

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 16/TT/2020

Coram:

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

Date of order: 31.07.2021

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 2001-04, 2004-09 and 2009-14 periods and truing up of transmission tariff of 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for 230 kV Neyveli-Bahoor transmission line in Southern Region.

And in the Matter of:

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

.....Petitioner

Vs.

1. Karnataka Power Transmission Corporation Ltd.,
Kaveri Bhavan, Bangalore - 560009.
2. Transmission Corporation of Andhra Pradesh Ltd.,
Vidyut Soudha, Hyderabad – 500082.
3. Kerala State Electricity Board,
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695 004.
4. Tamil Nadu Generation and Distribution Corporation Ltd.,
(Formerly Tamil Nadu Electricity Board -TNEB),
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600 002.
5. Electricity Department,
Government of Pondicherry,



Pondicherry – 605001.

6. Eastern Power Distribution Company of Andhra Pradesh Ltd.,
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam,
Andhra Pradesh.
7. Southern Power Distribution Company of Andhra Pradesh Ltd.,
Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta,
Tirupati - 517 501, Chittoor District, Andhra Pradesh.
8. Central Power Distribution Company of Andhra Pradesh Ltd.,
Corporate Office, Mint Compound,
Hyderabad – 500 063,
Andhra Pradesh.
9. Northern Power Distribution Company of Andhra Pradesh Ltd.,
Opp. NIT Petrol Pump,
Chaitanyapuri, Kazipet,
Warangal – 506 004,
Andhra Pradesh.
10. Bangalore Electricity Supply Company Ltd.,
Corporate Office, K.R.Circle,
Bangalore – 560 001.
Karnataka.
11. Gulbarga Electricity Supply Company Ltd.,
Station Main Road, Gulbarga,
Karnataka.
12. Hubli Electricity Supply Company Ltd.,
Navanagar, PB Road,
Hubli, Karnataka.
13. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore – 575 001,
Karnataka.
14. Chamundeswari Electricity Supply Corporation Ltd.,
927, L J Avenue,
Ground Floor, New Kantharaj Urs Road,
Saraswatipuram, Mysore – 570 009,
Karnataka.
15. Electricity Department,
Government of Goa,



Vidyuti Bhawan, Panaji,
Goa – 403001.

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

17. Tamil Nadu Transmission Corporation,
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600 002.

...Respondent(s)

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

For Respondents : Shri B. Vinodh Kanna, Advocate, TANGEDCO
Ms. R. Ramalakshmi, TANGEDCO
Mr. R. Srinivasan, TANGEDCO

ORDER

The instant petition has been filed by Power Grid Corporation of India Ltd., a deemed transmission licensee, for revision of transmission tariff of 2001-04, 2004-09 and 2009-14 tariff periods, truing up of transmission tariff for the period from 1.4.2014 to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of 230 kV Neyveli-Bahoor transmission line (hereinafter referred to as “the transmission asset”) in Southern Region:

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

“1) Approve the revised Transmission Tariff for 2001-04 block, 2004-09 block and transmission tariff for 2009-14 block for the asset 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 materialized 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 recover FERV on the foreign loans deployed as provided under clause 68 of the tariff regulations, 2019

8) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 10.5 above.

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

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

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



Background

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

(a) The Investment Approval (IA) for the transmission asset was accorded by Board of Directors of the Petitioner company vide Memorandum dated 16.8.1995 at an estimated cost of ₹1108.00 lakh (1st Quarter 1995 price) including IDC of ₹99.00 lakh. Subsequently, the Revised Cost Estimate (RCE) for the transmission asset was approved by the Board of Directors of the Petitioner Company vide memorandum dated 22.7.2002 at an estimated cost of ₹1448.00 lakh (excluding bays at Meramunadali) including IDC of ₹329.00 lakh.

(b) The scope of the work covered under the instant petition is as follows:

- i. 220 kV S/C single conductor, Neyveli Bahoor transmission line
- ii. 220 kV Bahoor bay of Neyveli Sub-station

(c) The entire scope of work as per IA is covered in the instant petition. The details of the transmission asset is as follows:

Asset	SCOD	COD	Time Over-run	RCE Cost (₹ lakh)
230 kV Neyveli-Bahoor transmission asset	16.8.1997	1.7.2001	Almost 4 Years	1448.00

(d) The transmission tariff from COD to 31.3.2004 was determined vide order dated 19.11.2004 in Petition No. 50/2000. The Petitioner has also claimed. ACE of ₹10.97 lakh and decapitalisation of ₹5.17 lakh due to FERV (foreign exchange rate variation) for 2001-04 period. ACE incurred by it during 2001-04 period has been approved by the Commission vide order dated 16.1.2006 in Petition No. 6/2005 while determining tariff for 2004-09 period.

(e) The tariff in respect of the transmission asset from 1.4.2004 to 31.3.2009 was determined vide order dated 16.1.2006 in Petition No. 6/2005 and further revised on account of FERV adjustment vide order dated 29.4.2008 in Petition No. 6/2005.

(f) The transmission tariff in respect of the transmission asset from 1.4.2009 to 31.3.2014 was determined vide order dated 3.11.2010 in Petition No.



98/2010. Further, tariff for 2009-14 period was trued up and tariff for the period from 1.4.2014 to 31.3.2019 was determined vide order dated 5.11.2015 in Petition No. 137/TT/2014.

