

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 25/TT/2021

Coram:

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

Date of Order: 22.12.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and revision of transmission tariff of the 2004-09 and 2009-14 tariff periods and truing up of transmission tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for Up-gradation of Transfer Capacity of Talcher-Kolar HVDC Bipole in Southern Region.

And in the matter of:

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

.....Petitioner

Versus

1. Karnataka Power Transmission Corporation Limited,
Kaveri Bhavan,
Bangalore-560009.
2. Transmission Corporation of Andhra Pradesh Limited,
Vidyut Soudha,
Hyderabad-500082.
3. Kerala State Electricity Board,
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram-695004.
4. Tamil Nadu Generation and Distribution Corporation Limited,
(Formerly Tamil Nadu Electricity Board-TNEB),
NPKRR Maaligai, 800, Anna Salai,
Chennai-600002.
5. Electricity Department,
Government of Pondicherry,
Pondicherry -605001.



6. Eastern Power Distribution Company of Andhra Pradesh Limited,
P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh.
7. Southern Power Distribution Company of Andhra Pradesh Limited,
Srinivasasa Kalyana Mandapam Backside, Tiruchanoor Road,
Kesavayana Gunta, Chittoor District,
Tirupati-517501 (Andhra Pradesh).
8. Southern Power Distribution Company of Telangana Limited,
6-1-50, Corporate Office, Mint Compound,
Hyderabad-500063 (Telangana).
9. Northern Power Distribution Company of Telangana Limited,
H. No. 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda,
Warangal-506001 (Telangana).
10. Bangalore Electricity Supply Company Limited,
Corporate Office, K. R. Circle,
Bangalore-560001 (Karnataka).
11. Gulbarga Electricity Supply Company Limited,
Station Main Road,
Gulbarga, Karnataka.
12. Hubli Electricity Supply Company Limited,
Navanagar, PB Road,
Hubli, Karnataka.
13. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore-575001 (Karnataka).
14. Chamundeswari Electricity Supply Corporation Limited,
927, L J Avenue, Ground Floor,
New Kantharaj URS Road, Saraswatipuram,
Mysore-570009, Karnataka.
15. Electricity Department,
Government of Goa, Vidyut Bhawan,
Panaji, Goa-403001.
16. Transmission Corporation of Telangana Limited,
Vidhyut Sudha, Khairatabad,
Hyderabad-500082.
17. Tamil Nadu Transmission Corporation,
NPKRR Maaligai, 800, Anna Salai,
Chennai-600002.



18. Bihar State Power (Holding) Company Limited,
(Formerly Bihar State Electricity Board-BSEB),
Vidyut Bhawan, Bailey Road,
Patna-800001.
19. West Bengal State Electricity Distribution Company,
Bidyut Bhawan, Bidhan Nagar, Block DJ, Sector-II, Salt Lake City,
Calcutta-700091.
20. Grid Corporation of Orissa Limited,
Shahid Nagar,
Bhubaneswar-751007.
21. Damodar Valley Corporation,
DVC Tower, Maniktala, Civic Centre, VIP Road,
Calcutta-700054.
22. Power Department,
Government of Sikkim,
Gangtok-737101.
23. Jharkhand State Electricity Board,
In front of Main Secretariat,
Doranda, Ranchi-834002.

.....Respondent(s)

For Petitioner : Mrs. Swapna Seshadri, Advocate, PGCIL
Shri Aditya H. Dubey, Advocate, PGCIL
Shri S. S. Raju, PGCIL
Shri D. K. Biswal, PGCIL
Shri A. K. Verma, PGCIL
Shri V. P. Rastogi, PGCIL

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

ORDER

The Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, has filed the instant petition for revision of transmission tariff of the 2004-09 and 2009-14 tariff periods; truing up of transmission tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations"); and



determination of transmission tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of Up-gradation of Transfer Capacity of Talcher-Kolar HVDC Bipole (hereinafter referred to as “the up-gradation scheme”) in Southern Region.

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

- “1) Approve the revised Transmission Tariff for 2004-09 and 2009-14 block as per para 8 above.
- 2) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 9 and 10 above.
- 3) A. Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9 and 10 above for respective block.

B. Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long term customers / DIC as the case may be, as and when the same is materialized as per regulation 49 of 2014 and regulation 67 of 2019 tariff regulation. The petitioner may be allow to recover the deferred tax liability materialised directly without making any application before the commission as provided in the regulation.
- 4) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.
- 5) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.
- 6) Allow the petitioner to file a separate petition before Hon’ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 10.5 above.
- 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”



3. **Backdrop of the case**

a) The Investment Approval (I.A.) for the up-gradation scheme was accorded by the Board of Directors of the Petitioner's company (in its 168th meeting held on 14.6.2005) vide Memorandum Ref. No. C/CP/Talcher-Kolar dated 20.7.2005 at an estimated cost of ₹11833.00 lakh, including IDC of ₹704.00 lakh and the transmission scheme was implemented with effect from 1.8.2007.

b) As per the I.A. (submitted by the Petitioner vide affidavit dated 9.7.2021), the scope of work includes up-gradation of Talcher-Kolar HVDC Bipole System from the present continuous capacity of 1000 MW to 1250 MW (long duration) for each pole at the terminal stations at Talcher and Kolar and other associated works. It would require:

- i. Design Studies; and
- ii. Following modifications at terminal stations of Talcher and Kolar:
 - Additional 2 filter sub banks of total 217 MVAR at Talcher and three sub-banks of 337 MVAR at Kolar;
 - Up-gradation of transformer cooling (installation of new Cooler banks/Fans);
 - Implementation of load factor indication system to take advantage of variation in ambient temperature;
 - Control and Protection panels for new filters; and
 - Modification in control and protection settings.

c) The provisional transmission tariff with respect to the up-gradation scheme for the period from 1.8.2007 to 31.3.2009 was allowed by the Commission vide order dated 26.2.2008 in Petition No. 2/2008.

d) The final transmission tariff for the period from 1.8.2007 to 31.3.2009, after accounting for Additional Capital Expenditure (ACE) during 2007-08, was allowed vide order dated 30.4.2009 in Petition No. 131/2008. Also, vide this order, the Petitioner's claim of IEDC amounting to ₹2144.96 lakh, on account of reduction in fixed charges and incentive due to mandatory shut down of Talcher-Kolar HVDC System during 2007-08, was restricted to ₹369.09 lakh. Aggrieved with the above, the Petitioner filed Appeal No. 127/2009 before the Appellate Tribunal for Electricity (APTEL) seeking full IEDC amount of ₹2144.96 lakh, which was dismissed vide judgment dated 20.1.2011. Subsequently, the



Petitioner had filed Civil Appeal No. 3166/2011 before the Hon'ble Supreme Court, which is pending disposal.

e) Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) had filed Review Petition No. 121/2009 (against the Commission's order dated 30.4.2009 in Petition No. 131/2008) praying that IEDC amount allowed by the Commission may be allowed to be paid by the beneficiaries in two equal instalments as in the case of NTPC Limited in Petition No. 35/2004, instead of being capitalized. The said Review Petition was rejected vide order dated 30.1.2012 as the facts in Petition No. 35/2004 were different from the said Review Petition.

f) The transmission tariff with respect to the up-gradation scheme for the 2004-09 tariff period was revised on account of ACE during 2008-09 vide order dated 4.4.2013 in Petition No. 8/2010.

g) The transmission tariff for the period from 1.4.2009 to 31.3.2014 was allowed vide order dated 2.12.2014 in Petition No. 107/TT/2013 which was subsequently trued-up along with tariff determination of the 2014-19 tariff period allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015.

