

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 2/TT/2020

Coram:

Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member
Shri Prakash S. Mhaske, Member, Ex-officio

Date of Order: 27.04.2021

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and truing up of transmission tariff of the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 in respect of Spare Converter Transformer at Rihand for Rihand-Dadri HVDC Bipole Terminal in the Northern Region.

And in the matter of:

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

.....**Petitioner**

Versus

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur – 302005 (Rajasthan).
2. Ajmer Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur - 302017 (Rajasthan).
3. Jaipur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur - 302017 (Rajasthan).
4. Jodhpur Vidyut Vitran Nigam Ltd.,
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 (Himachal Pradesh).
6. Punjab State Electricity Board,
Thermal Shed Tia,
Near 22 Phatak,
Patiala - 147001 (Punjab).
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula - 134109 (Haryana).
8. Power Development Department,
Government of Jammu & Kashmir,
Mini Secretariat, Jammu.
9. Uttar Pradesh Power Corporation Ltd.,
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg,
Lucknow - 226001 (Uttar Pradesh).
10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi – 110002.
11. BSES Yamuna Power Ltd.,
B-Block, Shakti Kiran, Bldg. (Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi – 110092.
12. BSES Rajdhani Power Ltd,
BSES Bhawan, Nehru Place,
New Delhi – 110019.
13. Tata Power Delhi Distribution Ltd., (TPDDL),
NDPL house, Hudson Lines Kingsway Camp,
Delhi – 110009.
14. Chandigarh Administration,
Sector - 9, Chandigarh.
15. Uttarakhand Power Corporation Ltd.,
Urja Bhawan,
Kanwali Road, Dehradun (Uttarakhand).



16. North Central Railway,
Allahabad (Uttar Pradesh).

17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi - 110002.

....Respondent(s)

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

For Respondent: Shri R. B. Sharma, Advocate, BRPL
Shri Mohit Mudgal, Advocate, BYPL
Ms. Megha Bajpayee, BRPL

ORDER

The present petition has been filed by the Petitioner, Power Grid Corporation of India Limited (PGCIL), a deemed transmission licensee, for truing up of the 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 Spare Converter Transformer at Rihand (hereinafter collectively referred to as “the transmission asset”) under the Rihand-Dadri HVDC Bipole Terminal in the Northern Region (hereinafter referred to as the “transmission project”).

2. The Petitioner has made the following prayers in the 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 9 and 10 above.

2) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without



making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9 and 10 above for respective block.

3) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.

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

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

6) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 10.6 above.

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

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

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

Background

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

a) The Investment Approval (IA) for procurement of two nos. of 315 MVA Spare Converter Transformers for Rihand – Dadri HVDC System was accorded by the Board of Directors of the Petitioner Company *vide* letter No. C/CP/Spare Conv-Rihand – Dadri dated 11.7.2006 for ₹7230 lakh including IDC of ₹148 lakh based on 4th quarter 2005 price level. As per the approval, the commissioning schedule of these spare converter transformers was 18 months from the date of letter of award.



b) The Petitioner *vide* Petition No. 38/2005 had prayed for approval for procurement of two ABB make Converter Transformers under Rihand Transmission System and additional capitalization of cost thereof for the purpose of recovery of tariff. The Commission *vide* order dated 21.6.2005 in Petition No. 38/2005 while giving approval for replacement of two converter transformers directed that cost of one converter transformer would be borne by the Petitioner and that of the second converter transformer would be allowed to be capitalized for the purpose of tariff, provided the cost of the replaced transformer is de-capitalized. Aggrieved by the said order, the Petitioner filed Appeal No. 120 of 2005 before the Appellate Tribunal for Electricity (APTEL). APTEL, *vide* judgment dated 5.4.2006, modified the decision of the Commission to the extent that the existing spare converter would remain to be in service and not de-capitalized.

c) The entire scope of the transmission project is complete and is part of the instant petition. The scope of transmission asset covered under the transmission project is as follows:

Sub-station

- i. 2x315 MVA Spare Converter Transformer for Rihand-Dadri HVDC System in the Northern Region.

d) The scheduled COD of the transmission asset was 1.7.2008 and it was put into commercial operation in 1.12.2011. Thus, there was time over-run of 41 months, which was not condoned by the Commission.

e) The transmission tariff of the transmission asset for 2009-14 tariff period was determined *vide* order dated 8.7.2013 in Petition No. 75/TT/2012. The Commission in order dated 8.7.2013, referring to the APTEL's judgement dated 27.4.2011 in Appeal No.72 of 2010 did not condone the time over-run of 41 months and disallowed 50% of IDC and IEDC. The Commission further observed that the liquidated damages (LD) will be adjusted after realisation at the time of truing up. The transmission tariff for the 2009-14 tariff period was trued up and tariff for the 2014-19 period was determined *vide* order dated 26.11.2015 in Petition No. 429/TT/2014.



f) The Petitioner has submitted revised tariff forms *vide* affidavit dated 27.10.2020 and has claimed the following trued-up tariff for the transmission asset for the 2014-19 tariff period:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
AFC approved <i>vide</i> order dated 26.11.2015 in Petition No. 429/TT/2014	416.17	404.28	391.90	379.51	367.12
AFC claimed by the Petitioner based on truing up in the instant petition	425.50	413.62	400.98	388.35	376.12

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

5. The Petitioner has served the petition on the Respondents and notice regarding the filing of this petition has been published in 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. Uttar Pradesh Power Corporation Ltd. (UPPCL), Respondent No. 9, has filed reply *vide* affidavit dated 6.1.2020, raising the issues regarding capital cost, IoL, RoE and accumulated depreciation during the 2014-19 and 2019-24 tariff period. BSES Rajdhani Power Limited (BRPL), Respondent No. 12, has filed a reply *vide* affidavit dated 9.3.2021 and has raised issues regarding tariff for capital cost of spare assets, adoption of Indian Accounting Standard, effective rate considered for the calculation of RoE and effect of GST. The Petitioner has filed rejoinders to the replies of UPPCL and BRPL, *vide* affidavit dated 9.3.2021 and affidavit dated 16.3.2021 respectively. The issues raised by UPPCL and BRPL, and the clarifications given by the Petitioner are considered in the relevant portions of this order.