(g) The transmission tariff allowed for 2014-19 tariff period in the order dated 5.11.2015 in Petition No. 137/TT/2014 and the transmission tariff based on truing up claimed by the Petitioner in the instant petition is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.11.2015 in Petition No. 137/TT/2014	162.07	163.93	165.85	167.81	169.84
Claimed by the Petitioner in the instant petition	162.13	164.42	166.29	168.25	170.53

(h) The Petitioner has sought revision of transmission tariff approved for 2001-04 and 2004-09 tariff periods 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 Appellate Tribunal for Electricity (the APTEL) dated 22.1.2007 in Appeal No. 81/2005 and batch matters and dated 13.6.2007 in Appeal No. 139/2006 and batch matters. The Petitioner has sought consequential revision of tariff allowed for 2009-14 tariff period; truing up of tariff of 2014-19 tariff period and determination of tariff for 2019-24 tariff period for transmission asset.

(i) The APTEL vide judgements dated 22.1.2007 in Appeal No. 81/2005 and batch matters pertaining to generating stations of NTPC had considered 4 (four) issues. The issues considered by the APTEL and its decisions are as given in the following table:

Sr. No.	Issue	The APTEL's decision/direction
1	Whether the 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 the APTEL.
2	Computation of interest on loan	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.

(j) 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 of the APTEL are given in the following table:

Sr. No.	Issue	The 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	Commission to consider the issue afresh.
III	Treating depreciation available as deemed repayment of loan	Commission to make a fresh computation of outstanding loan.
IV	Admissibility of depreciation up to 90%	Commission to consider the issue afresh.
V	Cost of Maintenance Spares	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 decapitalized required to be reduced. Commission to act accordingly.
VII	Non-consideration of normative transit loss for coal import.	Commission to consider afresh the transit losses for coal imported from coal mines other than the dedicated ones.
VIII	Foreign Exchange rate variation (FERV)	FERV has been kept as pass through 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 Appeal No.135 to 140 of 2005. The Commission to act accordingly.
IX	Computation of interest on loan 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.



(k) 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.

(l) Based on the APTEL's judgments dated 22.1.2007 and 13.6.2007, the Petitioner herein sought revision of tariff for its transmission asset for the 2001-04 and 2004-09 tariff periods vide 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 Civil Appeals by the Hon'ble Supreme Court.

(m) The Hon'ble Supreme Court vide its order dated 10.4.2018, dismissed the said Civil Appeals filed against the APTEL's said judgments. Thus, the order of the judgements of the APTEL has attained finality.

(n) Consequent to the Hon'ble Supreme Court's order dated 10.4.2018 in NTPC matters, Petition No. 121/2007 was listed for hearing before the Commission 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 asset at the time of filing of truing up of the petitions for the 2014-19 tariff period.

(o) The instant petition was heard on 18.5.2021 and in view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the order of Hon'ble Supreme Court dated 10.4.2018, the tariff is being revised. Period wise 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 transmission utilities, distribution licensees and power departments who are procuring transmission services from the Petitioner, mainly beneficiaries of the Southern Region.

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. Tamil Nadu Generation and Distribution Corporation (TANGEDCO), Respondent No. 4, has filed its reply vide affidavit dated 12.5.2021 and has raised issues on maintainability of the claim for revision of tariff, GST and sharing of transmission charges. The Petitioner has filed its rejoinder vide affidavit dated 20.5.2021 in response to the reply of TANGEDCO. 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 (IoL)

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 its 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 order for the period 1.4.1998 to 31.3.2001. In view of the above, the



interest allowed for 2001-04 and 2004-09 tariff period is revised on the basis of the normative debt repayment methodology.

Re: Additional Capital Expenditure (ACE)

7. The APTEL vide judgment dated 13.6.2007 in Appeal No. 139/2006 and others held that additional capitalisation after the date of commercial operation should also be considered for computation of maintenance spares. In view of above, the maintenance spares to be considered for computation of working capital for the 2001-04 and 2004-09 periods are also required to be revised taking into consideration the ACE after the date of commercial operation.

Re: Depreciation

8. As regards depreciation, the APTEL in its judgement 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 transmission asset for 2001-04 and 2004-09 tariff period is revised in the instant order.

9. The revision of transmission tariff allowed for 2001-04 and 2004-09 tariff periods 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 in judgements dated 22.1.2007 in Appeal No. 91 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 2001-04, 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 in the petition vide affidavit dated 16.9.2019 and Petitioner's affidavit dated 21.7.2020, reply filed by TANGEDCO and the Petitioner's rejoinder thereto.

11. The hearing in this matter was held on 18.5.2021 through video conference and order was reserved.

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

13. TANGEDCO has submitted that the claim of the Petitioner for revision of tariff of 2001-04, 2004-09 and 2009-14 tariff periods is not maintainable in law and there is no provision in either the Electricity Act, 2003 or the Tariff Regulations which permit such retrospective revision of tariff. Relying on the judgment of the Hon'ble Supreme Court of India in the case of *U.P. Power Corporation Ltd. v. NTPC Ltd.* reported as (2009) 6 SCC 235, TANGEDCO has submitted that such retrospective revision of tariff since 2001 will have unjust and unreasonable consequences for the current consumers of beneficiaries inasmuch as the consumers of the current tariff period will



be forced to pay tariff for arrears spanning roughly two decades and hence the claim for revision may be rejected.

