

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 15/TT/2021

Coram:

**Shri P. K. Pujari, Chairperson
Shri Arun Goyal, Member
Shri P. K. Singh, Member**

Date of order: 13.12.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 for truing up of transmission tariff of the 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 in respect of Asset-1: 2 numbers 400 kV Line Bays at Samba Sub-station and 2 numbers 400 kV Line Bays at Jalandhar Sub-station and Asset-2: 2 numbers 400 kV Line Bays at Samba Sub-station and 2 numbers 50 MVAR Line Reactor at Samba Sub-station under Northern Region System Strengthening Scheme – XXIX in the Northern Region.

And in the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No-2, Sector-29,
Gurgaon-122 001 (Haryana).

.....Petitioner

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Vidyut Marg,
Jaipur – 302005
2. Ajmer Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur – 302017 (Rajasthan).



3. Jaipur Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur – 302017 (Rajasthan).
4. Jodhpur Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur – 302017 (Rajasthan).
5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla – 171004.
6. Punjab State Electricity Board,
The Mall,
Patiala – 147001
7. Haryana Power Purchase Centre, 2nd Floor,
Shakti Bhawan, Sector-6,
Panchkula (Haryana) – 134109.
8. Power Development Department,
Govt. of Jammu & Kashmir,
Mini Secretariat,
Jammu.
9. Uttar Pradesh Power Corporation Limited,
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg,
Lucknow – 226001.
10. Delhi Transco Limited,
Shakti Sadan, Kotla Road,
New Delhi – 110002.
11. BSES Yamuna Power Limited,
BSES Bhawan, Nehru Place,
New Delhi.
12. BSES Rajdhani Power Limited,
BSES Bhawan, Nehru Place,
New Delhi.
13. Tata Power Delhi Distribution Limited,
33 kV Sub-station Building,
Hudson Lane, Kingsway Camp,
North Delhi – 110009



14. Chandigarh Administration,
Sector-9, Chandigarh.
15. Uttarakhand Power Corporation Limited,
Urja Bhawan, Kanwali Road,
Dehradun.
16. Northern Central Railway,
Allahabad.
17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi – 110002.
18. The Sterlite Company,
F-1, The Mira Corporate Suits,
I & 2 Ishwar Nagar, Mathura Road,
New Delhi 110065.

...Respondent(s)

For Petitioner: Shri S. S. Raju, PGCIL
Shri D.K. Biswal, PGCIL
Shri V.P. Rastogi, PGCIL
Shri A. K. Verma, PGCIL

For Respondents: Shri Neeraj Kumar Verma, NTL
Shri Vijayanand Semletty, NTL

ORDER

The Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, has filed the instant petition for truing up of transmission tariff of the period from COD to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and determination of tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) of the 2019-24 tariff period in respect of the following transmission assets associated with Northern Region System Strengthening



Scheme – XXIX (hereinafter referred to as “the transmission project”) in the Northern Region:

Asset-1: 2 numbers 400 kV Line Bays at Samba Sub-station & 2 Numbers 400 kV Line Bays at Jalandhar Sub-station; and

Asset-2: 2 numbers 400 kV Line Bays at Samba Sub-station & 2 Numbers 50 MVAR Line Reactor at Samba Sub-station.

Asset-1 and Asset-2 have been collectively referred to as "transmission assets" for the 2014-19 period. Asset-1 and Asset-2 have been combined as on 1.4.2019 and have been collectively referred to as "Combined Asset" for the 2019-24 tariff period.

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

- “1) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 8 and 9 above.*
- 2) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 8 and 9 above for respective block.*
- 3) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.*
- 4) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 5) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the respondents.*
- 6) Allow the petitioner to file a separate petition before Hon’ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 9.10 above.*
- 7) Allow the petitioner to claim the capital spares at the end of tariff block as per actual.*
- 8) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future.*



Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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

Background

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

a) The Investment Approval (IA) of the project was accorded by the Board of Directors of the Petitioner Company in the 324th meeting held on 12.1.2016 with an estimated cost of ₹5740 lakh including IDC of ₹307 lakh based on August 2015 price level (communicated vide Memorandum No. C/CP/NRSS-29 dated 14.1.2016).

b) The scope of the work as per IA is as follows:

Sub-station

- Jalandhar 400/220 kV Sub-station
400 kV Line bays: 2 numbers

- Samba 400/220 kV Sub-station
400 kV Line bays: 4 Numbers
2 numbers of 50 MVAR line reactors at Samba end of Samba-Amargarh 400 kV line

c) The complete scope of the work as per IA is covered in the instant petition. The dates of commercial operation and time over-run for the transmission assets covered in the instant petition are as follows:

Particulars	SCOD	COD	Time over-run
Asset-1	13.7.2017	11.12.2016	Nil
Asset-2	12.11.2018	26.8.2018	

d) The transmission tariff of the 2014-19 period in respect of Asset-1 and Asset-2 was allowed vide order dated 19.7.2018 in Petition No. 04/TT/2018 and order dated 14.4.2020 in Petition No. 32/TT/2019 respectively.



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

5. The Petitioner has served the petition on the Respondents and notice of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments/ objections have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. None of the respondents have filed reply in the matter.

6. The hearing in this matter was held on 31.8.2021 through video conference and the order was reserved.

7. This order is issued considering the submissions made by the Petitioner *vide* affidavits dated 14.7.2020 and 9.7.2021.

8. Having heard the representatives of the Petitioner and having perused the materials on record, we proceed to dispose of the petition.