6. The hearing in this matter was held on 10.3.2021 through video conference and the order was reserved.

7. This order is issued after considering the submissions made in the Petitions vide affidavits dated 11.10.2019, 22.7.2020 and 27.10.2020; UPPCL's reply vide affidavit dated 6.1.2020; BRPL's reply vide affidavit dated 9.3.2021 and the Petitioner's rejoinder to the reply of UPPCL and BRPL vide affidavits dated 9.3.2021 and 16.3.2021 respectively.

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

9. BRPL has submitted that representation of consumer's interest and their participation in the tariff determination proceedings is an integral part of the hearing. Referring to Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, BRPL has submitted that some association/ forum or body Corporate recognized by the Commission may be asked to represent the interest of consumers during hearings of the instant petition. BRPL has further submitted that one of the said agencies may be instructed to represent the consumer's interest in the instant case and the same is also provided for in Section 94(3) of the Electricity Act, 2003.

10. We have considered the above submissions of the BRPL. In terms of Regulations 3(6) and 3(8) of the Central Electricity Regulatory Commission (Procedure for Making of Application for Determination of Tariff, Publication of Application and Other Related Matters) Regulations, 2004, the Petitioner has published notice in the



newspapers and the petition is also uploaded on the Petitioner's website. In addition to the Petitioner's notice in the newspaper, the Commission also posted a general notice dated 14.1.2020 on its website. No suggestions/ objections were received by the Commission before listing of the present petition for hearing.

11. In view of the facts and circumstances of the present case, no pressing need is felt for engagement of any agency to represent the interest of consumers as pursuant to the publications and posting the tariff application on website, no suggestion/ objection has been received. Accordingly, BRPL's request for engaging an agency for protection of consumer's interest is rejected. We would also like to point out that BRPL has raised the same plea in several other earlier petitions.

12. BRPL has submitted that the Petitioner has adopted the Indian Accounting Standard which has resulted in increase in tariff for the transmission assets. BRPL has submitted that the adoption of Indian Accounting Standard is for the purposes of the Companies Act, 2013 and it is not for the purposes of tariff determination. The present case is governed by the 2014 Tariff Regulations and the 2019 Tariff Regulations. BRPL has submitted that tariff in respect of the transmission asset has increased in the truing up stage without any change in the capital cost of the asset or in the additional capitalization. BRPL has contended that submissions of the Petitioner are against the established practice of the 2014 Tariff Regulations and are liable to be rejected. In response, the Petitioner has submitted that there is no impact in tariff on account of adoption of IND AS since, the Petitioner has not claimed additional capital expenditure (ACE) during 2014-19 tariff period. The truing-up of transmission tariff for the 2014-19 tariff period is carried on account of actual capitalisation during 2014-19 tariff period,



change in MAT rate and change in floating interest rate during 2014-19 are in line with the Commission's directives in order dated 11.2.2021 in Petition No. 24/TT/2020.

13. We have considered the submissions of the Petitioner and BRPL and have also gone through the record. The principal contention of BRPL is that on account of adoption of Indian Accounting Standards by the Petitioner, the tariff of the transmission assets has increased. For determination of tariff, the Commission invariably follows the Tariff Regulations notified by it and allows the claims on the basis of the Tariff Regulations and not on the basis of the Indian Accounting Standards. We observe that the similar contention was placed before the Commission by BRPL in Petition No. 24/TT/2020 and it was rejected vide order dated 11.2.2021. There is no merit in the contention of BRPL that introduction of Indian Accounting Standards by the Petitioner would lead to increase in tariff. Accordingly, we reject the submissions of BRPL on this count.

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

14. The Petitioner has claimed the following trued-up transmission tariff of the transmission asset for the period from 1.4.2014 to 31.3.2019:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	135.42	135.42	135.42	135.42	135.42
Interest on Loan	129.62	117.27	104.92	92.57	80.22
Return on Equity	150.89	151.62	151.62	151.62	152.02
Interest on Working Capital	9.57	9.31	9.02	8.74	8.46
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	425.50	413.62	400.98	388.35	376.12

15. The Petitioner has claimed the trued-up Interest on Working Capital (IWC) for the transmission asset of the 2014-19 period as under:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Receivables	70.92	68.94	66.83	64.73	62.69
Total Working Capital	70.92	68.94	66.83	64.73	62.69
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	9.57	9.31	9.02	8.74	8.46

16. BRPL has submitted that the transmission asset is spare ICT and the tariff in respect of such assets may not be granted as they are lying as spares and are not in use. BRPL has submitted that in accordance with Regulation 7(1) of the 2009 Tariff Regulations and Regulation 9(6)(a) of the 2014 Tariff Regulations, the assets forming part of the project but not in use are required to be removed from the capital cost. BRPL has further submitted that APTEL in its judgments dated 25.4.2016 in Appeal No. 98 of 2015 observed that the transformers that stand replaced and till the time they are requisitioned by any beneficiary State, shall be treated as spare transformers, but 'asset not in use'. BRPL has further submitted that the decision to include the cost of spare ICTs is an incorrect decision and an incorrect decision cannot be allowed in perpetuity as observed by APTEL in judgement dated 12.5.2015 in Appeal No.129 of 2012 & Ors. In response, the Petitioner *vide* affidavit dated 16.3.2021 has submitted that the Board of PGCIL has approved the project after proper planning and discussion/ ratification of the same in meeting of Standing Committee on Power System Planning of Northern Region and Regional Power Committee meeting. For smooth operation and stability of the grid, spare ICT is essential, and, in this case, Spare Converter transformer is required for Rihand-Dadri Bipole HVDC system which is very important line for bulk power transformer and is in use as a spare transformer and can be utilised immediately in case of failure of converter transformer for the safety and security of National grid.