14. In response, the Petitioner has submitted that the claim for revision of tariff has been made pursuant to directions of the Commission vide order dated 18.1.2019 in Petition No. 121/2007 in line with the APTEL 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.

15. We have considered the submissions made by the Petitioner and TANGEDCO. We observe that the contentions of TANGEDCO regarding revision of tariff for 2001-04, 2004-09 and 2009-14 tariff periods are similar to that of BRPL. It was placed before us that the Commission has decided the above issue in various petitions including in Petition No. 288/TT/2019 and Petition No. 290/TT/2020. TANGEDCO had raised this issue 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. Accordingly, in terms of orders dated 31.7.2020 and dated 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 2001-04 and 2004-09 tariff periods and consequent revision of tariff for 2009-14 tariff period.



**Revision of Transmission Charges Allowed For 2001-04, 2004-09 and 2009-14
Tariff Periods**

2001-04 Tariff Period

16. The Commission vide order dated 19.11.2004 in Petition No. 50/2000 approved the transmission charges in respect of the transmission asset for 2001-04 period without taking into account the ACE for the year 2001-02.

17. The transmission charges approved for 2001-04 period vide order dated 19.11.2004 in Petition No. 50/2000 are as follows:

Particulars	(₹ in lakh)		
	2001-02 (Pro-rata for 9 months)	2002-03	2003-04
Depreciation	30.23	40.30	40.30
Return on Equity	55.50	74.00	74.00
O&M Expenses	32.33	45.69	48.43
Advance against Depreciation	0.00	0.00	40.91
Interest on Loan	82.74	104.67	96.56
Interest on Working Capital	5.50	7.36	8.18
Total	206.30	272.02	308.38

18. The Petitioner has claimed the following revised transmission charges in respect of the transmission asset for 2001-04 period in this petition:

Particulars	(₹ in lakh)		
	2001-02 (Pro-rata for 9 months)	2002-03	2003-04
Depreciation	30.23	40.30	40.30
Return on Equity	55.50	74.00	74.00
O&M Expenses	32.33	45.69	48.43
Advance against Depreciation	0.00	0.00	41.82
Interest on Loan	82.74	104.67	96.48
Interest on Working Capital	5.51	7.40	8.22
Total	206.30	272.05	309.26

19. Transmission tariff for 2001-04 period as on COD was approved by the Commission vide order dated 19.11.2004 in Petition No. 50/2000 as ₹1437.03 lakh. The Petitioner has submitted that ACE incurred by it during 2001-04 period has been



approved by the Commission vide order dated 16.1.2006 in Petition No. 6/2005 while determining tariff for 2004-09 period. The Petitioner has further submitted that ACE was less than 20% of approved cost.

20. We have considered the submissions of the Petitioner and perused the order dated 19.11.2004 in Petition No. 50/2000. The tariff is allowed in respect of the transmission asset on the basis of the following:

- a) Admitted capital cost of ₹1437.03 lakh as on COD of the transmission asset; and
- b) Weighted Average Rate of Interest on actual loan, Weighted Average, Rate of Depreciation, Rate of Interest for Working Capital and O&M Expenses as per order dated 19.11.2004 in Petition No. 50/2000.

21. In view of above, the revised transmission charges allowed in respect of the transmission asset for 2001-04 tariff period are as follows:

Particulars	(₹ in lakh)		
	2001-02 (Pro-rata for 9 months)	2002-03	2003-04
Depreciation	30.23	40.30	40.30
Return on Equity	55.50	74.00	74.00
O&M Expenses	32.33	45.69	48.43
Advance against Depreciation	0.00	0.00	40.91
Interest on Loan	82.74	103.50	95.38
Interest on Working Capital	5.51	7.37	8.20
Total	206.31	270.86	307.22

22. The Annual Fixed Charges (AFC) allowed for 2001-04 tariff period vide order dated 19.11.2004 in Petition No. 50/2000, the revised AFC claimed in the instant petition and AFC allowed in the instant order are as follows:

Particulars	(₹ in lakh)		
	2001-02 (Pro-rata for 9 months)	2002-03	2003-04
AFC approved vide order dated 19.11.2004 in Petition No. 50/2000	206.30	272.02	308.38
AFC claimed by the Petitioner in the instant petition	206.30	272.05	309.26



AFC approved in the instant order	206.31	270.86	307.22
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2004-09 Tariff Period

23. The Commission vide order dated 16.1.2006 in Petition No. 6/2005 had approved transmission charges in respect of the transmission asset for 2004-09 period. The Commission vide order dated 29.4.2008 in Petition No. 6/2005 further revised the tariff on account of FERV adjustment. The Petitioner has claimed tariff based on capital cost of ₹1442.83 lakh after accounting for ACE of ₹10.97 lakh incurred during 2001-04 period and decapitalization of ₹5.17 lakh on account of FERV. The transmission charges approved for 2004-09 period vide order dated 29.4.2008 in Petition No. 6/2005 are as follows:

(₹ in lakh)					
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	40.54	40.54	40.54	40.54	40.54
Return on Equity	64.75	64.75	64.75	64.75	64.75
O&M Expenses	40.04	41.64	43.34	45.02	46.87
Advance against Depreciation	54.11	57.49	57.49	57.49	57.49
Interest on Loan	75.78	63.17	49.99	36.81	25.15
Interest on Working Capital	6.89	6.88	6.80	6.74	6.71
Total	282.11	274.47	262.91	251.35	241.51