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

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

(₹ in lakh)			
Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Depreciation	10.76	53.99	73.00
Interest on Loan	10.38	49.87	64.21
Return on Equity	11.52	57.32	78.06
Interest on Working Capital	78.30	266.04	274.84
O&M Expenses	4.81	17.43	19.07
Total	115.77	444.65	509.18



(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Depreciation	89.08
Interest on Loan	85.59
Return on Equity	97.37
O&M Expenses	82.08
Interest on Working Capital	9.74
Total	363.86

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

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Working Capital for O&M Expenses (O&M Expenses for 1 month)	21.46	22.17	22.90
Working Capital for Maintenance Spares (15% of O&M Expenses)	38.62	39.91	41.23
Working Capital for Receivables (Equivalent to 2 months of annual fixed cost)	63.45	74.11	84.86
Total Working Capital	123.53	136.19	148.99
Rate of Interest (in %)	12.80	12.80	12.80
Interest on Working Capital	4.81	17.43	19.07

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Working Capital for O&M Expenses (O&M Expenses for 1 month)	11.45
Working Capital for Maintenance Spares (15% of O&M Expenses)	20.61
Working Capital for Receivables (Equivalent to 2 months of annual fixed cost)	101.53
Total Working Capital	133.59
Rate of Interest (in %)	12.20
Interest on Working Capital	9.74



Capital Cost as on COD

11. The capital cost as on COD has been considered in accordance with Regulation 9(3) of the 2014 Tariff Regulations. The Commission *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 allowed capital cost as on COD for Asset-1 and *vide* order dated 14.4.2020 in Petition No. 32/TT/2019 allowed capital cost as on COD for Asset-2. The details of the capital cost as allowed by the Commission in the aforesaid orders and the capital cost now claimed by the Petitioner in the instant petition is as follows:

(₹ in lakh)

Particulars	Apportioned approved cost as per FR	Capital Cost as on 1.4.2014 previously allowed by the Commission	Capital Cost as on COD claimed in the instant petition
Asset-1	2184.87	454.76	454.77
Asset-2	3555.09	2536.73	2534.97

Cost Over-run

12. The apportioned approved cost as per FR and the capital cost claimed by the Petitioner as on 31.3.2019 *vide* the Auditor's certificates are as follows:

(₹ in lakh)

Particulars	Apportioned approved Capital Cost (as per FR)	Capital Cost claimed (as on 31.3.2019)
Asset-1	2184.87	1521.76
Asset-2	3555.09	2971.06

13. The capital cost claimed as on 31.3.2019 in respect of Asset-1 and Asset-2 are within the apportioned approved capital cost as per FR. Therefore, there is no cost over-run.

Time Over-run

14. The details of the date of commercial operation and time over-run for the transmission assets covered in the instant petition are as follows:



Particulars	SCOD	COD	Time over-run
Asset-1	13.7.2017	11.12.2016	Nil
Asset-2	12.11.2018	26.8.2018	

15. Therefore, there is no time over-run in putting Asset-1 and Asset-2 into commercial operation.

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

16. The Petitioner has claimed IDC for the transmission asset and has submitted the statement showing IDC claim, discharge of IDC liability as on date of commercial operation and thereafter as under:

(₹ in lakh)

Particulars	IDC as per Auditor Certificate	IDC Discharge Claimed up to COD	Un-discharged IDC Claimed up to COD
Asset-1	4.91	0.00	4.91
Asset-2	136.67	91.22	45.45

17. The allowable IDC for Asset-1 and Asset-2 have been worked out considering the information submitted by the Petitioner. The loan details submitted in Form-9C for the 2014-19 period and date of drawl submitted in IDC statements have been considered for the purpose of calculating IDC for Asset-1 and Asset-2. Accordingly, IDC allowed is as follows:

(₹ in lakh)

set	IDC as per Auditor Certificate	IDC allowed	IDC allowed up to COD on cash basis	Un-discharged portion of IDC as on COD*	IDC Discharged in 2017-18	IDC Discharged in 2018-19	IDC Discharged in 2019-20
Asset-1	4.91	4.91	0.00	4.91	4.91	0.00	0.00
Asset-2	136.67	136.67	91.07	45.60	40.00	5.60	0.00

18. The Petitioner has claimed IEDC for the transmission asset as follows:



(₹ in lakh)

Particulars	IEDC claimed (as per Auditor Certificate)	IEDC discharged (up to COD)
Asset-1	11.53	11.53
Asset-2	126.08	126.08

19. There is no time over-run in putting Asset-1 and Asset-2 into commercial operation. Further, IEDC claimed as on date of commercial operation for Asset-1 and Asset-2 are within the percentage of hard cost as per the abstract cost estimate mentioned in IA. Hence, the entire amount of IEDC has been allowed for Asset-1 and Asset-2. Accordingly, IEDC details considered for the purpose of tariff calculation are as under:

(₹ in lakh)

Particulars	IEDC allowed (as on COD)
Asset-1	11.53
Asset-2	126.08

Initial Spares

20. Regulation 13(d) of the 2014 Tariff Regulations provides that Initial Spares shall be capitalised as a percentage of plant and machinery cost up to cut-off date, subject to the following ceiling norms:

*“(d) Transmission System
Transmission line: 1.00%
Transmission sub-station (Green Field): 4.00%
Transmission sub-station (Brown Field): 6.00%
Gas Insulated sub-station :5.00%
Communication System: 3.5%”*

21. The Initial Spares claimed by the Petitioner are as follows:

Asset	Plant and Machinery Cost	Initial Spares claimed by the Petitioner
	Sub-station & PLCC (₹ in lakh)	Sub-station & PLCC (₹ in lakh)
Asset-1	1585.89	39.51
Asset-2	3032.42	64.81



