

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 23/TT/2020

Coram :

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Date of Order: 31 .01.2021

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 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff for 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 of Combined Asset consisting of Asset-1: 315 MVA 400/220 kV Spare Inter-Connecting Transformer at 400/220 kV Hisar Sub-station, Asset-2: 315 MVA 400/220 kV Spare Inter-Connecting Transformer at 400/220 kV Lucknow Sub-station; and Asset-3: 315 MVA, 400/220 kV ICT at Bhiwadi in Northern Region under "Provision of spare ICTs and reactors in Eastern, Northern, Southern and Western Regions".

And in the matter of

Power Grid Corporation of India Limited
"Saudamini", Plot No.2,
Sector-29, Gurgaon -122 001

.... Petitioner

Versus

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited
Vidyut Bhawan, Vidyut Marg,
Jaipur - 302 005
2. Ajmer Vidyut Vitran Nigam Ltd
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur- 302 017 (Rajasthan)
3. Jaipur Vidyut Vitran Nigam Ltd
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302 017 (Rajasthan)



4. Jodhpur Vidyut Vitran Nigam Ltd
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302 017 (Rajasthan)
5. Himachal Pradesh State Electricity Board
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171 004
6. Punjab State Electricity Board
Thermal Shed TIA, Near 22 Phatak
Patiala-147 001
7. Haryana Power Purchase Centre
Shakti Bhawan, Sector-6
Panchkula (Haryana) 134 109
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 - 226 001
10. Delhi Transco Ltd
Shakti Sadan, Kotla Road,
New Delhi-110 002
11. BSES Yamuna Power Limited
B Block, Shakti Kiran Bldg.
(Near Karkardooma Court)
Karkardooma, 2nd Floor,
Delhi-110092
12. BSES Rajdhani Power Ltd.
BSES Bhawan, Behind Nehru Place,
New Delhi-110 019
13. Tata Power Delhi Distribution Limited
33 kV Substation Building Hudson Lane
Kingsway Camp,
North Delhi – 110 009
14. Chandigarh Administration
Sector -9, Chandigarh
15. Uttarakhand Power Corporation Ltd.
Urja Bhawan, Kanwali Road
Dehradun
16. North Central Railway
Allahabad.
17. New Delhi Municipal Council
Palika Kendra, Sansad Marg
New Delhi-110 002

...Respondent



Parties present:

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

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

ORDER

The present petition has been filed by Power Grid Corporation of India Ltd. (hereinafter referred to as “the Petitioner”), a deemed transmission licensee for truing up of the tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff of the 2019-24 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) for Combined Asset consisting of following assets under “Provision of spare ICTs and reactors in Eastern, Northern, Southern and Western Regions” (hereinafter referred as “the transmission project”):-

Asset-1: 315 MVA 400/220 kV Spare Inter-Connecting Transformer at 400/220 kV Hisar Sub-station;

Asset-2: 315 MVA 400/220 kV Spare Inter-Connecting Transformer at 400/220 kV Lucknow Sub-station; and

Asset-3: 315 MVA, 400/220 kV ICT at Bhiwadi in Northern Region

2. The Petitioner has made the following prayers:



- “1) Approve the Additional Capitalisation incurred during 2014-19 tariff block and allowable initial spares claimed project wise*
- 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*
- 3) 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 Regulations 2014 and Tariff Regulations 2019.*
- 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 beneficiaries.*
- 7) Allow the Petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses*
- 8) Allow the Petitioner to claim the capital spares at the end of tariff block as per actual.*
- 9) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is withdrawn from negative list at any time 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 the 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 project was accorded by the Board of Directors of the Petitioner company vide letter No. C/CP/Spare ICTs & Reactors dated 4.8.2011 for ₹3843 lakh including IDC of ₹104 lakh, based on 1st Quarter, 2011 price level. The assets were commissioned during 2009-14 tariff period.

(b) The transmission tariff in respect of the instant assets from the COD to 31.3.2014 was trued up and tariff for the 2014-19 tariff period was approved vide



order dated 19.2.2016 in petition no. 200/TT/2015 and order dated 26.10.2016 in petition no. 124/TT/2016 as summarised below:

Asset	Description	Asset as per instant petition	COD
CERC order dated 19/02/2016 in petition No.: 200/TT/2015 for true up of 2009-14 and tariff for 2014-19 period			
Asset-I	315 MVA 400/220 kV Spare Inter Connecting Transformer at 400/220 kV Hisar sub-station	Combined Assets-I&II	01/02/2013
Asset-II	315 MVA 400/220 kV Spare Inter Connecting Transformer at 400/220 kV Lucknow sub-station		01/07/2012
CERC order dated 26/10/2016 in petition No.: 124/TT/2016 for true up of 2009-14 and tariff for 2014-19 period			
Asset-III	315 MVA, 400/220 kV ICT at Bhiwadi Sub-station	Asset-III	01/02/2013

(c) The capital cost admitted by the Commission in respect of the instant assets in above mentioned orders is as under:

(₹ in lakh)

Assets	Capital cost as on 1/04/14	Additional capitalization incurred/Projected					Total Capital Cost 31/03/2019
		2014-15	2015-16	2016-17	2017-18	2018-19	
Combined Assets-I&II	2029.51	-	-	-	-	-	2029.51
Asset – III	1022.77	64.39	0.00	38.03	-	-	1125.19

4. The Petitioner has served a copy of the petition upon the respondents and notice of this application has been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the public in response to the notice in newspaper. Respondent, UPPCL has submitted reply vide affidavit dated 6.3.2020 and Respondent, BRPL vide affidavits dated 30.7.2020 and 3.8.2020 has submitted its replies in the matter. In response, the Petitioner has submitted rejoinder dated 30.7.2020 to the reply of UPPCL and rejoinders dated 13.8.2020 and 20.8.2020 to the replies filed by BRPL.