24. The Petitioner has claimed the following revised transmission charges in respect of the transmission asset for 2004-09 period in this petition:

(₹ in lakh)					
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	40.54	40.54	40.54	40.54	40.54
Return on Equity	64.75	64.75	64.75	64.75	64.75
O&M Expenses	40.04	41.64	43.34	45.02	46.87
Advance against Depreciation	53.26	57.49	57.49	57.49	57.49
Interest on Loan	75.78	63.21	50.06	36.93	25.32
Interest on Working Capital	6.91	6.92	6.85	6.79	6.76
Total	281.28	274.55	263.03	251.51	241.73

25. We have considered the Petitioner's claim. The tariff is allowed in respect of the transmission asset on the basis of following:



- a) Admitted capital cost of ₹1442.83 lakh as on 1.4.2004 for the transmission asset;
- b) ACE of ₹10.97 lakh during 2004-09 period and decapitalization of ₹5.17 lakh on account of FERV as has been approved vide order dated 29.4.2008 in Petition No. 6/2005;
- c) Weighted Average Rate of Interest on actual loan adopted from order dated 29.4.2008 in Petition No. 6/2005; and
- d) Weighted Average Rate of Depreciation, Rate of Interest for Working Capital and O&M Expenses as per order dated 29.4.2008 in Petition No. 6/2005.

26. In view of above, the revised transmission charges allowed in respect of the transmission asset for 2004-09 tariff period are as follows:

(₹ in lakh)					
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	40.54	40.54	40.54	40.54	40.54
Interest on Loan	75.89	63.30	50.14	36.98	25.36
Return on Equity	64.75	64.75	64.75	64.75	64.75
Interest on Working Capital	6.89	6.89	6.82	6.76	6.73
O&M Expenses	40.04	41.64	43.34	45.02	46.87
Advance against Depreciation	53.08	57.49	57.49	57.49	57.49
Total	281.20	274.62	263.08	251.54	241.74

27. The Annual Fixed Charges (AFC) allowed for 2004-09 tariff period vide order dated 29.4.2008 in Petition No. 6/2005, revised AFC claimed in the instant petition and AFC allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
AFC approved vide order dated 29.4.2008 in Petition No. 6/2005	282.11	274.47	262.91	251.35	241.51
AFC claimed by the Petitioner in the instant petition	281.28	274.55	263.03	251.51	241.73
AFC approved in the instant order	281.20	274.62	263.08	251.54	241.74

2009-14 Tariff Period

28. The Commission vide order dated 3.11.2010 in Petition No. 98/2010 approved the tariff in respect of the transmission asset for 2009-14 period and vide order dated



5.11.2015 in Petition No. 137/TT/2014 trued up the tariff allowed for 2009-14 period and the same is as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	76.42	76.42	76.42	76.42	76.42
Return on Equity	86.37	89.54	89.62	89.62	90.7
O&M Expenses	46.08	48.7	51.5	54.47	57.58
Interest on Loan	16.91	9.7	3.31	0.15	0.00
Interest on Working Capital	6.05	6.1	6.11	6.19	6.36
Total	231.83	230.46	226.96	226.85	231.06

29. The Petitioner has claimed the following revised transmission charges in respect of the transmission asset for 2009-14 period in this petition:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	76.42	76.42	76.42	76.42	76.42
Return on Equity	86.37	89.54	89.62	89.62	90.7
O&M Expenses	46.08	48.7	51.5	54.47	57.58
Interest on Loan	17.11	9.89	3.49	0.22	0.00
Interest on Working Capital	6.05	6.10	6.11	6.19	6.36
Total	232.03	230.65	227.14	226.92	231.06

30. We have considered the Petitioner's claim. The tariff is allowed in respect of the transmission asset on the basis of the following:

- a) Admitted capital cost of ₹1442.83 lakh for transmission asset as on 1.4.2009;
- b) No ACE during 2009-14 period;
- c) Weighted Average Rate of Interest on actual loan derived/adopted from order dated 5.11.2015 in Petition No. 137/TT/2014; and
- d) Weighted Average Rate of Depreciation as per order dated 5.11.2015 in Petition No. 137/TT/2014.

31. In view of above, the revised transmission charges allowed in respect of the transmission asset for 2009-14 tariff period are as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	76.42	76.42	76.42	76.42	76.42
Interest on Loan	17.14	9.92	3.51	0.23	0.00
Return on equity	86.37	89.54	89.62	89.62	90.70
Interest on Working Capital	6.06	6.10	6.11	6.19	6.36



O & M Expenses	46.08	48.70	51.50	54.47	57.58
Total	232.06	230.67	227.17	226.93	231.06

32. AFC allowed for 2009-14 tariff period vide order dated 5.11.2015 in Petition No. 137/TT/2014, the revised AFC claimed in the instant petition and AFC allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
AFC approved vide order dated 5.11.2015 in Petition No. 137/TT/2014	231.83	230.46	226.96	226.85	231.06
AFC claimed by the Petitioner in the instant petition	232.03	230.65	227.14	226.92	231.06
AFC approved in the instant order	232.06	230.67	227.17	226.93	231.06

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

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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	13.23	13.23	13.23	13.23	13.23
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on equity	90.77	91.19	91.14	91.14	91.39
Interest on Working Capital	5.31	5.42	5.52	5.62	5.73
O&M Expenses	52.82	54.58	56.40	58.26	60.18
Total	162.13	164.42	166.29	168.25	170.53

