norms (₹ lakh/KM)	0.881	0.912	0.944	0.977	1.011
Sub-Station (400 kV)					
400 kV ICT-1 bay at Vijayawada					
Number of bays	1	1	1	1	1
Norms (₹ lakh/bay)	32.15	33.28	34.45	35.66	36.91
Sub-Station (220 kV)					
220 kV ICT bay at Vijayawada II					
Number of bays	1	1	1	1	1
Norms (₹ lakh/bay)	22.51	23.3	24.12	24.96	25.84
Sub-Station (400 kV)					



315 MVA ICT at Vijayawada					
MVA Capacity	315	315	315	315	315
Norms (₹ lakh/MVA)	0.358	0.371	0.384	0.398	0.411
Total O&M Expenses (₹ in lakh)	216.43	224.18	232.04	240.33	248.45

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

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

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



<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."



65. The O&M Expenses allowed for Combined Asset for the 2019-24 tariff period

are as follows:

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line (D/C Twin/Triple Conductor)					
LILO of Vijayawada-Gajuwaka line at Vemagiri					
Line Length (in KM)	55.62	55.62	55.62	55.62	55.62
Norms (₹ lakh/KM)	0.881	0.912	0.944	0.977	1.011
Sub-Station (400 kV)					
400 kV ICT I bay at Vijayawada I					
Number of bays	1	1	1	1	1
Norms (₹ lakh/bay)	32.15	33.28	34.45	35.66	36.91
Sub-Station (220 kV)					
220 kV ICT bay at Vijayawada II					
Number of bays	1	1	1	1	1
Norms (₹ lakh/bay)	22.51	23.3	24.12	24.96	25.84
Sub-Station (400 kV)					
Vijayawada ICT at Vijayawada					
MVA Capacity	315	315	315	315	315
Norms (₹ lakh/MVA)	0.358	0.371	0.384	0.398	0.411
Total O&M Expenses (₹ in lakh)	216.43	224.17	232.04	240.33	248.45

Interest on Working Capital

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

Regulations provide as follows:

“34. Interest on Working Capital

(1) ...

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

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

“(3) Rate of IWC 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 IWC shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.”



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

“3. Definitions ...

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

67. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%.IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest considered is 12.05% (SBI 1year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, for 2020-21 has been considered as 11.25% (SBI 1year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) whereas 2021-22 onwards has been considered as 10.50% (SBI 1year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points). The components of the working capital and interest allowed thereon for Combined Asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M Expenses for 1 month)	18.04	18.68	19.34	20.03	20.70
Maintenance Spares (15% of O&M Expenses)	32.46	33.63	34.81	36.05	37.27
Receivables (Equivalent to 45 days of annual transmission charges)	175.35	124.40	123.74	123.28	122.14
Total Working Capital	225.85	176.71	177.89	179.36	180.11
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	27.21	19.88	18.68	18.83	18.91

Annual Fixed Charges of the 2019-24 Tariff Period

68. The transmission charges allowed for Combined Asset for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	514.45	127.59	127.59	127.59	127.59
Interest on Loan	119.09	88.43	76.41	64.21	49.50



Return on Equity	548.98	548.98	548.98	548.98	548.98
O&M Expenses	216.43	224.17	232.04	240.33	248.45
Interest on Working Capital	27.21	19.88	18.68	18.83	18.91
Total	1426.17	1009.05	1003.70	999.94	993.43

Filing Fee and the Publication Expenses

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

Licence Fee & RLDC Fees and Charges

70. 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

71. 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.

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



Security Expenses

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

74. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses for all the transmission assets owned by it on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The Commission vide order dated 3.8.2021 in Petition No. 260/MP/2020 approved security expenses from 1.4.2019 to 31.3.2024. Therefore, security expenses will be shared in terms of the order dated 3.8.2021 in Petition No. 260/MP/2020. Therefore, the Petitioner's prayer in the instant petition for allowing it to file a separate petition for claiming the overall security expenses and consequential IWC has become infructuous.

Capital Spares

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

Sharing of Transmission Charges

76. TANGEDCO has submitted that in the circumstances of coming into force of 2020 Sharing Regulations, it has become inevitable to segregate the capital cost of the assets in to 2010 Sharing Regulations regime and 2020 Sharing Regulations regime. TANGEDCO has also submitted that vide order in Petition No.102 of 2016, the Commission had directed to split the capital cost under two heads viz. Pre-PoC and Post-PoC i.e. up to 30.6.2011 and beyond 30.6.2011 respectively. Further, the components of the tariff had also been reworked based on the splitting of the capital cost based on Pre-PoC and Post-PoC regime.



77. TANGEDCO has submitted that there is a need to split the capital cost including ACE based on the 2010 Sharing Regulations and the 2020 Sharing Regulations 2020 i.e. up to 31.12.2020 and from 1.1.2021 onwards. Further, the Yearly Transmission Charges (YTC) up to 31.12.2020 and from 1.1.2021 onwards is required to be split and the tariff components for the same needs to be worked out accordingly. This will give correct allocation of the transmission charges as per the 2010 Sharing Regulations and 2020 Sharing Regulations, as amended from time to time as provided in Regulation 43 of the 2014 Tariff Regulations and Regulation 57 of the 2019 Tariff Regulations respectively.