22. The Petitioner has further submitted that the discharge of Initial Spares has been considered on cash basis in the Auditor Certificates. The initial spares claimed by the Petitioner are within ceiling of 6% under brown-field sub-station. The Initial Spares allowed for Asset-1 and Asset-2 as per the 2014 Tariff Regulations are as follows:

(₹ in lakh)

Particulars	Capital Cost up to cut-off date (A)	Initial Spares claimed (B)	Ceiling limit (in %) (C)	Initial Spares worked out	Excess Initial Spares	Initial Spares allowed
				$D = [(A-B)*C / (100-C)]$	$E = (D-B)$	
Sub-station (Brown Field)						
Asset-1	1585.89	39.51	6.00	98.71	Nil	39.51
Asset-2	3032.42	64.81		189.42		64.81

Additional Capital Expenditure (ACE)

23. The Commission *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 for Asset-1 and *vide* order dated 14.4.2020 in Petition No. 32/TT/2019 for Asset-2 had allowed ACE for the 2014-19 tariff period as follows:

Asset	ACE admitted (₹ in lakh)		
	2016-17	2017-18	2018-19
Asset-1	372.37	793.36	84.43
Asset-2			703.88

24. The Petitioner has claimed the following ACE based on actual expenditure:

Asset	ACE claimed (₹ in lakh)		
	2016-17	2017-18	2018-19
Asset-1	372.38	285.00	409.64
Asset-2			430.63

25. The Petitioner has submitted that ACE incurred during the 2014-19 period within the cut-off date is on account of un-discharged liabilities recognized to be payable at a future date under Regulation 14(1)(i) of the 2014 Tariff Regulations and



works deferred for execution under Regulation 14(1)(ii) of the 2014 Tariff Regulations. The break-up of ACE claimed by the Petitioner is as follows:

(₹ in lakh)

Particulars	Regulation	ACE claimed		
		2016-17	2017-18	2018-19
Asset-1				
Balance and retention payments for liabilities other than IDC	14(1)(i)	130.18	90.26	192.59
Works deferred for execution	14(1)(ii)	242.20	189.83	217.05
IDC discharged after COD	14(1)(i)	0.00	4.91	0.00
Total ACE (Asset-1)		372.38	285.00	409.64
Asset-2				
Balance and retention payments for liabilities other than IDC	14(1)(i)			119.69
Works deferred for execution	14(1)(ii)			270.95
IDC discharged after COD	14(1)(i)			39.99
Total ACE (Asset-2)				430.63

26. We have considered the submissions of the petitioner. ACE claimed by the Petitioner has been verified from the Auditor Certificates. The discharge of IDC for the transmission assets has been considered as per the IDC statements submitted by the Petitioner. Accordingly, ACE has been allowed under Regulation 14(1)(i) of the 2014 Tariff Regulations (un-discharged liabilities recognized to be payable at a future date) and Regulation 14(1)(ii) of the 2014 Tariff Regulations (works deferred for execution). Further, the capital cost claimed as on 31.3.2019 for Asset-1 and Asset-2 are within the apportioned approved capital cost as per FR. ACE allowed for the 2014-19 period is as follows:



(₹ in lakh)

Asset	Apportioned approved Cost as per FR	Capital Cost allowed (as on 1.4.2014)	ACE allowed			Capital Cost claimed (as on 31.3.2019)
			2016-17	2017-18	2018-19	
Asset-1	2184.87	454.76	372.37	285.00	409.63	1521.76
Asset-2	3555.09	2534.83			430.63	2965.46

Debt-Equity ratio

27. The Petitioner has claimed debt-equity ratio of 70:30 as on COD for the transmission assets. Debt-equity ratio of 70:30 is considered as provided under Regulation 19 of the 2014 Tariff Regulations. The details of the debt and equity considered as on COD and as on 31.3.2019 for the purpose of tariff for the 2014-19 period are as follows:

Asset-1

Funding	Capital Cost (as on COD) (₹ in lakh)	(in %)	Capital Cost (as on 31.3.2019) (₹ in lakh)	(in %)
Debt	318.33	70.00	1065.23	70.00
Equity	136.43	30.00	456.53	30.00
Total	454.76	100.00	1521.76	100.00

Asset-2

Funding	Capital Cost (as on COD) (₹ in lakh)	(in %)	Capital Cost (as on 31.3.2019) (₹ in lakh)	(in %)
Debt	1774.38	70.00	2075.82	70.00
Equity	760.45	30.00	889.64	30.00
Total	2534.83	100.00	2965.46	100.00

Depreciation

28. The Petitioner's claim towards depreciation in respect of the transmission assets is found to be higher than the depreciation allowed *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 for Asset-1 and *vide* order dated 14.4.2020 in Petition No.



32/TT/2019 for Asset-2. The Petitioner has not given any justification for claiming higher depreciation than what was allowed earlier nor has made any specific prayer for allowing higher depreciation in this petition. It is observed that the Petitioner has segregated IT equipment from sub-station and claim higher depreciation for IT equipment. Similar issue had come up in Petition No. 19/TT/2020 where the Commission *vide* order dated 9.5.2020, has considered depreciation for IT equipment @5.28% as part of the sub-station up to 31.3.2019 while truing up the capital expenditure for 2014-19 period. However, for 2019-24 tariff period, IT equipment has been considered separately and depreciation has been allowed @15% for balance depreciable value of IT equipment in accordance with Regulation 33 read with Sr. No. (p) of the Appendix-I (Depreciation Schedule) of the 2019 Tariff Regulations. The Gross Block during 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD at Annexure-I and Annexure-II in respect of Asset-1 and Asset-2 has been worked out after taking into account the depreciation rates of transmission assets as specified in the 2014 Tariff Regulations. The depreciation allowed during 2014-19 period are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Opening Gross Block	454.76	827.13	1112.13
ACE	372.37	285.00	409.63
Closing Gross Block	827.13	1112.13	1521.76
Average Gross Block	640.95	969.63	1316.95
Weighted average rate of Depreciation (WAROD) (in %)	5.42	5.42	5.43
Balance useful life of the asset (Year)	24	24	23
Lapsed life at the beginning of the year (Year)	0	0	1
Aggregate Depreciable Value	576.85	872.67	1185.25
Combined Depreciation during the year	10.56	52.58	71.47