5. The Petition was heard on 31.7.2020 and the Commission reserved the order in the Petition.



6. Having heard the representatives of the Petitioner present at the hearing and perused the material on record, we proceed to dispose of the petition.

7. This order has been issued after considering the main petition dated 29.11.2019, Petitioner's affidavits dated 24.7.2020, 30.7.2020, 13.8.2020 & 20.8.2020, reply of UPPCL vide affidavit dated 6.3.2020 and reply of BRPL vide affidavits dated 30.7.2020 and 3.8.2020.

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

8. The Petitioner has submitted the information as required under the 2014 Tariff Regulations for truing up of annual fixed charges for 2014-19 tariff period. The tariff for 2014-19 tariff period has been trued up as discussed in the subsequent paragraphs.

9. The Petitioner has claimed the annual transmission charges for two assets viz. Combined Assets-I&II and separate Asset-III as shown in the Table under paragraph 3 above.

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

(₹ in lakh)

Combined Assets-I&II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	107.53	107.53	107.53	107.53	107.53
Interest on Loan	109.85	100.21	90.54	80.89	71.28
Return on Equity	119.90	120.45	120.39	120.39	120.71
Interest on Working Capital	7.76	7.55	7.33	7.11	6.89
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	345.04	335.74	325.79	315.92	306.41

Asset- III					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	55.70	57.40	57.40	57.40	57.40
Interest on Loan	61.21	57.44	51.69	45.68	40.33
Return on Equity	62.11	64.30	64.27	64.27	64.44
Interest on Working Capital	4.12	4.12	3.99	3.85	3.73
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	183.14	183.26	177.35	171.20	165.90



11. The details of the trued-up interest on working capital claimed by the Petitioner are as under: -

(₹ in lakh)

Combined Assets-I&II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
O&M expenses	0.00	0.00	0.00	0.00	0.00
Receivables	57.51	55.96	54.30	52.65	51.07
Total	57.51	55.96	54.30	52.65	51.07
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%
Interest on Working Capital	7.76	7.55	7.33	7.11	6.89

(₹ in lakh)

Asset-III					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
O&M expenses	0.00	0.00	0.00	0.00	0.00
Receivables	30.52	30.54	29.56	28.53	27.65
Total	30.52	30.54	29.56	28.53	27.65
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%
Interest on Working Capital	4.12	4.12	3.99	3.85	3.73

Capital Cost as on 1.4.2014

12. The Petitioner has claimed the following capital cost up to COD and Additional Capital Expenditure (ACE) up to 31.3.2019:

(₹ in lakh)

Asset	Apportioned Approved Capital Cost as per FR	Capital Cost as on 31/03/2014	Actual Additional Capital Expenditure					Total capital cost as on 31/03/2019
			2014-15	2015-16	2016-17	2017-18	2018-19	
Combined Asset-I&II	2531.96	2036.91	0.00	0.00	0.00	0.00	0.00	2036.91
Asset – III	1311.04	1022.77	64.39	0.00	0.00	0.00	0.00	1087.16

13. The Commission vide order dated 19.2.2016 in petition no. 200/TT/2015 had allowed the capital cost of ₹2029.51 lakh for Combined Assets-I&II as opening capital cost as on 1.4.2014 and vide order dated 26.10.2016 in petition no. 124/TT/2016 had allowed the capital cost of ₹1022.77 lakh for Asset-III as opening capital cost as on 1.4.2014.



14. The Petitioner has claimed capital cost of ₹2036.91 lakh for Combined Assets-I&II as on 31.3.2014 after including Initial Spares amounting to ₹6.96 lakh. The Petitioner has submitted that the Initial Spares of ₹6.96 lakh have now been claimed as a percentage of the total Project cost as per the judgment of the Appellate Tribunal for Electricity (APTEL) dated 14.9.2019 in Appeal No. 74 of 2017. The Petitioner has claimed the capital cost of ₹1022.77 lakh for Asset-III as on 31.3.2014 which was approved by the Commission vide order dated 26.10.2016 in petition no. 124/TT/2016.

15. It has been noticed that all the assets covered in the instant petition were put into commercial operation during 2009-14 period. However, the Petitioner in the instant petition has not combined these assets into a single asset.

16. Regulation 6(1) of 2014 Tariff Regulation provide as follows:

“Tariff Determination

(1) Tariff in respect of a generating station may be determined for the whole of the generating station or stage or generating unit or block thereof, and tariff in respect of a transmission system may be determined for the whole of the transmission system or transmission line or sub-station or communication system forming part of transmission system:

Provided that:

(i) where all the generating units of a stage of a generating station or all elements of a transmission system have been declared under commercial operation prior to 1.4.2014, the generating company or the transmission licensee, as the case may be, shall file consolidated petition in respect of the entire generating station or transmissions system for the purpose of determination of tariff for the period 2014-15 to 2018-19:

(ii) in case of commercial operation of the generating station or transmission system including communication system on or after 1.4.2014, the generating company or transmission licensee shall file a consolidated petition combining all the units of the generating station or file appropriate petition for transmission elements of the transmission system which are likely to be commissioned during next six months from the date of application:

(iii) the tariff of the existing communication system forming part of transmission system shall be as per the methodology followed by the Commission prior to 1.4.2014.”