17. We have considered the submissions of the Petitioner and BRPL. BRPL's contentions are two-fold. The first contention of BRPL is that, in view of the APTEL's judgements, the tariff for the instant Spare Converter Transformer at Rihand for Rihand-Dadri HVDC Bipole Terminal, which is a spare, should not be granted. The second contention is that, in view of Regulation 7(1) of the 2009 Tariff Regulations and Regulation 9(6)(a) of the 2014 Tariff Regulations, the transmission asset which is a spare and not in use should not be granted tariff. It was placed before us that The Commission *vide* order dated 24.1.2021 in Petition No. 136/TT/2020 had dealt with the issues relating to Spare assets. The relevant portion of the order dated 24.1.2021 in Petition No. 136/TT/2020 is as under:

"20. As stated in paragraph 3 above, COD of Assets-I and II was approved by the Commission as 1.11.2010 and 1.3.2012 respectively. The tariff for the transmission assets from their COD to 31.3.2014 was approved vide order dated 6.1.2015 in Petition No. 113/TT/2012 and the transmission tariff of the 2009-14 tariff period was trued up and tariff for the 2014-19 period was allowed vide order dated 26.2.2016 in Petition No. 191/TT/2015. The instant petition is for truing up of the tariff of the 2014- 19 tariff period and for grant of tariff for the 2019-24 tariff period. It is observed that the procurement of the instant spare ICTs was discussed and agreed in the 14th NRPC meeting held on 19.9.2009 and in the 28th SCM of Northern Region on 23.2.2010. The instant ICTs were planned and executed as spares taking into consideration the technical requirements and after having been approved by the beneficiaries in NRPC. In this backdrop, we consider the applicability of the APTEL's judgement dated 25.4.2016 in Appeal No. 98 of 2015 to the present case. Appeal No.98 of 2015 was filed by the Petitioner against the Commission's order dated 6.1.2015 in Petition No.206/TT/2012. The Commission in the said order dated 6.1.2015 did not approve use of the replaced transformers, which had completed their useful life, as spares and the same was upheld by APTEL in its judgement dated 25.4.2016 which has been relied upon by BRPL. In the instant case, the ICTs have been planned, approved and executed as spares to meet eventualities, whereas in Petition No.206/TT/2012, the Petitioner's prayer was to use the transformers, which had completed their useful life, as spares. We are of the considered view that the facts in the instant case are markedly distinct from the facts that were before APTEL in Appeal No. 98 of 2015 and, therefore, the judgement dated 25.4.2016 of APTEL cannot be extended to the present case. It is further observed that BRPL has raised the issue after more than eight years of the commercial operation of the assets and five years of granting initial tariff for the transmission assets.

21. BRPL has further submitted that APTEL in its judgments dated 8.5.2014 in Appeal No. 173 of 2013 and 1.5.2015 in Appeal No. 97 of 2013 disallowed capitalization of spare transformers and accordingly tariff should not be allowed for the instant spare ICTs. APTEL's judgement dated 8.5.2014 in Appeal No. 173 of 2013 was against the Commission's order dated 28.5.2013 in Petition No.269/2009. NTPC in Petition No.269/2009 sought capital expenditure for purchase of a generator transformer at



Kahalgaon STPS in addition to the spare generator transformer, which replaced the damaged transformer. In short, NTPC sought an additional spare generator transformer which was disallowed by the Commission in order dated 28.5.2013 and the same was upheld by APTEL in judgement dated 8.5.2014 in Appeal No. 173 of 2013. In Appeal No. 97 of 2013 relating to NTPC's Tanda Thermal generating station, capitalization of the spare generator transformer sought by NTPC on the ground that it was a takeover plant was disallowed by the Commission as it was after the cut-off date and there was no such provision under the 2009 Tariff Regulations for its capitalization and this was affirmed by APTEL in its judgment dated 1.5.2015 in Appeal No. 97 of 2013. We are of the view that the facts in the instant case are different from the facts and the claims made by NTPC in Petition No.269/2009 and Petition No.329/GT/2014 in respect of Kahalgaon and Tanda generating station respectively. Therefore, we are of the view that the APTEL's judgements dated 8.5.2014 in Appeal No. 173 of 2013 and 1.5.2015 in Appeal No. 97 of 2013 are not applicable to the instant case.

22. BRPL's second contention is that as per Regulation 7(1) of the 2009 Tariff Regulations and Regulation 9(6)(a) of the 2014 Tariff Regulations, the transmission assets which are spares and 'not-in-use' should not be granted tariff. BRPL has emphasized that the instant spare ICTs are 'not-in-use' and hence they should be removed from the capital cost and should not be serviced. In our view, this submission of BRPL is misconceived. It is pertinent to mention that these spare ICTs were discussed and agreed in the 14th NRPC meeting held on 19.9.2009 and in the 28th SCM of Northern Region held on 23.2.2010. Accordingly, these assets have been planned, approved and executed as "spare ICTs". In our view, any asset that is set-up or developed as a standalone spare asset is expected to serve the intended purpose i.e. 'to be in use as a spare' and cannot be categorized as assets 'not in use'" and should be serviced. In this background, we are not inclined to accept the contention of BRPL.

23. As regards the contention of BRPL that a wrong order cannot be allowed in perpetuity, we are of the view that there is no infirmity in the Commission's orders dated 6.1.2015 in Petition No. 113/TT/2012 and order dated 26.2.2016 in Petition No. 191/TT/2015. Hence, question of removal of the transmission assets from the PoC computation and reimbursement of tariff already recovered from the beneficiaries does not arise."