(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Cumulative Aggregate Depreciation at the end of the year	10.56	63.14	134.61
Remaining Aggregate Depreciable Value at the end of the year	566.29	809.52	1050.64

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Opening Gross Block	2534.83
ACE	430.63
Closing Gross Block	2965.46
Average Gross Block	2750.15
Weighted average rate of Depreciation (WAROD) (in %)	5.31
Balance useful life of the asset (Year)	25
Lapsed life at the beginning of the year (Year)	0
Aggregate Depreciable Value	2475.13
Combined Depreciation during the year	87.23
Cumulative Aggregate Depreciation at the end of the year	87.23
Remaining Aggregate Depreciable Value at the end of the year	2387.91

29. The details of depreciation allowed *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 in respect of Asset-1 and *vide* order dated 14.4.2020 in Petition No. 32/TT/2019 in respect of Asset-2, depreciation claimed by the Petitioner in the instant petition and true-up in the instant order are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Allowed <i>vide</i> order dated 19.7.2018 in Petition No. 04/TT/2018	10.56	66.30	90.08
Claimed by the Petitioner in the instant petition	10.76	53.99	73.00
Approved after true-up in this order	10.56	52.58	71.47



(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Allowed <i>vide</i> order dated 14.4.2020 in Petition No. 32/TT/2019	91.62
Claimed by the Petitioner in the instant petition	89.08
Approved after true-up in this order	87.23

Interest on Loan (IoL)

30. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and rate of interest. We have considered the submissions of the Petitioner. IoL has been calculated based on actual interest rate submitted by the Petitioner in accordance with Regulation 26 of the 2014 Tariff Regulations. The trued-up IoL allowed in respect of the transmission assets are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Gross Normative Loan	318.33	578.99	778.49
Cumulative Repayments up to Previous Year	0.00	10.56	63.14
Net Loan-Opening	318.33	568.43	715.35
Additions due to ACE	260.66	199.50	286.74
Repayment during the year	10.56	52.58	71.47
Net Loan-Closing	568.43	715.35	930.62
Average Loan	443.38	641.89	822.99
Weighted Average Rate of Interest on Loan (in %)	7.7005	7.7799	7.8249
Interest on Loan	10.38	49.94	64.40

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Gross Normative Loan	1774.38
Cumulative Repayments up to Previous Year	0.00



(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Net Loan-Opening	1774.38
Additions due to ACE	301.44
Repayment during the year	87.23
Net Loan-Closing	1988.60
Average Loan	1881.49
Weighted Average Rate of Interest on Loan (in %)	7.6199
Interest on Loan	85.63

31. The details of IoL allowed *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 in respect of Asset-1 and *vide* order dated 14.4.2020 in Petition No. 32/TT/2019 in respect of Asset-2, IoL claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Allowed <i>vide</i> order dated 19.7.2018 in Petition No. 04/TT/2018	10.38	63.20	81.01
Claimed by the Petitioner in the instant petition	10.38	49.87	64.21
Approved after true-up in this order	10.38	49.94	64.40

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Allowed <i>vide</i> order dated 14.4.2020 in Petition No. 32/TT/2019	90.26
Claimed by the Petitioner in the instant petition	85.59
Approved after true-up in this order	85.63



Return on Equity (RoE)

32. The Petitioner has claimed RoE for the transmission assets in terms of Regulations 24 and 25 of the 2014 Tariff Regulations. The Petitioner has submitted that it is liable to pay income tax at MAT rates and has claimed the following effective tax rates for the 2014-19 tariff period:

Year	Claimed effective tax rate (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2016-17	21.342	19.706
2017-18	21.342	19.706
2018-19	21.549	19.758

33. The Commission, *vide* order dated 27.4.2020 in Petition No.274/TT/2019, had arrived at the effective tax rate for the Petitioner based on the notified MAT rates and the same is given 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

34. The MAT rates considered in order dated 27.4.2020 in Petition No. 274/TT/2019 are considered for the purpose of grossing up of rate of RoE for truing up of the tariff of the 2014-19 period in terms of the provisions of the 2014 Tariff Regulations, 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)]
2016-17	21.342	15.50	19.705
2017-18	21.342	15.50	19.705
2018-19	21.549	15.50	19.758

35. Accordingly, RoE is trued up on the basis of the MAT rate applicable in the respective years and the same are allowed as follows:



(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Opening Equity	136.43	248.14	333.64
Additions	111.71	85.50	122.89
Closing Equity	248.14	333.64	456.53
Average Equity	192.28	290.89	395.08
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500
MAT Rate for respective year (in %)	21.342	21.342	21.549
Rate of Return on Equity (in %)	19.705	19.705	19.758
Return on Equity	11.52	57.32	78.06

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Opening Equity	760.45
Additions	129.19
Closing Equity	889.64
Average Equity	825.04
Return on Equity (Base Rate) (in %)	15.500
MAT Rate for respective year (in %)	21.549
Rate of Return on Equity (in %)	19.758
Return on Equity	97.36