17. Therefore, in order to avoid granting multiple tariffs for assets covered under single project/ transmission system for 2014-19 period, i.e. for Combined Assets-I&II and Asset-III as claimed by the Petitioner in the instant Petition, we have combined



these assets into a single combined asset (consisting of Combined Assets-I&II and Asset-III) in the instant petition.

Effective Date of Commercial Operation (E-COD)

18. The E-COD of combined asset has been worked out based on the admitted capital cost as on 31.3.2014 of the three individual assets as under:

Asset	Admitted Capital Cost as on 31.3.2014 (₹ in lakh)	Actual COD	No. of days from last COD	Weight of Cost	Weighted days	Effective COD (Latest COD- Total Weighted days)
Asset-I	993.13	1.2.2013	0	32.54%	0.00	19.11.2012
Asset-II	1036.38	1.7.2012	215	33.95%	73.00	
Asset-III	1022.77	1.2.2013	0	33.51%	0.00	
Total	3052.28			100.00%	73.00	

Weighted Average Life (WAL) of the Assets

19. The useful life as defined in Regulation 27 of the 2014 Tariff Regulations has been considered for determination of Weighted Average Life.

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

21. The Weighted Average Life (WAL) has been determined based on the admitted capital cost of individual elements as on 31.3.2014 and their respective life as stipulated in 2014-19 Tariff Regulations. The element wise life as it was defined in Tariff Regulations prevailing at the time of actual COD of individual assets has been ignored for this purpose. The life as defined in 2014 Tariff Regulations has been



considered for determination of WAL. Accordingly, the Weighted Average Life (WAL) of the Combined Asset (commissioned during 2009-14 tariff period) has been worked out as 25 years as shown below:-

Particulars	Admitted Capital Cost as on 31.3.2014 (₹ in lakh)	Life (in Years)	Weight of Cost (₹ in lakh)	Weighted Average Life of Asset (in Years)
	(1)	(2)	(3)	(4)=(3) / (1)
Transmission Line	0.00	35	0.00	25 Years
Sub Station	3052.28	25	76307.00	
PLCC	0.00	15	0.00	
Total	3052.28		76307.00	

22. Accordingly, considering the E-COD of 19.11.2012 and WAL of combined asset as 25 years, the remaining useful life of the Combined Asset as on 1.4.2014 comes to 24 years.

Initial spares

23. The Petitioner has claimed additional Initial Spares of ₹6.96 lakh for sub-station element as a percentage of the combined total Project cost of sub-station element of Assets-I, II and III. Earlier, the Initial Spares of ₹7.40 lakh were disallowed for sub-station element being beyond the prescribed ceiling limits of individual Asset-I in the order dated 19.2.2016 in petition no. 200/TT/2015.

24. The Petitioner has now prayed to revise the Initial Spares as allowed earlier for the instant assets in light of APTEL judgement dated 14.9.2019 in Appeal No.74 of 2017.

25. Accordingly, the Petitioner has claimed the following revised Initial Spares:

(₹ in lakh)

Project wise spare calculation						
Asset	Project Capital Cost	Spares claimed	Limit as per Regulation	Allowable Spares	Spares Allowed earlier	Excess spares to be allowed
1	2	3	4	5	6	7=5-6



Combined Assets-I&II	1000.53	32.23	2.50%	24.83	24.83	6.96 (78.09- 71.13)
	1036.38	22.13	2.50%	26.01	22.13	
Asset-III	1087.16	24.17	2.50%	27.26	24.17	
Total	3124.07	78.53		78.09	71.13	

26. We have considered the submissions of the Petitioner. As per the said judgement of ATPTEL dated 14.9.2019, the Initial Spares are to be allowed as a percentage of the Project cost as a whole as on the cut-off date. The Regulation 3(29) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations") defines the "project cost" as under:

"(29) 'original project cost' means the capital expenditure incurred by the generating company or the transmission licensee, as the case may be, within the original scope of the project up to the cut-off date as admitted by the Commission;"

27. The instant assets were put into commercial operation during 2009-14 period. Therefore, Regulation 8(iv) of the 2009 Tariff Regulations which provides for ceiling norms in respect of sub-station at 2.5%, is applicable for the instant assets.

28. It is observed that the Petitioner has claimed the Initial Spares for the instant assets, which were put into commercial operation during the 2009-14 tariff period, as per the norms specified in the 2009 Tariff Regulations and has accordingly submitted the Project cost details of sub-station for Assets-I, II and III for computation of allowable Initial Spares. Accordingly, based on the overall project cost as on 31.3.2014, the initial spares are allowed as under:

(₹ in lakh)

Particulars	Total project cost upto cut-off date (₹ in lakh)	Initial spares claimed (₹ in lakh)	Initial spares ceiling limit (%)	Initial spares allowable (₹ in lakh)	Initial Spares allowed in previous order (₹ in lakh)	Excess initial spares disallowed (₹ in lakh)	Initial spares now allowed (₹ in lakh)



Sub-Station Combined Asset	3124.07	78.53	2.5	78.09	71.13	7.40	6.96
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29. Capital cost as on 1.4.2014 is worked out as under:

(₹ in lakh)

Capital cost admitted as on 31.3.2014	Initial Spares to be added as per APTEL's order dated 14.9.2019	Total Capital Cost on 1.4.2014
3052.28	6.96	3059.24

Additional Capital Expenditure (ACE)

30. The Petitioner has not claimed additional capital expenditure for Asset-I and Asset-II in the petition.

31. The petitioner has claimed actual ACE of ₹64.39 lakh during 2014-15 for Asset-III and submitted Audited Certificate dated 29.7.2019 in support of the same. The Petitioner has submitted that the ACE in respect of Asset-III has been incurred within the cut-off date of 31.3.2016 and is on account of balance and retention payment and claimed under Regulation 14(1)(i) of the 2014 Tariff Regulations.