34. The details of the Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission asset for 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	4.40	4.55	4.70	4.86	5.02
Maintenance Spares	7.92	8.19	8.46	8.74	9.03
Receivables	27.02	27.40	27.72	28.04	28.42
Total	39.34	40.14	40.88	41.64	42.47
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	5.31	5.42	5.52	5.62	5.73



Capital Cost As On 1.4.2014

35. The capital cost of the transmission asset has been calculated in accordance with Regulations 9(3) and 9(6) of the 2014 Tariff Regulations. The Commission vide order dated 5.11.2015 in Petition No. 137/TT/2014 had approved the transmission tariff for the transmission asset for 2014-19 period based on admitted capital cost of ₹1442.83 lakh as on 31.3.2014 .Therefore, the aforesaid capital cost of ₹1442.83 lakh as on 31.3.2014 has been considered for working out the trued up tariff for the 2014-19 tariff period.

Additional Capital Expenditure (ACE)

36. The Petitioner has not claimed any ACE during 2014-19 period.

Capital Cost For True Up of Tariff For 2014-19 Period

37. The capital cost considered for truing up of tariff for 2014-19 tariff period is as follows:

(₹ in lakh)		
Capital Cost as on 1.4.2014	ACE during 2014-19 Period	Capital Cost as on 31.3.2019
1442.83	0.00	1442.83

Debt-Equity Ratio

38. The debt-equity ratio has been allowed 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 tariff for the period ending on 31.3.2014 shall be considered. Accordingly, the admitted debt-equity ratio of 67.94:32.06 for the period ending on 31.3.2014 has been considered as opening debt-equity ratio as on 1.4.2014 for the purpose of truing up of tariff of the 2014-19 tariff period in respect of the transmission asset. The details of the debt-equity ratio of transmission asset as on 1.4.2014 and 31.3.2019 are as follows:



Particulars	Capital cost as on 1.4.2014 (₹ in lakh)	(%)	Total cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	980.30	67.94	980.30	67.94
Equity	462.53	32.06	462.53	32.06
Total	1442.83	100.00	1442.83	100.00

Depreciation

39. The Petitioner has claimed depreciation considering capital expenditure of ₹1442.83 lakh as on 1.4.2014 in respect of the transmission asset. The Petitioner has not claimed any depreciation towards “IT Equipment” in the present petition.

40. The depreciation has been worked out as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. The Gross Block during the 2014-19 tariff period with regard to the transmission asset has been depreciated at Weighted Average Rate of Depreciation (WAROD) and working of WAROD is attached as Annexure-1. The transmission asset has already completed 12 years of life as on 31.3.2014, the remaining depreciable value of ₹277.93 lakh has been spread across the balance useful life of 21 years in accordance with Regulation 27(5) of the 2014 Tariff Regulations. WAROD has been worked out after taking into account the depreciation rates of asset as prescribed in the 2014 Tariff Regulations and depreciation allowed during 2014-19 period in respect of the transmission asset is as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	1442.83	1442.83	1442.83	1442.83	1442.83
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	1442.83	1442.83	1442.83	1442.83	1442.83
Average Gross Block	1442.83	1442.83	1442.83	1442.83	1442.83
Weighted average Rate of Depreciation (%)	0.9169	0.9169	0.9169	0.9169	0.9169
Balance useful life (at the beginning of the year) (Year)	21	20	19	18	17
Aggregate Depreciable Value	1298.55	1298.55	1298.55	1298.55	1298.55
Depreciation during the	13.23	13.23	13.23	13.23	13.23



year					
Cumulative Aggregate Depreciation	1033.86	1047.10	1060.33	1073.57	1086.80
Remaining Aggregate Depreciable Value	264.68	251.45	238.21	224.98	211.75

41. The details of depreciation approved vide order dated 5.11.2015 in Petition No. 137/TT/2014, depreciation claimed in the instant petition and trued up depreciation allowed in respect of the transmission asset is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 5.11.2015 in Petition No. 137/TT/2014	13.24	13.24	13.24	13.24	13.24
Claimed by the Petitioner in the instant petition	13.23	13.23	13.23	13.23	13.23
Allowed after true-up in this order	13.23	13.23	13.23	13.23	13.23

Interest on Loan (IoL)

42. The Petitioner has already repaid the loan prior to 31.3.2014. Therefore, the Petitioner has not claimed any IoL.

Return on Equity (RoE)

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

Year	Claimed effective tax rate (in %)	Grossed up RoE [(Base Rate)/(1-t)] (in %)
2014-15	21.018	19.624
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

44. We have considered the submissions of the Petitioner. The Commission vide 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 and the same is given in the table below:

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

45. The MAT rates considered vide 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 tariff of 2014-19 tariff period, in terms of the provisions of the 2014 Tariff Regulations, is considered in the instant case which is as follows:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Base rate of RoE (in %)	Grossed up RoE [(Base Rate)/(1-t)] (in %)
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

46. Accordingly, RoE allowed in respect of the transmission asset is as follows:

Particulars	₹ in lakh				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	462.53	462.53	462.53	462.53	462.53
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	462.53	462.53	462.53	462.53	462.53
Average Equity	462.53	462.53	462.53	462.53	462.53
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (%)	20.961	21.342	21.342	21.342	21.549
Applicable RoE Rate (%)	19.610	19.705	19.705	19.705	19.758
Return on Equity for the year	90.70	91.14	91.14	91.14	91.39