36. The details of RoE allowed *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 in respect of Asset-1 and *vide* order dated 14.4.2020 in Petition No. 32/TT/2019 in respect of Asset-2, RoE claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Allowed <i>vide</i> order dated 19.7.2018 in Petition No. 04/TT/2018	11.47	72.00	97.82
Claimed by the Petitioner in the instant petition	11.52	57.32	78.06
Approved after true-up in this order	11.52	57.32	78.06



(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Allowed vide order dated 14.4.2020 in Petition No. 32/TT/2019	101.50
Claimed by the Petitioner in the instant petition	97.37
Approved after true-up in this order	97.36

Operation & Maintenance Expenses (O&M Expenses)

37. The O&M Expenses claimed by the Petitioner for the transmission assets are as follows:

(₹ in lakh)

O&M Expenses claimed by the Petitioner			
Particulars	2016-17	2017-18	2018-19
Asset-1	78.30*	266.04	274.84
Asset-2			82.08*

*Pro-rata O&M Expenses

38. We have considered the submissions of the Petitioner. The O&M Expenses norms specified for the elements covered in the transmission assets under Regulation 29(3) of the 2014 Tariff Regulations are as follows:

Element	Norm for 2016-17	Norm for 2017-18	Norm for 2018-19
400 kV Sub-station (₹ lakh/bay)	64.37	66.51	68.71

39. The O&M Expenses allowed are in terms of the norms specified in Regulation 29(3) of the 2014 Tariff Regulations and are as follows:

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Sub-station bays at Jallandhar and Samba			
400 kV bays (Number of bays)	4	4	4
Norms (₹ lakh/bay)	64.37	66.51	68.71
Total O&M Expenses (₹ in lakh)	78.30	266.04	274.84



Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Sub-station bays at Samba	
400 kV bays (Number of bays)	2
Norms (₹ lakh/bay)	68.71
Total O&M Expenses (₹ in lakh)	82.08

40. The details of O&M Expenses allowed *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 in respect of Asset-1 and order dated 14.4.2020 in Petition No. 32/TT/2019 in respect of Asset-2, O&M Expenses claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Allowed <i>vide</i> order dated 19.7.2018 in Petition No. 04/TT/2018	78.30	266.04	274.84
Claimed by the Petitioner in the instant petition	78.30	266.04	274.84
Approved after true-up in this order	78.30	266.04	274.84

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Allowed <i>vide</i> order dated 14.4.2020 in Petition No. 32/TT/2019	82.07
Claimed by the Petitioner in the instant petition	82.08
Approved after true-up in this order	82.08

Interest on Working Capital (IWC)

41. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and are allowed for the transmission assets as follows:



(₹ in lakh)			
Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Working Capital for O&M Expenses (O&M Expenses for 1 month)	21.46	22.17	22.90
Working Capital for Maintenance Spares (15% of O&M Expenses)	38.62	39.91	41.23
Working Capital for Receivables (Equivalent to 2 months of annual fixed cost)	63.34	73.88	84.63
Total Working Capital	123.42	135.96	148.76
Rate of Interest (%)	12.80	12.80	12.80
Interest on Working Capital	4.80	17.40	19.04

(₹ in lakh)	
Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Working Capital for O&M Expenses (O&M Expenses for 1 month)	11.45
Working Capital for Maintenance Spares (15% of O&M Expenses)	20.61
Working Capital for Receivables (Equivalent to 2 months of annual fixed cost)	101.01
Total Working Capital	133.08
Rate of Interest (%)	12.20
Interest on Working Capital	9.70

42. The details of IWC allowed *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 in respect of Asset-1 and *vide* order dated 14.4.2020 in Petition No. 32/TT/2019 in respect of Asset-2, IWC claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:



(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Allowed <i>vide</i> order dated 19.7.2018 in Petition No. 04/TT/2018	4.80	18.31	20.24
Claimed by the Petitioner in the instant petition	4.81	17.43	19.07
Approved after true-up in this order	4.80	17.40	19.04

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Allowed <i>vide</i> order dated 14.4.2020 in Petition No. 32/TT/2019	9.97
Claimed by the Petitioner in the instant petition	9.74
Approved after true-up in this order	9.70

Approved Annual Fixed Charges for 2014-19 Tariff Period

43. The trued-up Annual Fixed Charges approved for the transmission assets for 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Depreciation	10.56	52.58	71.47
Interest on Loan	10.38	49.94	64.40
Return on Equity	11.52	57.32	78.06
O&M Expenses	78.30	266.04	274.84
Interest on Working Capital	4.80	17.40	19.04
Total	115.57	443.28	507.81



(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Depreciation	87.23
Interest on Loan	85.63
Return on Equity	97.36
O&M Expenses	82.08
Interest on Working Capital	9.70
Total	361.99

44. The details of AFC allowed *vide* order dated 19.7.2018 in Petition No. 04/TT/2018 in respect of Asset-1 and *vide* order dated 14.4.2020 in Petition No. 32/TT/2019 in respect of Asset-2, AFC claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
Asset-1			
Allowed <i>vide</i> order dated 19.7.2018 in Petition No. 04/TT/2018	115.51	485.85	563.99
Claimed by the Petitioner in the instant petition	115.77	444.65	509.18
Approved after true-up in this order	115.57	443.28	507.81

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
Asset-2	
Allowed <i>vide</i> order dated 14.4.2020 in Petition No. 32/TT/2019	375.42
Claimed by the Petitioner in the instant petition	363.86
Approved after true-up in this order	361.99



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

45. The Petitioner has combined the transmission assets covered in the transmission project into one single “Combined Asset” and has filed a consolidated petition claiming tariff for the Combined Asset as a whole for the 2019-24 tariff period as provided in Regulation 8(1) of the 2019 Tariff Regulations.