32. We have considered the submissions of the Petitioner. The additional capital cost of ₹64.39 lakh is allowed.

33. The total capital cost allowed as on 31.3.2019 based on approved ACE is as under:-

(₹ in lakh)

Capital Cost as on 1.4.2014	Approved ACE in 2014-15	Total Capital Cost as on 31.3.2019
3059.24	64.39	3123.63

Debt-Equity Ratio

34. The Petitioner has claimed debt-equity ratio as on 31.3.2014 as approved by the Commission in its orders dated 19.2.2016 and 26.10.2016 in Petition No.



200/TT/2015 and Petition No. 124/TT/2016, respectively. The same has been considered as opening debt-equity ratio as on 1.4.2014. The details of the debt-equity ratio considered are as under:

Particulars	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Debt	2141.48	70.00	2186.56	70.00%
Equity	917.76	30.00	937.08	30.00%
Total	3059.24	100.00	3123.63	100.00%

Interest on Loan (IOL)

35. The Petitioner has claimed the weighted average rate of IOL based on its actual loan portfolio and rate of interest. Accordingly, IOL has been calculated based on actual interest rate submitted by the Petitioner, in accordance with the Regulation 26 of the 2014 Tariff Regulations. IOL worked out is as under:

Particulars	Combined Asset (₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	2141.48	2186.56	2186.56	2186.56	2186.56
Cumulative Repayment upto previous Year	196.62	359.85	524.78	689.70	854.63
Net Loan-Opening	1944.86	1826.71	1661.78	1496.85	1331.92
Addition due to Additional Capitalization	45.07	0.00	0.00	0.00	0.00
Repayment during the year	163.23	164.93	164.93	164.93	164.93
Net Loan-Closing	1826.71	1661.78	1496.85	1331.92	1167.00
Average Loan	1885.78	1744.24	1579.32	1414.39	1249.46
Weighted Average Rate of Interest on Loan (%)	9.0688%	9.0366%	9.0042%	8.9485%	8.9327%
Interest on Loan	171.02	157.62	142.20	126.57	111.61

Return on Equity (ROE)

36. The Petitioner is entitled for Return on equity for the instant assets in terms of Regulation 24 and 25 of the 2014 Tariff Regulations. The Petitioner has submitted that it is liable to pay income tax at MAT rates and has claimed following effective tax rates for the 2014-19 tariff period: -



Year	Claimed effective tax (in %)	Grossed up ROE (Base Rate/1-t) (in %)
2014-15	21.0177	19.625
2015-16	21.3819	19.716
2016-17	21.3384	19.705
2017-18	21.3371	19.704
2018-19	21.5488	19.758

37. The Respondent, UPPCL, has submitted that the RoE should be calculated as per effective tax rate arrived on the basis of authentic tax rates approved by Income Tax Authorities in the assessment orders of respective year.

38. The Respondent, BRPL, has submitted that the Petitioner has claimed effective tax rate based on the consolidated income of the company, whereas the income from other business activities of the Petitioner like consulting, communication, planning and design of projects etc. are required to be excluded from the computation of effective rate. BRPL has further submitted that the Deferred Tax Liability (DTL) relevant to the aforesaid other business also should not be considered in the computation of effective tax rate.

39. In response, to the above submissions of UPPCL and BRPL, the Petitioner has submitted that it has claimed Deferred Tax Liability (DTL) during the period 2009-14 only for the DTL upto 31.3.2009 and that has materialised. Further, the DTL amount billed / materialised is not considered while grossing up the RoE. The Petitioner has further submitted that effective rate of tax considered for FY 2014-15, 2015-16 and 2016-17 are based on Assessment Orders issued by Income-Tax authorities, for the purpose of grossing up of ROE rate. The effective tax rate considered for FY 2017-18 and 2018-19 are based on the Income-tax returns filed, for the purpose of grossing up of ROE rate of respective years. It has submitted that the authenticated tax rates have been considered for calculation Return of Equity. Further, the Commission has granted



trued-up tariff of 2014-19 vide order dated 27.4.2020 in petition no. 274/TT/2019 and various other similar orders, wherein effective tax rate based (for tariff block 2014-19) on notified MAT rates are considered for the purpose of grossing-up of rate of return on equity (ROE).

40. BRPL has stated that the Form-3 submitted by the Petitioner in the petition indicates 'Effective Tax Rate' as 0.00% in all the years of 2014-19 period and accordingly, the same may be considered by the Commission in RoE calculation. In response, the Petitioner has clarified that there is a system generated error in the Form-3, which was overlooked by the Petitioner and requested the Commission to consider the revised Form-3 submitted by the Petitioner.