47. The details of RoE approved vide order dated 5.11.2015 in Petition No. 137/TT/2014, RoE claimed in the instant petition and trued up RoE allowed in respect of the transmission asset are as follows:



(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.11.2015 in Petition No. 137/TT/2014	90.70	90.70	90.70	90.70	90.70
Claimed by the Petitioner in the instant petition	90.77	91.19	91.14	91.14	91.39
Approved after true-up in this order	90.70	91.14	91.14	91.14	91.39

Operation & Maintenance Expenses (O&M Expenses)

48. The O&M Expenses as claimed by the Petitioner are within the norms specified under the 2014 Tariff Regulations. The allowable O&M Expenses are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line					
220 kV S/C single conductor, Neyveli Bahoor transmission line (km)	52.5	52.5	52.5	52.5	52.5
Norms (₹ lakh/km)	0.20	0.21	0.22	0.22	0.23
O&M Expenses Transmission Line	10.61	10.97	11.34	11.71	12.08
Sub-station Bays					
220 kV Bahoor bay of Neyveli Sub-station (Number)	1	1	1	1	1
Norms (₹ lakh/bay)	42.21	43.61	45.06	46.55	48.10
O&M Expenses Substation	42.21	43.61	45.06	46.55	48.10
Total O&M Expenses (₹ in lakh)	52.82	54.58	56.40	58.26	60.18

49. The details of O&M Expenses approved vide order dated 5.11.2015 in Petition No. 137/TT/2014, O&M Expenses claimed in the instant petition and trued up O&M Expenses allowed in respect of the transmission asset are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.11.2015 in Petition No. 137/TT/2014	52.82	54.58	56.40	58.26	60.18
Claimed by the Petitioner in the instant petition	52.82	54.58	56.40	58.26	60.18
Approved after true up in this order	52.82	54.58	56.40	58.26	60.18



Interest on Working Capital (IWC)

50. The Petitioner has claimed the following IWC as per Regulation 28 of the 2014 Tariff Regulations:

(i) Receivables

Receivables as a component of working capital will be equivalent to two months fixed cost.

(ii) Maintenance spares

Regulation 28 of the 2014 Tariff Regulations provides for maintenance spares @ 15% per annum of the O&M expenses.

(iii) O & M expenses

Operation and maintenance expenses have been considered for one month as a component of working capital.

(iv) Rate of interest on working capital

As per Proviso 3 of Regulation 28 of the 2014 Tariff Regulation, SBI Base rate 10.00% as on 1.4.2014 plus 350 Bps i.e. 13.50% has been considered for the transmission asset, as the rate of interest on working capital.

51. IWC allowed in respect of the transmission asset is as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses (O&M Expenses for One Month)	4.40	4.55	4.70	4.85	5.01
Maintenance Spares (15% of O&M)	7.92	8.19	8.46	8.74	9.03
Receivables (Equivalent to Two months of annual transmission charges)	27.01	27.40	27.72	28.04	28.42
Total Working Capital	39.33	40.13	40.88	41.64	42.46
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest of working capital	5.31	5.42	5.52	5.62	5.73

52. The details of IWC approved vide order dated 5.11.2015 in Petition No. 137/TT/2014, IWC claimed in the instant petition and tried up IWC allowed in respect of the transmission asset are as follows:



Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.11.2015 in Petition No. 137/TT/2014	5.31	5.41	5.51	5.61	5.72
Claimed by the Petitioner in the instant petition	5.31	5.42	5.52	5.62	5.73
Approved after true-up in this order	5.31	5.42	5.52	5.62	5.73

Approved Annual Fixed Charges For 2014-19 Tariff Period

53. Accordingly, the trued up AFC approved for the transmission asset for 2014-19 tariff period are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	13.23	13.23	13.23	13.23	13.23
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	90.70	91.14	91.14	91.14	91.39
Interest on Working Capital	5.31	5.42	5.52	5.62	5.73
O&M Expenses	52.82	54.58	56.40	58.26	60.18
Total	162.06	164.38	166.29	168.25	170.53

54. Accordingly, Annual Transmission Charges approved vide order dated 5.11.2015 in Petition No. 137/TT/2014, claimed in the instant petition and trued up Annual Transmission Charges allowed in respect of the transmission asset are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.11.2015 in Petition No. 137/TT/2014	162.07	163.93	165.85	167.81	169.84
Claimed by the Petitioner in the instant petition	162.13	164.42	166.29	168.25	170.53
Approved after true-up in this order	162.06	164.38	166.29	168.25	170.53

Determination of Annual Fixed Charges For 2019-24 Tariff Period

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	13.23	13.23	13.23	13.23	13.23



Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on equity	91.39	91.39	91.39	91.39	91.39
Interest on Working Capital	3.15	3.21	3.27	3.33	3.38
O&M Expenses	36.19	37.40	38.75	40.06	41.46
Total	143.96	145.23	146.64	148.01	149.46

56. The details of IWC claimed by the Petitioner for 2019-24 period are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	3.02	3.12	3.23	3.34	3.46
Maintenance Spares	5.43	5.61	5.81	6.01	6.22
Receivables	17.70	17.91	18.08	18.25	18.38
Total	26.15	26.64	27.12	27.60	28.06
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest	3.15	3.21	3.27	3.33	3.38

Capital Cost

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

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

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

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

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

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

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

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

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

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

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

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

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



- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

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

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

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

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

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

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

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



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

58. The capital cost of ₹1442.83 lakh has been considered by the Commission in respect of the transmission asset as on 31.3.2019. Therefore, the capital cost of ₹1442.83 lakh as on 31.3.2019 has been considered as the opening capital cost as on 1.4.2019 for the purpose of determination of transmission tariff for 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations.