18. In view of the above, we do not find merit in the contentions of BRPL and the same are rejected.

Capital Cost

19. The details of FR approved apportioned capital cost, capital cost as on 1.4.2014, actual ACE incurred during the 2014-19 tariff period and capital cost as on 31.3.2019 as claimed by the Petitioner are as under:



(₹ in lakh)

FR Apportioned Approved Capital Cost	Admitted Capital Cost as on 31.3.2014	Amount of Liquidated Damages (LD) earlier deducted along with IDC and IEDC	Capital Cost claimed as on 1.4.2014	Actual ACE 2014-19	Total Capital Cost as on 31.3.2019
1	2	3	4=2+3	5	6=4+5
3615.00	2509.26	55.47	2564.73	0.00	2564.73

20. The Petitioner vide affidavit dated 27.10.2020 has submitted that entire amount of Liquidated Damages (LD) has been recovered from the executing agency(ies) and the amount of ₹55.47 lakh (50% of ₹110.93 lakh) were deducted from the capital cost as on 31.3.2014. The Petitioner has further submitted that LD recovered to the extent of disallowed IDC and IEDC is to be retained and necessary adjustments thereof is made to the capital cost approved as on 31.3.2014. Hence, the Petitioner has claimed a capital cost of ₹2564.73 lakh (₹2509.26 lakh + ₹55.47 lakh).

21. We have considered the submissions made by the Petitioner. APTEL in its judgement dated 27.4.2011 in Appeal 72/2010 has laid down the following principles for dealing with the issue of time over-run in execution of projects.

“7.4. The delay in execution of a generating project could occur due to following reasons:

i) due to factors entirely attributable to the generating company, e.g., imprudence in selecting the contractors/suppliers and in executing contractual agreements including terms and conditions of the contracts, delay in award of contracts, delay in providing inputs like making land available to the contractors, delay in payments to contractors/suppliers as per the terms of contract, mismanagement of finances, slackness in project management like improper co-ordination between the various contractors, etc.

ii) due to factors beyond the control of the generating company e.g. delay caused due to force majeure like natural calamity or any other reasons which clearly establish, beyond any doubt, that there has been no imprudence on the part of the generating company in executing the project.

iii) situation not covered by (i) & (ii) above.

In our opinion in the first case the entire cost due to time over run has to be borne by the generating company. However, the Liquidated Damages (LDs) and insurance proceeds on account of delay, if any, received by the generating company could be retained by the generating company. In the second case the generating company could be given benefit



of the additional cost incurred due to time over-run. However, the consumers should get full benefit of the LDs recovered from the contractors/suppliers of the generating company and the insurance proceeds, if any, to reduce the capital cost. In the third case the additional cost due to time overrun including the LDs and insurance proceeds could be shared between the generating company and the consumer. It would also be prudent to consider the delay with respect to some benchmarks rather than depending on the provisions of the contract between the generating company and its contractors/suppliers. If the time schedule is taken as per the terms of the contract, this may result in imprudent time schedule not in accordance with good industry practices.”

22. As per the above directions of APTEL, when the time over-run is attributable to the project developer or its contractors, the cost of the time over-run, i.e., the IDC and the IEDC has to be borne by the project developer and LD, if any, recovered can be retained by the project developer. In the instant case, the time over-run in the instant asset was not condoned. Accordingly, IDC and IEDC for the period of time over-run is not capitalised and LD recovered by the Petitioner can be retained by the Petitioner. The Petitioner has submitted that it has recovered LD in case of the instant transmission asset. In the instant case, an amount of ₹55.47 lakh, equivalent to 50% of LD recoverable was disallowed and deducted from the capital cost vide order dated 26.11.2015 in Petition No. 429/TT/2014. This was over and above the disallowed amounts of IDC and IEDC of ₹212.66 lakh on account of time over-run. Since, as per the directions of APTEL, LD recovered by the Petitioner can be retained by itself, the disallowance of LD made vide order dated 26.11.2015 in Petition No. 429/TT/2014 is to be restored in the capital cost as on 1.4.2014. The details of the adjustments made for the transmission asset are as follows:

(₹ in lakh)		
Capital cost as on 31.3.2014 allowed vide order dated 26.11.2015 in Petition No. 429/TT/2014	Adjustment of LD allowed	Capital cost allowed as on 1.4.2014
A	B	C = A + B
2509.26	55.47	2564.73



Additional Capital Expenditure (ACE)

23. The Petitioner has not claimed any ACE during the period 2014-19. The capital cost allowed for the 2014-19 tariff period is as under:

Capital Cost as on 1.4.2014	ACE allowed during	Capital Cost as on 31.3.2019
	2014-19	
2564.73	0.00	2564.73

Debt-Equity ratio

24. The debt-equity ratio has been considered in accordance with Regulation 19 of the 2014 Tariff Regulations. The Petitioner has claimed debt-equity ratio as on 31.3.2014 as approved by the Commission *vide* order dated 26.11.2015 in Petition No. 429/TT/2014. The same has been considered as debt-equity ratio as on 1.4.2014 as well as on 31.3.2019. The details of the debt-equity ratio considered are as follows:

Particulars	Capital Cost as on 1.4.2014 (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	1795.31	70.00	1795.31	70.00
Equity	769.42	30.00	769.42	30.00
Total	2564.73	100.00	2564.73	100.00

Depreciation

25. UPPCL has submitted that the Petitioner has claimed capital cost of ₹2564.73 lakh and depreciation of ₹135.42 lakh at the rate of depreciation of 5.28% during the period of 2014-19. UPPCL has requested to direct the Petitioner to provide details of cumulative depreciation of ₹304.14 lakh. In response, the Petitioner has submitted that the error regarding calculation of depreciation was inadvertent while submitting the tariff forms and not intentional and that the revised forms have been submitted *vide* affidavit dated 27.10.2020. Further, the Petitioner has submitted that the cumulative depreciation



of ₹304.14 lakh is as per paragraph 41 of the Commission's order dated 26.11.2015 in Petition No. 429/TT/2014.