41. BRPL has submitted that the Petitioner may be directed to file statutory regional financial documents for transmission business to ascertain the actual tax paid during the 2014-19 tariff period for the purpose of truing up.

42. In response, the Petitioner has submitted detailed reply along with documentary support for income and actual tax paid and also submitted Region-wise Balance Sheet and Profit and Loss Accounts for 2014-19 and cost Audit Report for FY 2017-18 and 2018-19 vide rejoinder dated 10.8.2020 to the reply filed by BRPL in petition no. 24/TT/2020. The Petitioner has reiterated that during FY 2014-15 to FY 2018-19, the Petitioner was liable to pay tax under the provisions of section 115JB of the Income tax Act, 1961, i.e., the entire income of the company was liable to be taxed at Minimum Alternate Tax ('MAT') rate. Therefore, all the income from all streams of business were taxable at a uniform tax rate. It has further clarified that while computing the adjusted book profits liable to be taxed as income under the MAT provisions, no specific deduction/ exemption/ relief was claimed/ allowable for any specific stream of



income. Hence, inclusion/ exclusion of non-transmission income does not impact the computation of effective tax rate used for the purpose of grossing up ROE.

43. The Petitioner further submitted that the contention of the respondent that the ultimate source of actual tax payment is the Profit and Loss Account for Northern Region is not correct. The Petitioner has been paying tax under the provisions of section 115JB of the Income tax Act, 1961 (MAT provisions) and its taxable income is derived as per the MAT provisions from the "Profit Before Tax" as reported in the financial statements. The profit before tax as reported in the financial statements cannot be used as a base to calculate the effective tax rate. The Petitioner has prayed to consider the documents already submitted by the Petitioner in rejoinder dated 10.8.2020 in 24/TT/2020 while passing the tariff order in the subject petition.

44. We have considered the submission of the Petitioner and Respondents. The Commission in order dated 27.4.2020 in Petition No.274/TT/2019 has arrived at the effective tax rate based on the notified MAT rates. The relevant portion of the order dated 27.4.2020 is as under:

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

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



Year	Notified MAT rates (inclusive of surcharge & cess) (in %)	Effective tax (in %)
2014-15	20.9605	20.9605
2015-16	21.3416	21.3416
2016-17	21.3416	21.3416
2017-18	21.3416	21.3416
2018-19	21.5488	21.5488

45. The same MAT rates as considered in the above order are considered for the purpose of grossing up of rate of ROE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations.

Year	Notified MAT rates (inclusive of surcharge & cess) (in %)	Base Rate of ROE (in %)	Grossed up ROE (Base Rate/1-t) (in %)
2014-15	20.9605	15.50	19.610
2015-16	21.3416	15.50	19.705
2016-17	21.3416	15.50	19.705
2017-18	21.3416	15.50	19.705
2018-19	21.5488	15.50	19.758

46. The Petitioner has claimed ROE for the 2014-19 period after grossing up the ROE of 15.50% with Effective Tax rates (based on MAT rates) each year as per the above said Regulation. The ROE is trued up on the basis of the MAT rate applicable in the respective years and is allowed as follows:-

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	917.76	937.08	937.08	937.08	937.08
Addition due to Additional Capitalization	19.32	0.00	0.00	0.00	0.00
Closing Equity	937.08	937.08	937.08	937.08	937.08
Average Equity	927.42	937.08	937.08	937.08	937.08
Return on Equity (Base Rate) (%)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for the Respective year (%)	20.9605%	21.3416%	21.3416%	21.3416%	21.5488%
Rate of Return on Equity (Pre-tax) (%)	19.610%	19.705%	19.705%	19.705%	19.758%
Return on Equity (Pre-tax)	181.87	184.65	184.65	184.65	185.15

Depreciation

47. The depreciation has been worked out as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. Accordingly, the Gross Block during the tariff period 2014-19 has been depreciated at weighted average rate of depreciation



(WAROD) (as placed in Annexure-1). WAROD has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations and depreciation allowed during the 2014-19 period is as under: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	3059.24	3123.63	3123.63	3123.63	3123.63
Additional Capitalisation	64.39	0.00	0.00	0.00	0.00
Closing Gross Block	3123.63	3123.63	3123.63	3123.63	3123.63
Average Gross Block	3091.44	3123.63	3123.63	3123.63	3123.63
Freehold Land	0.00	0.00	0.00	0.00	0.00
Weighted Average Rate of Depreciation (WAROD)	5.2800%	5.2800%	5.2800%	5.2800%	5.2800%
Balance useful life of the asset at the beginning of the year	24	23	22	21	20
Elapsed life	1	2	3	4	5
Aggregated Depreciable Value	2782.29	2811.27	2811.27	2811.27	2811.27
Combined Depreciation during the Year	163.23	164.93	164.93	164.93	164.93
Aggregate Cumulative Depreciation	359.85	524.78	689.70	854.63	1019.56
Remaining Aggregate Depreciable Value at the beginning of the year	2585.67	2451.42	2286.49	2121.56	1956.64

Operation and Maintenance Expenses (O&M Expenses)

48. The Petitioner has not claimed O&M expenses.

Interest on Working Capital (IWC)

49. The Petitioner is entitled for IWC as per Regulation 28 of the 2014 Tariff Regulations. The IWC allowed as per the methodology provided in the Regulation 28 of the 2014 Tariff Regulations is as under: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
O&M expenses	0.00	0.00	0.00	0.00	0.00
Receivables	88.00	86.48	83.85	81.18	78.72
Total	88.00	86.48	83.85	81.18	78.72
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%
Interest on Working Capital	11.88	11.67	11.32	10.96	10.63