59. The Petitioner has not projected any ACE for 2019-24 tariff period in respect of the transmission asset in the instant petition.

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 ratio for 2019-24 period is allowed as per Regulation 18(3) of the 2019 Tariff Regulations. The details of debt-equity ratio considered for the purpose of tariff for 2019-24 tariff period are as follows:

Particulars	Capital cost as on 1.4.2019 (₹ in lakh)	(%)	Total cost as on 31.3.2024 (₹ in lakh)	(%)
Debt	980.30	67.94	980.30	67.94
Equity	462.53	32.06	462.53	32.06
Total	1442.83	100.00	1442.83	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 asset 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 asset of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

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

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

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

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

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

(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 asset 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 given at Annexure-II to this order is allowed after taking into account the depreciation rates of asset as prescribed in the 2019 Tariff Regulations. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation worked out in respect of the transmission asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	1442.83	1442.83	1442.83	1442.83	1442.83
Addition during 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	1442.83	1442.83	1442.83	1442.83	1442.83
Average Gross Block	1442.83	1442.83	1442.83	1442.83	1442.83
Balance useful life at the beginning of the year (Year)	16	15	14	13	12
Depreciable Value	1298.55	1298.55	1298.55	1298.55	1298.55
Rate of Depreciation (%)	0.9169	0.9169	0.9169	0.9169	0.9169
Depreciation during the year	13.23	13.23	13.23	13.23	13.23
Cumulative Aggregate Depreciation	1100.03	1113.27	1126.50	1139.74	1152.97
Remaining Aggregate Depreciable Value	198.51	185.28	172.04	158.81	145.58

Interest on Loan (IoL)

64. The Petitioner has already repaid the loan prior to 31.3.2014. Therefore, the Petitioner has not claimed any IoL.

Return on Equity (RoE)

65. Regulations 30 and 31 of the 2019 Tariff Regulations specify 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:

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.”

66. The Petitioner has submitted that MAT rate is applicable to the Petitioner's Company. Accordingly, MAT rate applicable in 2019-20 has been considered for the purpose of RoE which shall be trued up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed in respect of the transmission asset under Regulation 30 of the 2019 Tariff Regulations is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	462.53	462.53	462.53	462.53	462.53
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	462.53	462.53	462.53	462.53	462.53
Average Equity	462.53	462.53	462.53	462.53	462.53
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472



Rate of Return on Equity (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity	86.87	86.87	86.87	86.87	86.87

Operation & Maintenance Expenses (O&M Expenses)

67. Regulation 35(3)(a) and 35(4) of the 2019 Tariff Regulations specify the norms for O&M Expenses in respect of the transmission asset as follows:

“(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



<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

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

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

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

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

(4) Communication system: The operation and maintenance expenses for the communication system shall be worked out at 2.0% of the original project cost related



to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up.”

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line					
220 kV S/C single conductor, Neyveli Bahoor transmission line (km)	52.5	52.5	52.5	52.5	52.5
Norms (₹ lakh/km)	0.25	0.26	0.27	0.28	0.29
O&M Expenses on Transmission Line	13.23	13.65	14.18	14.65	15.17
Sub-station Bays					
220 kV Bahoor bay of Neyveli Sub-station (number)	1	1	1	1	1
Norms (₹ lakh/bay)	22.51	23.30	24.12	24.96	25.84
O&M Expenses on Sub-station	22.51	23.30	24.12	24.96	25.84
Communication system					
PLCC (₹ in lakh)	22.54	22.54	22.54	22.54	22.54
Norms (%)	2	2	2	2	2
O&M Expenses on communication system	0.45	0.45	0.45	0.45	0.45
Total O&M Expenses (₹ in lakh)	36.19	37.40	38.75	40.06	41.46

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



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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line					
220 kV S/C single conductor, Neyveli Bahoor transmission line (km)	52.5	52.5	52.5	52.5	52.5
Norms (₹ lakh/km)	0.25	0.26	0.27	0.28	0.29
O&M Expenses on Transmission Line	13.23	13.65	14.18	14.65	15.17
Sub-station Bays					
220 kV Bahoor bay of Neyveli Sub-station (Number)	1	1	1	1	1
Norms (₹ lakh/bay)	22.51	23.30	24.12	24.96	25.84
O&M Expenses on Sub-station	22.51	23.30	24.12	24.96	25.84
Total O&M Expenses (₹ in lakh)	35.74	36.95	38.30	39.61	41.01

Interest on Working Capital (IWC)

71. Regulations 34(1)(c), 34(3), 34(4) and 3(7) of the 2019 Tariff Regulations specify 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 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;"

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M Expenses for One Month)	2.98	3.08	3.19	3.30	3.42
Maintenance Spares (15% of O&M)	5.36	5.54	5.74	5.94	6.15
Receivables (Equivalent to Two months of annual transmission charges)	17.08	17.26	17.40	17.57	17.70
Total Working Capital	25.42	25.88	26.34	26.81	27.27
Rate of Interest (%)	12.05	11.25	10.50	10.50	10.50
Interest of working capital	3.06	2.91	2.77	2.82	2.86

Annual Fixed Charges for 2019-24 Tariff Period

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	13.23	13.23	13.23	13.23	13.23
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	86.87	86.87	86.87	86.87	86.87
Int. on Working Capital	3.06	2.91	2.77	2.82	2.86
Operation and Maintenance	35.74	36.95	38.30	39.61	41.01
Total	138.91	139.97	141.17	142.53	143.98



Filing Fee and Publication Expenses

74. 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

75. The Petitioner has requested to allow the Petitioner to bill and recover License fee and RLDC fees and charges, separately from the Respondents.