26. We have considered the submissions made by the Petitioner and UPPCL. The Gross Block during the 2014-19 tariff period has been depreciated at weighted average of depreciation (WAROD). WAROD at Annexure-1 has been worked out after considering the depreciation rates of transmission assets as prescribed in the 2014 Tariff Regulations and depreciation allowed is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation					
Opening Gross Block	2564.73	2564.73	2564.73	2564.73	2564.73
ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	2564.73	2564.73	2564.73	2564.73	2564.73
Average Gross Block	2564.73	2564.73	2564.73	2564.73	2564.73
Weighted average rate of Depreciation (WAROD) (%)	5.28	5.28	5.28	5.28	5.28
Balance useful life of the asset (Year)	23	22	21	20	19
Elapsed Life of the asset (Year)	2	3	4	5	6
Depreciable Value	2308.25	2308.25	2308.25	2308.25	2308.25
Depreciation during the year	135.42	135.42	135.42	135.42	135.42
Cumulative Depreciation	439.56	574.98	710.39	845.81	981.23
Remaining Depreciable Value	1868.70	1733.28	1597.86	1462.45	1327.03

27. Accordingly, details of depreciation approved *vide* order dated 26.11.2015 in Petition No. 429/TT/2014, depreciation claimed by the Petitioner in the petition and trued up depreciation for the 2014-19 tariff period are as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 26.11.2015 in Petition No. 429/TT/2014	132.63	132.78	132.78	132.78	132.78
Claimed by the Petitioner in the instant Petition	135.42	135.42	135.42	135.42	135.42
Allowed after true-up in this order	135.42	135.42	135.42	135.42	135.42



Interest on Loan (IoL)

28. The Petitioner has claimed the weighted average rate of IoL, based on its actual loan portfolio and rate of interest.

29. UPPCL has submitted that the opening normative loan as on 1.4.2014 should be ₹1795.31 lakh, instead of ₹1756.48 lakh as claimed by the Petitioner. In response, the Petitioner has submitted revised tariff forms for the 2014-19 and 2019-24 tariff period after correcting the opening normative loan.

30. We have considered the submissions of the Petitioner and UPPCL. IoL has been calculated based on actual interest rate as submitted by the Petitioner, in accordance with Regulation 26 of the 2014 Tariff Regulations. Trued up IoL worked out is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Loan					
Gross Normative Loan	1795.31	1795.31	1795.31	1795.31	1795.31
Cumulative Repayments up to Previous Year	304.14	439.56	574.98	710.39	845.81
Net Loan-Opening	1491.17	1355.75	1220.34	1084.92	949.50
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	135.42	135.42	135.42	135.42	135.42
Net Loan-Closing	1355.75	1220.34	1084.92	949.50	814.08
Average Loan	1423.46	1288.04	1152.63	1017.21	881.79
Weighted Average Rate of Interest on Loan (%)	9.1058	9.1044	9.1026	9.1003	9.0972
Interest on Loan	129.62	117.27	104.92	92.57	80.22

31. Accordingly, details of IoL approved earlier *vide* order dated 26.11.2015 in Petition No. 429/TT/2014, IoL claimed by the Petitioner in the petition and trued up IoL for the 2014-19 tariff period are as under:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 26.11.2015 in Petition No. 429/TT/2014	126.39	114.46	102.35	90.24	78.13
Claimed by the Petitioner in the instant Petition	129.62	117.27	104.92	92.57	80.22
Allowed after true-up in this order	129.62	117.27	104.92	92.57	80.22

Return on Equity (RoE)

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

Year	Claimed effective tax rate (in %)	Grossed up RoE [Base Rate/(1-t)] (in %)
2014-15	21.018	19.611
2015-16	21.382	19.706
2016-17	21.338	19.706
2017-18	21.337	19.706
2018-19	21.549	19.758

33. UPPCL has submitted that the opening equity as on 1.4.2014 should be ₹769.42 lakh, instead of ₹752.78 lakh as claimed by the Petitioner. In response, the Petitioner *vide* affidavit dated 27.10.2020 has submitted revised tariff forms for tariff period 2014-19 and 2019-24 correcting the opening equity.

34. BRPL has submitted that the information regarding Income Tax Assessment submitted by the Petitioner is in respect of the entire PGCIL and not in respect of the tax on the transmission business in respect of the Northern Region. Accordingly, the said information is not the relevant information for the purposes of effective tax rate. BRPL has submitted that infrastructure transmission companies have been allowed huge tax benefits under the Income Tax Act, 1961 (hereinafter referred to as "1961 Act") in the



form of Tax Holiday for enterprises engaged in infrastructure development etc. as per Section 80 IA of the 1961 Act and other benefits like the higher depreciation allowed in initial years. BRPL has submitted that the Petitioner has already stated on affidavit that the effective tax rate is zero and accordingly the effective tax rate for the earlier tariff period (2009-14) would also be zero since the benefits of the tax holiday under Section 80 IA of the 1961 Act and other benefits like the higher depreciation etc. were also applicable during earlier tariff period. Regulation 49 of the 2014 Tariff Regulations restricts the claim of tax amount only to deferred tax liabilities up to 31.3.2009 whenever it will materialize. BRPL has also submitted that the claims of deferred tax are required to be adjusted for the tariff period 2004-09.