Annual Transmission Charges allowed for 2014-19 Tariff Period



50. The trued up annual fixed charges for the transmission assets for the tariff period 2014-19 are summarised below: -

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	163.23	164.93	164.93	164.93	164.93
Interest on Loan	171.02	157.62	142.20	126.57	111.61
Return on Equity	181.87	184.65	184.65	184.65	185.15
Interest on Working Capital	11.88	11.67	11.32	10.96	10.63
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	527.99	518.87	503.10	487.10	472.31

DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

51. 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	164.93	164.93	164.93	164.93	164.93
Interest on Loan	97.04	82.33	67.61	53.04	38.47
Return on Equity	176.00	176.00	176.00	176.00	176.00
Interest on Working Capital	21.33	21.68	21.99	22.35	22.63
O&M Expenses	338.31	350.60	362.88	376.11	388.40
Total	797.61	795.54	793.41	792.43	790.43

52. The details of the interest on working capital claimed by the Petitioner are as under: -

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Maintenance Spares	50.75	52.59	54.43	56.42	58.26
O&M expenses	28.19	29.22	30.24	31.34	32.37
Receivables	98.07	98.08	97.82	97.70	97.18
Total	177.01	179.89	182.49	185.46	187.81
Rate of Interest	12.05%	12.05%	12.05%	12.05%	12.05%
Interest on Working Capital	21.33	21.68	21.99	22.35	22.63

Capital Cost

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



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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) Expenditure on account of change in law and force majeure events; and*
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries*

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

- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019.*
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations.*



(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;

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

(e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal 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.“

54. The admitted capital cost of ₹3123.63 lakh as on 31.3.2019 as trued up in above paragraphs is considered as the capital cost as on 1.4.2019 for the purpose of determination of tariff for the 2019-24 tariff period.



Additional Capital Expenditure (ACE)

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

“24. Additional Capitalisation within the original scope and upto the cut-off date

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

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law; and*
- (f) Force Majeure events:*

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.

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

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

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



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

(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”

56. The Petitioner has not claimed/ projected any Additional Capital Expenditure during 2019-24 tariff period.

57. Accordingly, the capital cost considered as on 1.4.2019 are as under:

(₹ in lakh)

Capital Cost as on 1.4.2019	ACE claimed during tariff period 2019-24	Total Capital Cost as on 31.3.2024
₹3123.63	Nil	₹3123.63

Debt-Equity Ratio

58. 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.”

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

(₹ in lakh)				
Particulars	Capital cost as on 1.4.2019	%	Total cost as on 31.3.2024	%
Debt	2186.56	70.00	2186.56	70.00
Equity	937.08	30.00	937.08	30.00
Total	3123.63	100.00	3123.63	100.00

Return on Equity (ROE)

60. 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 runof 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.

(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.”

61. UPPCL has submitted that the Rate of return on equity has been adopted as presumptive and not yet approved by the IT authorities. In response, the Petitioner has submitted as under:

a) There is a change in MAT rate applicable for FY 2019-20 on account of taxation laws (Amendment) ordinance 2019 published in the Gazette dated 20.9.2019. Thus, paragraph 9.2 of the petition may be read as below:

“9.2 That, it is submitted that the petitioner being liable to pay income tax at MAT rate prescribed vide The taxation laws (Amendment) ordinance 2019 published in the Gazette dt. 20th September, 2019. The ROE has been calculated @ 18.782% after grossing up the ROE with MAT rate of 17.472% (Base Rate 15% + Surcharge 12% + Cess 4%) based on the formula given at regulation 31(2) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for 2019-24 period. That as per clause 31 (3) of the above regulation, the grossed up rate of ROE at the end of every financial year shall be trued up based on actual tax paid together with any additional tax demand including interest thereon duly adjusted for any refund of tax including interest received from the IT authorities pertaining to the 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 ROE 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. It is further submitted that adjustment due to any additional tax demand including interest duly adjusted for any refund of tax including interest received from IT authorities shall be recoverable /adjustable during the tariff period 2019-24 on year to year basis on receipt of Income Tax assessment order.”

b) Consequent to the change in MAT rate the Petitioner has recalculated the tariff of 2019-24 as per revised tariff forms-1, 3, 8 and 11 submitted vide affidavit dated 30.7.2020.

c) Further, in the absence of IT assessment order pertaining to 2019-24 period, the ROE, for 2019-24 period, has been calculated @ 18.782% after grossing up the ROE with MAT rate of 17.472% (Base Rate 15% + Surcharge 12% + Cess 4%) based on the rate prescribed by the Commission as per illustration under Regulation 31(2) of 2019 Tariff Regulations. Also, as per Regulation 31(3) of 2019 Tariff Regulations, the grossed up rate of ROE at the end of every financial year shall be trued up based on actual tax paid together with any additional tax demand including interest thereon duly adjusted for any refund of tax including interest received from the IT authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year.