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

Goods and Services Tax

77. 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.

78. TANGEDCO has submitted that transmission charges are exempted from levy of GST and even if GST is levied in future, the same should not be allowed retrospectively. Relying upon the judgment of Hon'ble Gujarat High Court delivered on



19.12.2018 in Special Civil Appeal No. 5343 of 2018 in the matter of *Torrent Power Ltd. v. Union of India*, TANGEDCO has submitted that the Hon'ble High Court has quashed the clarification with regard to levy of GST which was issued in para 4(1) of the impugned Circular No. 34/8/2018-GST dated 1.3.2018 by the Government of India as ultra vires the provisions of the GST laws as well as the notifications issued thereunder and made the rule absolute. TANGEDCO has further submitted that the claim of GST by the Petitioner is premature and the Commission may direct the Petitioner to restrain from including the paragraph related to GST in all the petitions.

79. In response, the Petitioner has reiterated its submission and submitted that while no GST is levied on the transmission service at present, but if it is levied at any time in the future, the same shall be borne and additionally paid by the Respondents directly to the Petitioner.

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

Security Expenses

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



the year on actual expenses. The Petitioner has submitted that the difference, if any, between the estimated security expenses and actual security expenses as per the audited accounts may be allowed to be recovered from the beneficiaries on an yearly basis.

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

Capital Spares

83. 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

84. TANGEDCO has submitted that the 2020 Sharing Regulations were notified on 4.5.2020, which came into effect on 1.11.2020 and, hence, yearly transmission charges till 31.10.2020 should be shared as per the 2010 Sharing Regulations and from 1.11.2020, the transmission charges should be shared as per the 2020 Sharing Regulations and requested the Commission to issue suitable directions to allocate the trued-up yearly transmission charges as per both the Regulations.

85. The Petitioner has accepted the submissions of TANGEDCO. The Petitioner has further submitted that tariff determination and sharing of transmission charges are



two independent activities and same cannot be inter-linked. After determination of tariff of the assets by the Commission, the aspects of yearly transmission charges bifurcation as raised by TANGEDCO shall be taken care of by CTU at the time of billing.

86. We have considered the submissions of the Petitioner and TANGEDCO. During the tariff periods 2001-04, 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 shall be recovered from the concerned DICs through Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations. For subsequent period, the billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

87. To summarise:

- a) The revised AFC approved in respect of the transmission asset from COD to 31.3.2004 as per the APTEL's judgments are:

Particulars	(₹ in lakh)		
	2001-02 (Pro-rata for 9 months)	2002-03	2003-04
AFC	206.31	270.86	307.22



- b) The revised AFC approved in respect of the transmission asset from 1.4.2004 to 31.3.2009 as per the APTEL's judgments are as follows:

(₹ in lakh)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
AFC	281.20	274.62	263.08	251.54	241.74

- c) The consequential revision of AFC approved in respect of the transmission asset for 2009-14 tariff period are as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
AFC	232.06	230.67	227.17	226.93	231.06

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

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	162.06	164.38	166.29	168.25	170.53

- e) The AFC allowed in respect of the transmission asset for 2019-24 tariff period in this order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	138.91	139.97	141.17	142.53	143.98

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

89. This order disposes of Petition No. 16/TT/2020 in terms of the above discussion and findings.

sd/-
(Pravas Kumar Singh)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



Annexure-I

Asset	Particulars	Admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh)				
					2014-15	2015-16	2016-17	2017-18	2018-19
Asset	Land	0.00	0.00	0.00					
	Building	0.00	0.00	3.34					
	Transmission Line	1159.51	1159.51	5.28					
	Sub Station	260.78	260.78	5.28					
	PLCC	22.54	22.54	6.33					
	TOTAL	1442.83	1442.83		13.23	13.23	13.23	13.23	13.23
			Average Gross Block (₹ in lakh)		1442.83	1442.83	1442.83	1442.83	1442.83
			Weighted Average Rate of Depreciation (%)		0.9169	0.9169	0.9169	0.9169	0.9169



Annexure-II

Asset	Particulars	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh)				
					2019-20	2020-21	2021-22	2022-23	2023-24
Asset	Land	0.00	0.00	0.00					
	Building	0.00	0.00	3.34					
	Transmission Line	1159.51	1159.51	5.28					
	Sub Station	260.78	260.78	5.28					
	PLCC	22.54	22.54	6.33					
	TOTAL	1442.83	1442.83		13.23	13.23	13.23	13.23	13.23
		Average Gross Block (₹ in lakh)			1442.83	1442.83	1442.83	1442.83	1442.83
		Weighted Average Rate of Depreciation (%)			0.9169	0.9169	0.9169	0.9169	0.9169