35. In response, the Petitioner has submitted that that it does not file income tax return on transmission business in respect of a particular region as the company has a single PAN and there is no provision in the 1961 Act to file separate returns on the basis of nature of business being undertaken by any entity. All the documents in support of income tax (either returns or assessment orders) are for the Petitioner's company as a whole. The Auditor's Certificate clearly showing income from transmission income and income from other segments along with copy of assessment order/income return which are relevant to derive the effective tax rate has already been submitted *vide* affidavit dated 10.8.2020 in Petition No. 24/TT/2020. Further, the region wise Balance Sheet and Profit and Loss Accounts for Northern Region 1 for 2014-19, Northern Region 2 for 2014-19 and Northern Region 3 for 2016-19 and Cost Audit Report for 2017-18, 2018-19 are enclosed as Enclosure-2A, Enclosure-2B, Enclosure-2C & Enclosure-2D in Petition No. 24/TT/2020 *vide* affidavit dated 10.8.2020. The Petitioner has submitted that it has computed effective tax rate based on actual tax paid pursuant to assessment



orders for the years 2014-15, 2015-16 and 2016-17. The income tax due for 2017-18 and 2018-19 has been deposited and tax returns have already been filled, however assessment orders are yet to be received. The Petitioner has further submitted that after deducting depreciation and tax holiday benefit under normal provision, the income tax for the respective year has been calculated along with surcharge and cess, which works out to be in the range of 33.99% to 34.944% during 2014-15 to 2018-19. In case, the tax computed under normal provision is less than the tax calculated on book profit at the percentage prescribed u/s 115JB (Minimum Alternate Tax) then the Company has to pay tax computed as per the provisions of section 115JB of the 1961 Act which works out between 20.96% to 21.5488%. The Petitioner has submitted that Form-3 is a system generated form and due to a system error/constraint the header in Form-3 displays 0.00 instead of blank and the actual effective tax rate used for grossing up RoE is provided in Form 8.

36. We have considered the submissions of the Petitioner and the Respondents, BRPL and UPPCL. Similar issue came before the Commission in Petition No. 136/TT/2020. The Commission vide order dated 24.1.2021 in Petition No. 136/TT/2020 has already dealt with the issues raised by the Respondents. The relevant paragraphs of the order are extracted as under:

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



Act, tax has to be computed under normal provisions of Income Tax Rules, 1962 and as per MAT provisions under the section 115JB of the 1961 Act and the assessee will have to pay tax higher of the two. As per the submission, during the tariff period 2014-19, the Petitioner calculated the income tax under regular provisions of the 1961 Act (with tax rates of 33.99% to 34.944%) and the tax was worked out to be lower than the tax payable under MAT rates due to deductions under section 80IA and availability of accelerated depreciation under Income Tax. Thus, the Petitioner has been assessed and paid tax under MAT. We are satisfied with the clarifications given by the Petitioner and convinced that the Petitioner has acted prudently and has complied with the provisions of the 1961 Act and the provisions of the tariff regulations.

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

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

"26. We are conscious that the entities covered under MAT regime are paying Income Tax as per MAT rate notified for respective financial year under IT Act, 1961, which is levied on the book profit of the entity computed as per the Section 115JB of the IT Act, 1961. The Section 115JB(2) defines book profit as net profit in the statement of Profit & Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying income tax on income computed under Section 115JB of the IT Act, 1961 as per the MAT rates of the respective financial year, the notified MAT rate for respective financial year shall be considered as effective tax rate for the purpose of grossing up of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax authorities shall be considered on actual payment. However, penalty (for default on the part of the Assessee) if any imposed shall not be taken into account for the purpose of grossing up of rate of return on equity. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/ DICs as the case may be on year to year basis.

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



Year	Notified MAT rates (inclusive of surcharge & cess) (in %)	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

38. The MAT rates as above are considered for the purpose of grossing up of rate of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations as under:

Year	Notified MAT rates (inclusive of surcharge & cess) (in %)	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

39. RoE is trued up on the basis of the MAT rate applicable in the respective years and is allowed as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity					
Opening Equity	769.42	769.42	769.42	769.42	769.42
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	769.42	769.42	769.42	769.42	769.42
Average Equity	769.42	769.42	769.42	769.42	769.42
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (%)	19.610	19.705	19.705	19.705	19.758
Return on Equity	150.88	151.61	151.61	151.61	152.02



40. Accordingly, details of RoE approved earlier *vide* order dated 26.11.2015 in Petition No. 429/TT/2014, RoE claimed by the Petitioner in the petition and trued up RoE for the 2014-19 tariff period are as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 26.11.2015 in Petition No. 429/TT/2014	147.79	147.95	147.95	147.95	147.95
Claimed by the Petitioner in the instant Petition	150.89	151.62	151.62	151.62	152.02
Allowed after true-up in this order	150.88	151.61	151.61	151.61	152.02

Operation & Maintenance Expenses (O&M Expenses)

41. The Petitioner has not claimed any O&M Expenses for the transmission asset for the 2014-19 tariff period.

Interest on Working Capital (IWC)

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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Receivables (Equivalent to 2 months of fixed cost)	70.92	68.93	66.83	64.72	62.69
Total Working Capital	70.92	68.93	66.83	64.72	62.69
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	9.57	9.31	9.02	8.74	8.46

43. The details of IWC approved *vide* order dated 26.11.2015 in Petition No. 429/TT/2014, IWC claimed by the Petitioner in the petition and as trued up in the instant order is shown in the table below:



(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 26.11.2015 in Petition No. 429/TT/2014	9.36	9.10	8.82	8.54	8.26
Claimed by the Petitioner in the instant petition	9.57	9.31	9.02	8.74	8.46
Allowed after true-up in this order	9.57	9.31	9.02	8.74	8.46

Approved Annual Fixed Charges of the 2014-19 Tariff Period

44. The trued-up annual fixed charges allowed for the transmission asset for the 2014-19 tariff period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	135.42	135.42	135.42	135.42	135.42
Interest on Loan	129.62	117.27	104.92	92.57	80.22
Return on Equity	150.88	151.61	151.61	151.61	152.02
Interest on Working Capital	9.57	9.31	9.02	8.74	8.46
O & M Expenses	0.00	0.00	0.00	0.00	0.00
Total	425.49	413.61	400.97	388.34	376.12