46. The Petitioner has claimed the following transmission charges for 2019-24 tariff period for the Combined Asset:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	255.71	266.67	266.67	266.67	266.67
Interest on Loan	227.97	218.67	198.84	179.00	157.87
Return on Equity	264.40	275.95	275.95	275.95	275.95
O&M Expenses	199.30	206.08	213.10	220.36	227.86
Interest on Working Capital	19.94	20.47	20.48	20.49	20.46
Total	967.32	987.84	975.04	962.47	948.81

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	16.61	17.17	17.76	18.36	18.99
Working Capital for Maintenance Spares (15% of O&M Expenses)	29.90	30.91	31.97	33.05	34.18
Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	118.93	121.79	120.21	118.66	116.66
Total Working Capital	165.44	169.87	169.94	170.07	169.83
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	19.94	20.47	20.48	20.49	20.46



Effective Date of Commercial Operation (E-COD)

48. The Petitioner has claimed E-COD of the Combined Asset as 27.1.2018. Based on the trued-up admitted capital cost as on 31.3.2019 and actual COD of all the transmission assets, E-COD has been worked out as follows:

Particulars	Capital Cost (as on 31.3.2019) (₹ in lakh)	COD	Number of days from last COD	Weightage of Cost (in %)	Weighted days	Effective COD (latest COD – weighted days)
Asset-1	1521.76	11.12.2016	623	33.91	211.28	26.1.2018
Asset-2	2965.46	26.8.2018	0	66.09	0.00	
Total	4487.22			100.00	211.28	

49. E-COD is used to determine the lapsed life of the project as a whole which works out as 1 (one) year as on 1.4.2019 (i.e., the number of completed years as on 1.4.2019 from E-COD).

Weighted Average Life (WAL) of the Combined Transmission Asset

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

51. WAL has been determined based on the admitted capital cost of the individual elements as on 31.3.2019 and their respective life as stipulated in the 2019 Tariff Regulations. The element-wise life as it was defined in the 2014 Tariff Regulations prevailing at the time of actual COD of the individual asset has been ignored for this purpose. The life as defined in the 2019 Tariff Regulations has been considered for determination of WAL. Accordingly, WAL of the Combined Asset has been worked out as 24 years as shown below:



Particular (1)	Combined Cost (₹in lakh) (2)	Life in Years (3)	Weighted Cost (₹in lakh) (4) = (2)x(3)	Weighted Average Life of Asset (in years) (5) = (4)/(2)
Sub-station	4140.01	25	103500.18	24.14 years, rounded off to 24 years
PLCC	298.84	15	4482.66	
IT Equipment and Software	48.37	6.67	322.47	
Total	4487.22		108305.32	

52. WAL as on 1.4.2019 as determined above is applicable prospectively (i.e., for 2019-24 tariff period onwards) and no retrospective adjustment of depreciation in previous tariff period is required to be done. As discussed above, the Effective COD of the assets is 26.1.2018 and the lapsed life of the project as a whole works out as 1 year as on 1.4.2019 (i.e., the number of completed years as on 1.4.2019 from Effective COD). Accordingly, the WAL has been used to determine the remaining useful life as on 31.3.2019 to be 23 years.

Capital Cost

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

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised Initial Spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*



- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) Expenditure on account of change in law and force majeure events; and*
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

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

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

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

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



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

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

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

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

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

54. The Petitioner has claimed the capital cost of ₹4487.39 lakh as on 31.3.2019 for the Combined Asset. The admitted capital cost as on 31.3.2019 for the transmission assets is ₹4487.22 lakh. Accordingly, the admitted capital cost of ₹4487.22 lakh has been considered as on 1.4.2019 of the Combined Asset for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

Additional Capital Expenditure (ACE)

55. Regulation 25 of the 2019 Tariff Regulations provides as follows:

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

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

- (a) *Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;*
- (b) *Change in law or compliance of any existing law;*
- (c) *Deferred works relating to ash pond or ash handling system in the*



- original scope of work;*
- (d) *Liability for works executed prior to the cut-off date;*
- (e) *Force Majeure events;*
- (f) *Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;*
- (g) *Raising of ash dyke as a part of ash disposal system.”*

56. The Petitioner has claimed ACE of ₹80.57 lakhs for Asset-2 and ₹324.11 lakhs for Asset-2 for the 2019-24 tariff period on account of un-discharged liabilities recognized to be payable at a future date under Regulation 24(1)(a) of the 2019 Tariff Regulations, works deferred for execution under Regulation 24(1)(b) of the 2019 Tariff Regulations and un-discharged liabilities after the cut-off date for works executed prior to the cut-off date under Regulation 25(1)(d) of the 2019 Tariff Regulations. The details of the same are summarised as follows:

(₹ in lakh)

Particulars	ACE Claimed
	2019-20
Asset-1	80.58
Asset-2	329.57
Total (Combined Asset)	410.15

57. The Petitioner vide affidavit dated 9.7.2021 has submitted the package-wise breakup as follows:

(₹ in lakh)

Vendor Name	Regulation	Asset Type	2019-20
Asset-1			
Godrej & Boyce Mfg. Co. Ltd.	25(1)(d)	Sub-station	69.31
		PLCC	11.26
Asset-2			
Godrej & Boyce Mfg. Co. Ltd.	24(1)(a)	Sub-station	212.74
		PLCC	9.87
	24(1)(b)	Sub-station	101.50