62. We have considered the submission of the Petitioner and Respondents. 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. The ROE allowed is as under:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	937.08	937.08	937.08	937.08	937.08
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Closing Equity	937.08	937.08	937.08	937.08	937.08
Average Equity	937.08	937.08	937.08	937.08	937.08
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for the Financial year 2019-20	17.472%	17.472%	17.472%	17.472%	17.472%
Rate of Return on Equity (Pre-tax)	18.782%	18.782%	18.782%	18.782%	18.782%
Return on Equity (Pre-tax)	176.00	176.00	176.00	176.00	176.00

Interest on Loan (IOL)

63. Regulation 32 of the 2019 Tariff Regulations provides that:

“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.”*



64. The weighted average rate of IOL has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed to allow the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period at the time of true up. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. Therefore, IOL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IOL allowed for the Combined Asset is as under:

(₹ in lakh)

Particulars	Combined Asset				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	2186.56	2186.56	2186.56	2186.56	2186.56
Cumulative Repayment upto previous Year	1019.56	1184.49	1349.41	1514.34	1679.27
Net Loan-Opening	1167.00	1002.07	837.14	672.21	507.29
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Repayment during the year	164.93	164.93	164.93	164.93	164.93
Net Loan-Closing	1002.07	837.14	672.21	507.29	342.36
Average Loan	1084.53	919.60	754.68	589.75	424.82
Weighted Average Rate of Interest on Loan	8.95%	8.95%	8.96%	8.99%	9.06%
Interest on Loan	97.04	82.34	67.61	53.05	38.47

Depreciation

65. Regulation 33 of the 2019 Tariff Regulations provide that:-

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

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

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

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

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



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

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

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

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

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

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

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

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

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

66. The Gross Block during the tariff period 2019-24 has been depreciated at weighted average rate of depreciation (WAROD) and working of WAROD is given in Annexure-2. The weighted average rate of depreciation (WAROD) has been worked out after taking into account the depreciation rates of assets as prescribed in the 2019 Tariff Regulations and depreciation allowed during 2019-24 tariff period is as under:-

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	3123.63	3123.63	3123.63	3123.63	3123.63
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	3123.63	3123.63	3123.63	3123.63	3123.63
Average Gross Block	3123.63	3123.63	3123.63	3123.63	3123.63
Freehold Land	0.00	0.00	0.00	0.00	0.00
Weighted Average Rate of Depreciation (WAROD)	5.2800%	5.2800%	5.2800%	5.2800%	5.2800%
Balance useful life of the asset at the	19	18	17	16	15



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
beginning of the year					
Elapsed life	6	7	8	9	10
Aggregated Depreciable Value	2811.27	2811.27	2811.27	2811.27	2811.27
Combined Depreciation during the Year	164.93	164.93	164.93	164.93	164.93
Aggregate Cumulative Depreciation	1184.49	1349.41	1514.34	1679.27	1844.20
Remaining Aggregate Depreciable Value at the beginning of the year	1791.71	1626.78	1461.85	1296.93	1132.00

Operation and Maintenance Expenses (“O&M Expenses”)

67. Regulation 35(3)(a) of the 2019 Tariff Regulations specifies the norms for the O&M Expenses for the transmission system and it is 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)	834.00	864.00	894.00	925.00	958.00
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666.00	1,725.00	1,785.00	1,848.00	1,913.00



Particulars	2019- 20	2020-21	2021-22	2022-23	2023- 24
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252.00	2,331.00	2,413.00	2,498.00	2,586.00
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468.00	2,555.00	2,645.00	2,738.00	2,834.00
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696.00	1,756.00	1,817.00	1,881.00	1,947.00
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563.0	2,653	2,746.00	2,842.00	2,942.00

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 Talcher-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 Petitioner has claimed O&M expenses of 3 nos. of 315 MVA 400/220 kV ICTs as per the normative O&M rates provided in the Regulation 35(3)(a). The Commission vide order dated 24.1.2021 in Petition No. 136/TT/2020 has held that O&M expenses cannot be allowed for spares ICTs. The relevant portion of the order dated 24.1.2021 is extracted hereunder:

“28. We are also not convinced with the Petitioner’s clarification that it has not claimed O&M Expenses for the 2014-19 tariff period since the 2019 Tariff Regulations provide for O&M Expenses for transformers based on their rating. The norms specified in the 2019 Tariff Regulations are for transmission elements that are in regular use and not for spares which are used only in case of any eventualities. As already stated earlier, the ‘assets in use as spares’ are being granted tariff only on the basis of consent and approval of the concerned Regional Power Committee and as these assets are not being in regular use, we are of the view that O&M Expenses cannot be granted to the transmission assets. Accordingly, O&M Expenses are not allowed for the Combined Asset for the 2019-24 tariff period. We also feel that it is pertinent to mention here that disallowance of O&M Expenses for the Combined Asset does not mean that they do not need any maintenance and the consequent expenditure. The Combined Asset requires maintenance and the expenditure involved in maintaining them would be miniscule compared to the O&M Expenses in respect of transformers put to regular use. We are also of the view that the Petitioner should meet this expenditure from the O&M Expenses allowed for the regular ICTs installed at Mandola and Ludhiana in Northern Region. In case, the expenses are unusually high and cannot be met from the O&M Expenses allowed for the regular ICTs, the Petitioner may approach the Commission with certification of O&M Expenses from RPC at the time of true-up.”

69. The transmission assets in the instant petition are spare ICTs. Therefore, O&M expense is not allowed.

Interest on Working Capital (IWC)

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

- “34. Interest on Working Capital:** (1) *The working capital shall cover:*
- (a) *For Coal-based/ lignite-fired thermal generating stations:*
xxxxx
 - (b) *For Open-cycle Gas Turbine/ Combined cycle thermal generating stations:*
xxxxx
 - (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”

(2) The cost of fuel xxxxxx xxxxx

(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 – In these regulations, unless the context otherwise requires:-

.....
(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;”

71. 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 interest on working capital as 12.05%.