45. Accordingly, the comparison between Annual Transmission Charges as approved *vide* order dated 26.11.2015 in Petition No. 429/TT/2014, as claimed by the Petitioner and as approved after truing up in the instant order is shown in the table below:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 26.11.2015 in Petition No. 429/TT/2014	416.17	404.28	391.90	379.51	367.12
Claimed by the Petitioner in the instant petition	425.50	413.62	400.98	388.35	376.12
Allowed after true-up in this order	425.49	413.61	400.97	388.34	376.12



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

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	135.42	135.42	135.42	135.42	135.42
Interest on Loan	67.86	55.51	43.15	30.78	18.37
Return on Equity	144.51	144.51	144.51	144.51	144.51
Interest on Working Capital	5.23	5.06	4.87	4.69	4.49
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	353.02	340.50	327.95	315.40	302.79

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Receivables	43.40	41.98	40.43	38.88	37.23
Total Working Capital	43.40	41.98	40.43	38.88	37.23
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	5.23	5.06	4.87	4.69	4.49

Capital Cost

48. Regulation 19 of the 2019 Tariff Regulations provide as under:

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

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

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

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

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



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

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

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

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

- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and



(b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.

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

(a) The assets forming part of the project, but not in use, as declared in the tariff petition;

(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

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

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

(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and

(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”

49. The Petitioner has claimed the opening the capital cost on 1.4.2019 of ₹2564.73 lakh. The same has been worked out by the Commission and considered as opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

Additional Capital Expenditure

50. The Petitioner has not claimed ACE during the 2019-24 tariff period for the transmission asset.

Debt-Equity ratio

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

“18. Debt-Equity Ratio: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed



is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that:

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

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

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

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

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

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

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

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



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

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	%	Capital Cost as on 31.3.2024 (₹ in lakh)	%
Debt	1795.31	70.00	1795.31	70.00
Equity	769.42	30.00	769.42	30.00
Total	2564.73	100.00	2564.73	100.00

Depreciation

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

"33. Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element there of 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.”

54. The Gross Block during the 2019-24 tariff period has been depreciated at weighted average of depreciation (WAROD). WAROD at Annexure-2 has been worked out after considering the depreciation rates of transmission assets as prescribed in the 2019 Tariff Regulations and depreciation allowed is as follows:

Particular	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	2564.73	2564.73	2564.73	2564.73	2564.73
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00



Closing Gross Block	2564.73	2564.73	2564.73	2564.73	2564.73
Average Gross Block	2564.73	2564.73	2564.73	2564.73	2564.73
Weighted average rate of Depreciation (WAROD) (%)	5.28	5.28	5.28	5.28	5.28
Balance useful life at the beginning of the year (Year)	18	17	16	15	14
Elapsed Life of the asset (Year)	7	8	9	10	11
Depreciable Value	2308.26	2308.26	2308.26	2308.26	2308.26
Depreciation during the year	135.42	135.42	135.42	135.42	135.42
Cumulative Depreciation	1116.65	1252.06	1387.48	1522.90	1658.32
Remaining Depreciable Value	1191.61	1056.19	920.78	785.36	649.94

Interest on Loan (IoL)

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

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

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

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

56. UPPCL has submitted that the opening normative loan as on 1.4.2019 should be ₹1795.31 lakh, instead of ₹1756.48 lakh as claimed by the petitioner. The Petitioner vide affidavit dated 27.10.2020 has filed a revised submission and claimed ₹1795.31 lakh as the opening normative loan as on 1.4.2019. The Petitioner has submitted that the correction was on account of mathematical error.

57. We have considered the submissions made by the Petitioner and UPPCL. 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 will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL has been allowed as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	1795.31	1795.31	1795.31	1795.31	1795.31
Cumulative Repayments up to Previous Year	981.23	1116.65	1252.06	1387.48	1522.90
Net Loan-Opening	814.08	678.66	543.25	407.83	272.41
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	135.42	135.42	135.42	135.42	135.42
Net Loan-Closing	678.66	543.25	407.83	272.41	136.99
Average Loan	746.37	610.96	475.54	340.12	204.70
Weighted Average Rate of Interest on Loan (%)	9.0928	9.0861	9.0747	9.0512	8.9731
Interest on Loan	67.87	55.51	43.15	30.78	18.37



Return on Equity (RoE)

58. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations specify as under:

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

(2) *Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission 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 trueing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on year to year basis.”

59. UPPCL has submitted that the opening equity as on 1.4.2019 should be ₹769.42 lakh, instead of ₹752.78 lakh as claimed by the Petitioner. The Petitioner vide affidavit dated 27.10.2020 has filed a revised submission and claimed ₹769.42 lakh as the



opening equity as on 1.4.2019. The Petitioner has submitted that the correction was on account of mathematical error.

60. BRPL vide affidavit dated 15.3.2021 has submitted that the likelihood of tax paid by the Petitioner may be Nil, hence RoE may not be grossed up. In response, the Petitioner vide affidavit dated 16.3.2021 has submitted that the Petitioner pays the income tax and files income tax returns in a timely manner. The final tax demand including additional tax, interest, penalty and adjustment for refunds if any is decided by the Income Tax Authority through its assessment orders, which are beyond the Petitioner's control. The Petitioner has further submitted that for the 2014-19 tariff period, the Commission vide order dated 27.4.2020 in Petition No. 274/TT/2019 has approved effective tax rate as notified MAT rates and for 2019-24 tariff period tariff has been admitted with grossing of rate of RoE at 18.782% considering MAT rate of 17.472%. Further, any under-recovery or over-recovery of grossed up rate on RoE is taken up at the time of true up for the 2019-24 period.