58. We have considered the submissions of the petitioner. ACE claimed by the Petitioner has been allowed under Regulation 24(1)(a) (un-discharged liabilities



recognized to be payable at a future date) and Regulation 24(1)(b) (works deferred for execution) for Asset-1 and under Regulation 25(1)(d) (un-discharged liabilities after the cut-off date for works executed prior to the cut-off date) of the 2019 Tariff Regulations for Asset-2. Further, the un-discharged portion of IDC for Asset-2 as on 31.3.2019 i.e., ₹5.60 lakh is also allowed as ACE in 2019-20 under Regulation 24(1)(a) of the 2019 Tariff Regulations. The capital cost allowed as on 31.3.2024 is within the apportioned capital cost as per FR for the transmission assets and the total capital cost allowed for the Combined Asset as on 31.3.2024 is within the total capital cost as per FR of ₹5740 lakh. Accordingly, ACE considered for the 2019-24 tariff period and the capital cost as on 31.3.2024 considered for the Combined Asset are as follows:

(₹ in lakh)

Particulars	Capital Cost admitted (as on 1.4.2019)	ACE admitted	Capital Cost admitted (as on 31.3.2024)
		2019-20	
Combined Asset	4487.22	410.28	4897.50

59. Therefore, the capital cost of ₹4487.22 lakh as on 1.4.2019 and ₹ 4897.50 lakh as on 31.3.2024 has been considered for the purpose of determination of transmission tariff for the 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations.

Debt-Equity ratio

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

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

Provided that:

- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:



- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:
- iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

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

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

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

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

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

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

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

61. The debt-equity considered for the purpose of computation of tariff of 2019-24 tariff period in respect of the Combined Asset is as follows:



Funding	Capital Cost (as on 1.4.2019) (₹ in lakh)	(in %)	Capital Cost (as on 31.3.2024) (₹ in lakh)	(in %)
Debt	3141.06	70.00	3428.25	70.00
Equity	1346.17	30.00	1469.25	30.00
Total	4487.22	100.00	4897.50	100.00

Depreciation

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

63. WAROD has been worked out after taking into account the depreciation rates of IT and non-IT assets as specified in the 2019 Tariff Regulations. The salvage value of IT equipment has been considered as nil i.e., IT asset has been considered as 100 per cent depreciable. The calculation of WAROD for the 2019-24 period is at Annexure-III. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation allowed for the Combined Asset is as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	4487.22	4897.50	4897.50	4897.50	4897.50
Addition during the year due to projected ACE	410.28	0.00	0.00	0.00	0.00
Closing Gross Block	4897.50	4897.50	4897.50	4897.50	4897.50
Average Gross Block	4692.36	4897.50	4897.50	4897.50	4897.50



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Weighted Average Rate of Depreciation (in %)	5.45	5.44	5.44	5.44	5.44
Balance useful life at the beginning of the year (in year)	23	22	21	20	19
Elapsed Life at the beginning of the year (in year)	1	2	3	4	5
Aggregate Depreciable Value	4227.97	4412.59	4412.59	4412.59	4412.59
Combined Depreciation during the year	255.71	266.66	266.66	266.66	266.66
Cumulative Aggregate Depreciation at the end of the year	477.55	744.20	1010.86	1277.52	1544.18
Remaining Aggregate Depreciable Value at the end of the year	3750.42	3668.39	3401.73	3135.07	2868.42

Interest on Loan (IoL)

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

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

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

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

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

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

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



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

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

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

65. The weighted average rate of IoL 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 may be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed for the 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	3141.06	3428.25	3428.25	3428.25	3428.25
Cumulative Repayments up to Previous Year	221.84	477.55	744.20	1010.86	1277.52
Net Loan-Opening	2919.22	2950.70	2684.05	2417.39	2150.73
Additions due to ACE	287.19	0.00	0.00	0.00	0.00
Repayment during the year	255.71	266.66	266.66	266.66	266.66
Net Loan-Closing	2950.70	2684.05	2417.39	2150.73	1884.07
Average Loan	2934.96	2817.37	2550.72	2284.06	2017.40
Weighted Average Rate of Interest on Loan (in %)	7.7805	7.7753	7.8108	7.8539	7.8447
Interest on Loan	228.35	219.06	199.23	179.39	158.26

Return on Equity (RoE)

66. Regulation 30 and Regulation 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:



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

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

Illustration-

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

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

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

- (a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;
- (b) Estimated Advance Tax for the year on above is Rs 240 crore;
- (c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore / Rs 1000 Crore = 24%;
- (d) Rate of return on equity = $15.50 / (1 - 0.24) = 20.395\%$.

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

67. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. Accordingly, the MAT rate applicable for 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 the Combined Asset is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	1346.17	1469.25	1469.25	1469.25	1469.25
Additions due to ACE	123.08	0.00	0.00	0.00	0.00
Closing Equity	1469.25	1469.25	1469.25	1469.25	1469.25
Average Equity	1407.71	1469.25	1469.25	1469.25	1469.25
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
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	264.40	275.95	275.95	275.95	275.95

Operation & Maintenance Expenses (O&M Expenses)

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-stations at Jalandhar and Samba					
400 kV bays (Number of bays)	6	6	6	6	6
Norms (₹ lakh/bay)	32.15	33.28	34.45	35.66	36.91
Total O&M Expenses (₹ in lakh)	192.90	199.68	206.70	213.96	221.46
PLCC (2% of ₹320.15 lakh)	6.40	6.40	6.40	6.40	6.40
Total O&M Expenses (₹ in lakh)	199.30	206.08	213.10	220.36	227.86

69. Regulation 35(3)(a) and Regulation 33(4) of the 2019 Tariff Regulations provides as follows:

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282



Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942



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

Provided further that:

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

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

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

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

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

70. We have considered the submissions of the Petitioner. The Petitioner has claimed O&M Expenses separately for PLCC under Regulation 35(4) of the 2019



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

71. The O&M Expenses have been worked out for the Combined Asset in accordance with Regulation 35(3)(a) of the 2019 Tariff Regulations and the same are as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-stations at Jalandhar and Samba					
400 kV bays (Number of bays)	6	6	6	6	6
Norms (₹ lakh/bay)	32.15	33.28	34.45	35.66	36.91
Total O&M Expenses (₹ in lakh)	192.90	199.68	206.70	213.96	221.46

Interest on Working Capital (IWC)

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

“34. Interest on Working Capital

(1)The Working Capital shall Cover:

.....