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

i) The APTEL in judgment dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters pertaining to generating stations of NTPC Limited had considered 04 (four) issues. The issues considered by the APTEL and its decisions/directions are as follows:



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

j) The APTEL in its judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters pertaining to generating stations of NTPC Limited had considered 09 (nine) issues. The issues considered and the decisions/ directions of the APTEL are as follows:

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



Sr. No.	Issue	APTEL's decisions/ directions
		foreign exchange rates is passed on to the beneficiary as held in order dated 4.10.2006 in Appeal Nos. 135 to 140 of 2005. The Commission to act accordingly
IX	Computation of IoL in Singrauli Station	Net loan closing at the end of a year is reflected as net loan opening on the first day of the next year. The Commission shall re-compute the interest accordingly

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

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

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

n) Consequent to the Hon'ble Supreme Court's judgment dated 10.4.2018 in NTPC Limited matter, Petition No. 121/2007 was listed for hearing on 8.1.2019. The Commission vide order dated 18.1.2019 in Petition No. 121/2007 directed the Petitioner to submit its claim separately for the assets at the time of filing of truing up of the petitions for the 2014-19 tariff period.

o) The instant petition was heard on 10.9.2021 and in view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the judgment of the Hon'ble Supreme Court dated 10.4.2018, tariff is being revised. Period-wise transmission



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

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or objections have been received from the general public in response to the aforesaid notices published in the newspapers. Bihar State Power Holding Company Limited (BSPHCL), Respondent No. 18, has filed its reply vide affidavit dated 31.3.2021 and has raised the issues of effective tax rates for grossing up Return on Equity (RoE), change in interest rate due to floating rate of interest, ACE during the 2014-19 period, Annual Fixed Cost (AFC) of the 2019-24 period, [depreciation, RoE, IoL calculation during the 2019-24 period], recovery of statutory charges and filing fees and expenses. TANGEDCO, Respondent No. 4, has filed its reply vide affidavit dated 7.9.2021 and has raised the issues of retrospective revision of tariff and sharing of transmission charges. The Petitioner vide its affidavits dated 7.9.2021 and 9.9.2021 filed its rejoinder to the reply of BSPHCL and TANGEDCO respectively. The issues raised by BSPHCL and the clarifications given by the Petitioner are considered in the relevant portions of this order.

Re: Interest on Loan

6. The APTEL while dealing with the issue of computation of IoL, in judgment dated 22.1.2007 observed that IoL for the period from 1.4.1998 to 31.3.2001 shall be computed only on normative loan repayment as per its judgement dated 14.11.2006 in



Appeal Nos. 94 and 96 of 2005. The APTEL vide judgment dated 14.11.2006 had set aside the Commission's methodology of computation of loan on the actual repayment basis or normative repayment whichever is higher and held that the Commission is required to adopt normative debt repayment methodology for working out IoL liability for the period from 1.4.1998 to 31.3.2001. In view of the above, the interest allowed for the 2004-09 tariff period is revised on the basis of the normative debt repayment methodology.

Re: Additional Capital Expenditure

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

Re: Depreciation

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

9. The revision of transmission tariff allowed for the 2004-09 tariff period necessitates the revision of transmission tariff allowed for the 2009-14 tariff period, which is also being done in the present order. The implementation of the directions of the APTEL vide judgments dated 22.1.2007 in Appeal No. 81/2005 and batch matters and dated 13.6.2007 in Appeal No. 139/2006 and batch matters respectively was been kept pending in case of the Petitioner awaiting the outcome of the Civil Appeals



filed before the Hon'ble Supreme Court. Taking into consideration the facts of the case and keeping in view the interest of the consumers, we are of the view that the beneficiaries should not be burdened with the carrying cost for the difference in the tariff allowed earlier and allowed in the instant order for the 2004-09 and 2009-14 tariff periods. Therefore, we direct that the Petitioner will neither claim nor pay any carrying cost from or to the beneficiaries for the difference, if any, in the tariff allowed earlier and the tariff being allowed in the instant order. Further, the said difference in tariff shall be recovered/ paid over a period of six months from the date of issue of this order.

10. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 21.12.2019, BSPHCL's reply filed vide affidavit dated 31.3.2021, the Petitioner's affidavit dated 9.7.2021 filed in response to technical validation letter, TANGEDCO's reply filed vide affidavit dated 7.9.2021 and the Petitioner's rejoinders filed vide affidavit dated 7.9.2021 and 9.9.2021 to BSPHCL's and TANGEDCO's reply respectively.