61. BRPL has submitted that the Petitioner should clarify whether it is grossing up deferred tax amount while billing to beneficiaries and, if so, the same is required to be refunded to beneficiaries. In response, the Petitioner vide affidavit dated 16.3.2021 has submitted that it has claimed deferred tax liability during the period 2009-14 only for the deferred tax liability upto 31.3.2009 and those that have materialized. Further, the claim of deferred tax liability pertaining to transmission system on materialisation is supported with auditor certificate. The Petitioner has submitted that deferred tax liability amount billed/ materialized is not considered while grossing up the RoE. Further, the deferred tax liability materialized only up to 31.3.2014 is claimed till date and the claim for deferred tax materialized for 2014-19 period is under process.



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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	769.42	769.42	769.42	769.42	769.42
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	769.42	769.42	769.42	769.42	769.42
Average Equity	769.42	769.42	769.42	769.42	769.42
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	144.51	144.51	144.51	144.51	144.51

Operation & Maintenance Expenses (O&M Expenses)

63. The Petitioner has not claimed any O&M Expenses for the transmission asset for the 2019-24 tariff period.

Interest on Working Capital (IWC)

64. Regulation 34(1)(c), 34(3), 34(4) and Regulation 3(7) of the 2019 Tariff Regulations specifies as under:

**“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;”

65. The Petitioner has submitted that it has computed IWC for the 2019-24 tariff 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%.

66. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) and rate of IWC considered is 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points). The components of the working capital and interest allowed thereon are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Receivables (Equivalent to 45 days of annual transmission charges)	43.40	41.94	40.39	38.85	37.19
Total Working Capital	43.40	41.94	40.39	38.85	37.19
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on Working Capital	5.23	4.72	4.54	4.37	4.18



Annual Fixed Charges of the 2019-24 Tariff Period

67. The transmission charges allowed for the transmission asset for the 2019-24 tariff period is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	135.42	135.42	135.42	135.42	135.42
Interest on Loan	67.87	55.51	43.15	30.78	18.37
Return on Equity	144.51	144.51	144.51	144.51	144.51
Interest on Working Capital	5.23	4.72	4.54	4.37	4.18
O & M Expenses	0.00	0.00	0.00	0.00	0.00
Total	353.03	340.16	327.63	315.09	302.48

Filing Fee and the Publication Expenses

68. 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

69. 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.

Security Expenses

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

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

72. We have considered the Petitioner's prayer and submissions of BRPL. We are of the view that the Petitioner should claim security expenses for all the transmission assets in one petition. The Commission observes that the Petitioner has already filed the Petition No. 260/MP/2020 claiming consolidated security expenses on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19. Therefore, security expenses will be dealt with in Petition No. 260/MP/2020 in accordance with the applicable provisions of the 2019 Tariff Regulations.

Goods and Services Tax

73. 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.

74. BRPL has submitted that the demand of the Petitioner is premature and need not be considered at this juncture. In response, the Petitioner vide affidavit dated 16.3.2021 submitted that currently transmission of electricity by an electric transmission utility is exempt from GST. Hence, the transmission charges currently charged are exclusive of GST. Further, if GST is levied at any rate and at any point of time in future, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be charged and billed separately.

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

Capital Spares

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

Sharing of Transmission Charges

77. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, or the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, as applicable, as provided in Regulation 43 of



2014 Tariff Regulations for the 2014-19 tariff period and Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period.

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

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges	425.49	413.61	400.97	388.34	376.12

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	353.03	340.16	327.63	315.09	302.48

80. Both the annexures given hereinafter form part of the order.

81. This order disposes of Petition No. 2/TT/2020.

sd/-
(Prakash S. Mhaske)
Member (Ex-officio)

sd/-
(Pravas Kumar Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



ANNEXURE-1

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/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)					
		2014-19			2014-15	2015-16	2016-17	2017-18	2018-19	
Land - Freehold	-	-	-	-	-	-	-	-	-	-
Land - Leasehold	-	-	-	3.34%	-	-	-	-	-	-
Building Civil Works & Colony	-	-	-	3.34%	-	-	-	-	-	-
Transmission Line	-	-	-	5.28%	-	-	-	-	-	-
Sub Station	2564.73	-	2564.73	5.28%	135.42	135.42	135.42	135.42	135.42	135.42
PLCC	-	-	-	6.33%	-	-	-	-	-	-
IT Equipment (Incl. Software)	-	-	-	15.00%	-	-	-	-	-	-
Total	2564.73	-	2564.73		135.42	135.42	135.42	135.42	135.42	135.42
Average Gross Block (₹ in lakh)					2564.73	2564.73	2564.73	2564.73	2564.73	2564.73
Weighted Average Rate of Depreciation					5.28%	5.28%	5.28%	5.28%	5.28%	5.28%



ANNEXURE-2

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)				
		Total			2019-20	2020-21	2021-22	2022-23	2023-24
Land - Freehold	0.00	-	0.00	-	-	-	-	-	-
Land - Leasehold	0.00	-	0.00	3.34%	-	-	-	-	-
Building Civil Works & Colony	-	-	-	3.34%	-	-	-	-	-
Transmission Line	0.00	-	0.00	5.28%	-	-	-	-	-
Sub Station	2564.73	-	2564.73	5.28%	135.42	135.42	135.42	135.42	135.42
PLCC	0.00	-	0.00	6.33%	-	-	-	-	-
IT Equipment (Incl. Software)	0.00	-	0.00	15.00%	-	-	-	-	-
Total	2564.73	-	2564.73		135.42	135.42	135.42	135.42	135.42
Average Gross Block (₹ in lakh)					2564.73	2564.73	2564.73	2564.73	2564.73
Weighted Average Rate of Depreciation					5.28%	5.28%	5.28%	5.28%	5.28%