72. The 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, whereas, ROI for 2020-21 onwards has been considered as 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points). The components of the working capital and interest thereon allowed is as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
O&M expenses	0.00	0.00	0.00	0.00	0.00
Receivables	54.66	52.77	50.94	49.12	47.30
Total	54.66	52.77	50.94	49.12	47.30
Rate of Interest on working capital	12.05%	11.25%	11.25%	11.25%	11.25%
Interest on Working Capital	6.59	5.94	5.73	5.53	5.32

Annual Fixed Charges for the 2019-24 Tariff Period



73. The transmission charges allowed for the instant transmission assets for the 2019-24 period are summarised as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	164.93	164.93	164.93	164.93	164.93
Interest on Loan	97.04	82.34	67.61	53.05	38.47
Return on Equity	176.00	176.00	176.00	176.00	176.00
Interest on Working Capital	6.59	5.94	5.73	5.53	5.32
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	444.56	429.20	414.27	399.50	384.72

Filing Fee and Publication Expenses

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

License fee and RLDC Fees and Charges

75. The Respondent, UPPCL, has submitted that the license fee is the onus of the Petitioner. The Petitioner has requested to allow to bill and recover License fee and RLDC fees and charges, separately from the Respondents, in terms of Regulation 70 of 2019 Tariff Regulations.

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

Security Expenses

77. The Respondent, BRPL has referred to the submission of the Petitioner which states that a separate petition shall be filed for claiming the overall Security Expenses



and consequential Interest on Working Capital (IOWC) on the same although the Petitioner proposes to claim the estimated Security Expenses for 2019-20 on the actual expenses of 2018-19 which will be trued up on annual basis. Similar petition for Security Expenses shall be filed for 2020-21, 2021-22, 2022-23, 2023-24. BRPL further submits that if this is the process to be adopted by the Petitioner then where is need for the IOWC as the same is claimed in advance. The Petitioner may also clarify under which provision of the Tariff Regulations, 2019 he is seeking such relief from the Commission.

78. The Petitioner has submitted that as per regulation 35(3)(c) of 2019 Tariff Regulations, the Security Expenses and Capital Spares for transmission system shall be allowed separately after prudence check. The security expenses for the instant asset are not claimed in the instant petition and the Petitioner would file a separate petition for claiming the overall security expenses and the consequential IOWC. 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 will 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 the audited accounts may be allowed to be recovered from the beneficiaries on a yearly basis.

79. We have considered the submissions of the Petitioner and Respondent. We are of the view that Petitioner should claim security expenses for all the transmission assets in one petition. It is observed that the Petitioner has already filed the Petition No. 260/MP/2020 claiming consolidated security expenses on projected basis for the



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

Goods and Services Tax

80. The Petitioner has sought to recover GST on transmission charges separately from the Respondents, if at any time GST on transmission is withdrawn from negative list in future. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Govt. / Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

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

Capital Spares

82. 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

83. The billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time 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.



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

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges	527.99	518.87	503.10	487.10	472.31

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	444.56	429.20	414.27	399.50	384.72

86. This order disposes of Petition No. 23/TT/2020.

**Sd/
(Arun Goyal)
Member**

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



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2014-19 TARIFF PERIOD**

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014	Projected Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations				
					2014-15	2015-16	2016-17	2017-18	2018-19
Land-Freehold	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
Land-Lease hold	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building, Civil Works & Colony	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00	5.28%	0.00	0.00	0.00	0.00	0.00
Substation	3059.24	64.39	3123.63	5.28%	163.23	164.93	164.93	164.93	164.93
PLCC	0.00	0.00	0.00	6.33%	0.00	0.00	0.00	0.00	0.00
IT Equipment (Incl. Software)	0.00	0.00	0.00	15.00%	0.00	0.00	0.00	0.00	0.00
Total	3059.24	64.39	3123.63	Total	163.23	164.93	164.93	164.93	164.93
Average Gross Block (₹ in lakh)					3091.44	3123.63	3123.63	3123.63	3123.63
Weighted Average Rate of Depreciation (WAROD)					5.28%	5.28%	5.28%	5.28%	5.28%

**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2019-24 TARIFF PERIOD**

2019-24 Capital Expenditure	Admitted Capital Cost as on 1.4.2019	Projected Additional Capitalisation during tariff period 2019-24	Admitted Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations				
					2019-20	2020-21	2021-22	2022-23	2023-24
Land-Freehold	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
Land-Lease hold	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building, Civil Works & Colony	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00	5.28%	0.00	0.00	0.00	0.00	0.00
Substation	3123.63	0.00	3123.63	5.28%	164.93	164.93	164.93	164.93	164.93
PLCC	0.00	0.00	0.00	6.33%	0.00	0.00	0.00	0.00	0.00
IT Equipment (Incl. Software)	0.00	0.00	0.00	15.00%	0.00	0.00	0.00	0.00	0.00
Total	13123.63	0.00	3123.63	Total	164.93	164.93	164.93	164.93	164.93
Average Gross Block (₹ in lakh)					3123.63	3123.63	3123.63	3123.63	3123.63
Weighted Average Rate of Depreciation (WAROD)					5.28%	5.28%	5.28%	5.28%	5.28%