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

i. Receivables equivalent to 45 days of fixed cost;



- ii. Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and
- iii. Operation and maintenance expenses, including security expenses for one month”

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

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

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

“3.Definitions ...

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

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

74. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. ROI considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, whereas ROI for 2020-21 onwards has been considered as 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-21 and from 2021-22 onwards has been considered as 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points). The components of the working capital and interest allowed thereon for the Combined Asset is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	16.08	16.64	17.23	17.83	18.46
Working Capital for Maintenance Spares (15% of O&M Expenses)	28.94	29.95	31.01	32.09	33.22
Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	118.16	120.85	119.11	117.56	115.56
Total Working Capital	163.17	167.44	167.34	167.48	167.23
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	19.66	18.84	17.57	17.59	17.56

Annual Fixed Charges of the 2019-24 Tariff Period

75. The transmission charges allowed in respect of 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	255.71	266.66	266.66	266.66	266.66
Interest on Loan	228.35	219.06	199.23	179.39	158.26
Return on Equity	264.40	275.95	275.95	275.95	275.95
O & M Expenses	192.90	199.68	206.70	213.96	221.46
Interest on Working Capital	19.66	18.84	17.57	17.59	17.56
Total	961.02	980.19	966.11	953.55	939.89

Filing Fee and Publication Expenses

76. 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.



License Fee and Publication Expenses

77. 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 Regulations 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Goods and Services Tax

78. 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 & billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Govt. / Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

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

Security Expenses

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

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



3.8.2021. 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

82. 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

83. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the provisions of the 2010 Sharing Regulations. However, with effect from 1.11.2020, sharing of transmission charges is governed by the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2020 (in short "the 2020 Sharing Regulations"). Accordingly, the liabilities of the DICs for arrears of the transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and shall be recovered from the concerned DICs through Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection and disbursement of transmission charges for subsequent period shall be recovered in terms of the provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

84. To summarise:

- a. The trued-up Annual Fixed Charges (AFC) approved for the 2014-19 tariff period are as follows:



(₹ in lakh)

Particulars	2016-17 (Pro-rata 111 days)	2017-18	2018-19
AFC (Asset-1)	115.57	443.28	507.81

(₹ in lakh)

Particulars	2018-19 (Pro-rata 218 days)
AFC (Asset-2)	361.99

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	961.02	980.19	966.11	953.55	939.89

85. Annexure-I, Annexure-II and Annexure-III given hereinafter shall form part of the instant order.

86. This order disposes of Petition No. 15/TT/2021 in terms of above discussions and findings.

sd/-

(P. K. Singh)
Member

sd/-

(Arun Goyal)
Member

sd/-

(P. K. Pujari)
Chairperson



Annexure-I

2014-19 Capital Expenditure	Admitted Capital Cost as on COD (₹ in lakh)	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)		
		2016-17	2017-18	2018-19	Total			2016-17	2017-18	2018-19
Sub Station	395.06	309.92	236.35	351.71	897.98	1293.03	5.28%	29.04	43.46	58.99
PLCC	59.70	48.89	46.72	57.26	152.87	212.58	6.33%	5.33	8.35	11.64
IT Equipment (Incl. Software)	-	13.56	1.93	0.66	16.15	16.15	5.28%	0.36	0.77	0.84
Total	454.76	372.37	285.00	409.63	1067.00	1521.76		34.73	52.58	71.47
Average Gross Block (₹ in lakh)								640.95	969.63	1316.95
Weighted Average Rate of Depreciation								5.42%	5.42%	5.43%



Annexure-II

2014-19 Capital Expenditure	Admitted Capital Cost as on COD (₹ in lakh)	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)
		2018-19	Total			2018-19
Sub Station	2430.55	416.42	416.42	2846.97	5.28%	139.33
PLCC	73.21	13.05	13.05	86.27	6.33%	5.05
IT Equipment (Incl. Software)	31.07	1.15	1.15	32.22	5.28%	1.67
Total	2534.83	430.63	430.63	2965.46		146.05
Average Gross Block (₹ in lakh)						2750.15
Weighted Average Rate of Depreciation						5.31%



Annexure-III

2019-24 Capital Expenditure	Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Projected ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)				
		2019-20	Total			2019-20	2020-21	2021-22	2022-23	2023-24
Sub Station	4140.01	388.92	388.92	4528.92	5.28%	228.86	239.13	239.13	239.13	246.59
PLCC	298.84	21.29	21.29	320.14	6.33%	19.59	20.26	20.26	20.26	17.43
IT Equipment (Incl. Software)	48.37	0.07	0.07	48.44	15.00%	7.26	7.27	7.27	7.27	7.27
Total	4487.22	410.28	410.28	4897.50		255.71	266.66	266.66	266.66	266.66
Average Gross Block (₹ in lakh)						4692.36	4897.50	4897.50	4897.50	4897.50
Weighted Average Rate of Depreciation						5.45%	5.44%	5.44%	5.44%	5.44%