78. TANGEDCO has requested for a direction to the Petitioner to split the capital cost of the assets and the tariff components on the basis of the 2010 Sharing Regulations regime and the 2020 Sharing Regulations regime and share the transmission charges accordingly. Further, TANGEDCO has prayed for a direction to the Petitioner to submit the details in the above manner in all the truing up petitions.

79. In response, the Petitioner has submitted that the instant petition is filed for truing up of transmission tariff of the 2014-19 tariff period and determination of transmission tariff of the 2019-24 tariff period for Combined Asset. After the truing up and determination of transmission tariff, sharing of transmission charges for the 2014-19 period and the 2019-24 periods up to 31.10.2020 shall be done as per the 2010 Sharing Regulations and from 1.11.2020 onwards shall be shared under the 2020 Sharing Regulations. Tariff determination and Sharing of transmission charges are two independent activities and they are not interlinked. After the determination of tariff of the assets by the Commission, the aspects of YTC bifurcation raised by TANGEDCO shall be taken care of by the Petitioner at the time of billing.

80. We have considered the submissions of the Petitioner and TANGEDCO. During the tariff periods 2004-09 and 2009-14 (up to 30.6.2011), the transmission charges for



inter-State transmission systems were being shared in accordance with the Tariff Regulations for the respective tariff periods. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010 Sharing Regulations), sharing of transmission charges is governed by the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and Sharing Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2) (b) of the 2020 Sharing Regulations. Billing, collection and disbursement of the transmission charges for subsequent period shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

81. We agree with the submissions of the Petitioner that Tariff determination and Sharing of transmission charges are two independent activities and they are not interlinked. The tariff of the transmission assets is determined in accordance with the provisions of the relevant Tariff Regulations and after the determination of tariff of the assets by the Commission, the sharing of the YTC amongst DICs are worked out in terms of provisions of the relevant Sharing Regulations and bills are raised accordingly. Therefore, the issue raised by TANGEDCO for splitting the capital cost of the transmission assets and the tariff components on the basis of the 2010 Sharing Regulations regime and the 2020 Sharing Regulations regime is not relevant. The concerns raised by TANGEDCO shall be taken care of by the Petitioner at the time of billing as observed by us in paragraph 92 above.

82. To summarise:

- a) The revised AFC approved for the transmission assets for the 2004-09 tariff period is as follows:



(₹ in lakh)

2008-09
1790.44

- b) The consequential revision of AFC approved for Asset-I and Asset-II (Pre-POC period) and for Combined Asset (Post-POC period) during the 2009-14 tariff period is as follows:

(₹ in lakh)

Asset	2009-10	2010-11	1.4.2011 - 30.6.2011
Asset- I (Pre-POC period)	1887.61	1867.5	456.41
Asset- II (Pre-POC period)	417.05	419.31	103.95

(₹ in lakh)

Asset	1.7.2011 - 31.3.2012	2012-13	2013-14
Combined Asset (Post-POC period)	1681.09	2186.19	2140.37

- c) The trued-up AFC approved for Combined Asset for the 2014-19 tariff period are as follows:

(₹ in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
2065.33	2009.93	1951.00	1710.26	1459.83

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

(₹ in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
1426.17	1009.05	1003.70	999.94	993.43

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

84. This order disposes of Petition No. 141/TT/2020 in terms of the above discussions and findings.

sd/-
(P. K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



Annexure-I

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Actual ACE (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)				
		2014-19			2014-15	2015-16	2016-17	2017-18	2018-19
Land – Freehold	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
Land – Leasehold	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building Civil Works & Colony	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Transmission Line	10.629.10	-2767.41	7861.69	5.28%	561.22	561.22	561.22	488.16	415.10
Sub-Station	1881.67	0.00	1881.67	5.28%	99.35	99.35	99.35	99.35	99.35
IT Equipment (Including Software)	0.00	0.00	0.00	5.28%	0.00	0.00	0.00	0.00	0.00
Total	12510.77	0.00	9743.36	Total	660.57	660.57	660.57	587.51	514.45
Average Gross Block (₹ in lakh)					12510.77	12510.77	12510.77	11127.07	9743.36
Weighted Average Rate of Depreciation					5.28%	5.28%	5.28%	5.28%	5.28%



Annexure-II

2019-24 Capital Expenditure	Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Actual ACE (₹ in lakh)	Admitted Capital Cost as on 31.3.2014 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)					
		2019-24			2019-20	2020-21	2021-22	2022-23	2023-24	
Land – Freehold	0.00	0.00	0.00	0.00%	0.00	Spreading				
Land – Leasehold	0.00	0.00	0.00	3.34%	0.00					
Building Civil Works & Colony	0.00	0.00	0.00	3.34%	0.00					
Transmission Line	7861.69	0.00	7861.69	5.28%	415.10					
Sub-Station	1881.67	0.00	1881.67	5.28%	99.35					
IT Equipment (Including Software)	0.00	0.00	0.00	15.00%	0.00					
Total	9743.36	0.00	9743.36	Total	514.45	127.59	127.59	127.59	127.59	127.59
Average Gross Block (₹ in lakh)					9743.36	9743.36	9743.36	9743.36	9743.36	9743.36
Weighted Average Rate of Depreciation					5.28%	1.31%	1.31%	1.31%	1.31%	1.31%