11. The hearing in this matter was held on 10.9.2021 through video conference and the order was reserved. Having heard the learned counsel for the Petitioner and TANGEDCO and after perusal of the materials on record, we proceed to dispose of the petition.

12. It has been placed before us that TANGEDCO has been raising the same issue(s) in other petitions as well despite clear findings of the Commission rejecting the contentions of TANGEDCO. The contentions of TANGEDCO have been rejected by the Commission in other petitions including Petition No. 141/TT/2020. As TANGEDCO has not challenged the findings, the same have attained finality. In view of these, the plea(s) raised by TANGEDCO are rejected. The issues which are specific



to the instant petition and not dealt by the Commission earlier are considered in the relevant paragraphs of this order.

13. The Petitioner has submitted that it has filed Civil Appeal No. 3166/2011 before the Hon'ble Supreme Court against order of the APTEL regarding deduction of IEDC. Accordingly, the transmission tariff allowed herein will be subject to outcome of decision by the Hon'ble Supreme Court in Civil Appeal No. 3166/2011.

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

2004-09 Period

14. The transmission tariff (after accounting for ACE during 2007-08) in respect of the up-gradation scheme for the period from 1.8.2007 to 31.3.2009 was allowed by the Commission vide order dated 30.4.2009 in Petition No. 131/2008 which was subsequently revised on account of ACE during 2008-09 vide order dated 4.4.2013 in Petition No. 8/2010 and the same is as follows:

Particulars	₹ in lakh)	
	2007-08 (Pro-rata 8 months)	2008-09
Depreciation	207.56	354.69
Interest on Loan	388.82	639.57
Return on Equity	242.15	413.81
Advance against Depreciation	-	-
O&M Expenses	105.43	164.50
Interest on Working Capital	27.28	44.64
Total	971.23	1617.21

15. The Petitioner has claimed the revised transmission charges in respect of the up-gradation scheme for the 2004-09 tariff period in this petition as follows:



Particulars	(₹ in lakh)	
	2007-08 (Pro-rata 8 months)	2008-09
Depreciation	207.56	354.69
Interest on Loan	593.26	677.27
Return on Equity	242.15	413.81
Advance against Depreciation	-	-
O&M Expenses	105.43	164.50
Interest on Working Capital	32.24	48.31
Total	1180.65	1658.58

16. The Petitioner vide affidavit dated 9.7.2021 has submitted the calculations for the 2004-09 period with respect to the up-gradation scheme on the e-filing portal of the Commission.

17. We have considered the submissions of the Petitioner. The transmission tariff is revised in respect of the up-gradation scheme on the basis of the following:

- a) Admitted capital cost as on COD, 31.3.2009 and ACE during 2007-08, 2008-09 as follows:

(₹ in lakh)			
Capital Cost (as on COD)	ACE (2007-08)	ACE (2008-09)	Capital Cost (as on 31.3.2009)
7807.68	1680.92	728.00	10216.60

- b) Weighted Average Rate of Interest (WAROI) on actual loan, debt-equity ratio, Weighted Average Rate of Depreciation (WAROD), Rate of IWC and O&M Expenses as per order dated 4.4.2013 in Petition No. 8/2010.

- c) With respect to calculation of IoL, moratorium period was availed by the Petitioner with respect to the up-gradation scheme from COD to 31.3.2009 and no actual repayment of loan was made. Earlier, the Commission vide order dated 4.4.2013 in Petition No. 8/2010 had considered depreciation provided from COD to 31.3.2009 as loan repayment. Therefore, depreciation from COD to 31.3.2009 has been considered as loan repayment in accordance with Regulation 56(i)(f) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004, which is as follows:

“56 (i) Interest on Loan Capital

(f) In case any moratorium period is availed of by the transmission licensee, depreciation provided for in the tariff during the years of moratorium shall be



treated as repayment during those years and interest on loan capital shall be calculated accordingly;"

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

18. In view of the above, the revised transmission charges allowed with respect to the up-gradation scheme for the 2004-09 tariff period are as follows:

Particulars	(₹ in lakh)	
	2007-08 (Pro-rata 8 months)	2008-09
Depreciation	207.56	354.69
Interest on Loan	388.82	639.57
Return on Equity	242.15	413.81
Advance against Depreciation	-	-
O&M Expenses	105.43	164.50
Interest on Working Capital	27.98	47.33
Total	971.94	1619.90

19. The revised Annual Fixed Charges (AFC) with respect to the up-gradation scheme allowed vide order dated 4.4.2013 in Petition No. 8/2010, claimed by the Petitioner in the instant petition and approved in the instant order is as follows:

Particulars	(₹ in lakh)	
	2007-08 (Pro-rata 8 months)	2008-09
Allowed vide order dated 4.4.2013 in Petition No. 8/2010	971.23	1617.21
Claimed by the Petitioner in the instant petition	1180.65	1658.58
Approved in the instant order	971.94	1619.90

2009-14 Tariff Period

20. The Commission vide order dated 2.12.2014 in Petition No. 107/TT/2013 had allowed the tariff with respect to the up-gradation scheme for the 2009-14 tariff period which was trued-up vide order dated 30.12.2015 in Petition No. 74/TT/2015 as follows:



(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	539.83	540.23	540.23	540.81	542.52
Interest on Loan	617.79	565.48	512.58	460.48	409.79
Return on Equity	572.77	594.19	594.77	595.41	604.44
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	36.07	35.43	34.34	33.28	32.45
Total	1766.46	1735.32	1681.91	1629.99	1589.19

21. The Petitioner has claimed the revised transmission charges with respect to the up-gradation scheme for the 2014-19 tariff period in this petition as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	539.83	540.23	540.23	540.81	542.52
Interest on Loan	672.72	620.39	567.48	515.37	464.67
Return on Equity	572.77	594.19	594.77	595.41	604.44
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	37.21	36.57	35.48	34.42	33.59
Total	1822.53	1791.39	1737.96	1686.01	1645.22

22. We have considered the submissions of the Petitioner. The revised transmission tariff is allowed with respect to the up-gradation scheme on the basis of the following:

- a) Admitted capital cost as on 1.4.2009, 31.3.2014 and ACE during the 2009-14 period for Combined Asset as follows:

(₹ in lakh)

Capital Cost (as on 1.4.2009)	ACE					Capital Cost (as on 31.3.2014)
	2009-10	2010-11	2011-12	2012-13	2013-14	
10216.60	14.94	0.00	0.00	22.18	42.40	10296.12

- b) WAROI on actual loan, debt-equity ratio, WAROD, Rate of IWC and O&M Expenses as per order dated 30.12.2015 in Petition No. 74/TT/2015.

23. In view of the above, the revised transmission charges allowed with respect to the up-gradation scheme for the 2009-14 tariff period are as follows:



(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	539.83	540.23	540.23	540.81	542.52
Interest on Loan	617.79	565.48	512.58	460.48	409.79
Return on Equity	572.77	594.19	594.77	595.41	604.44
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	36.07	35.43	34.34	33.28	32.45
Total	1766.46	1735.33	1681.92	1629.98	1589.20

24. AFC with respect to the up-gradation scheme allowed for the 2009-14 tariff period vide order dated 30.12.2015 in Petition No. 74/TT/2015, claimed by the Petitioner in the instant petition and approved in the instant order are as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015	1766.46	1735.32	1681.91	1629.99	1589.19
Claimed by the Petitioner in the instant petition	1822.53	1791.39	1737.96	1686.01	1645.22
Approved in the instant order	1766.46	1735.33	1681.92	1629.98	1589.20

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

25. The details of the trued-up transmission charges as claimed by the Petitioner with respect to the up-gradation scheme for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	543.64	544.37	545.10	545.10	549.73
Interest on Loan	413.08	360.75	308.36	255.12	206.87
Return on Equity	606.12	609.72	610.23	610.23	617.07
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	35.97	34.87	33.69	32.47	31.62
Total	1598.81	1549.71	1497.38	1442.92	1405.29

26. The details of the trued-up IWC as claimed by the Petitioner with respect to the up-gradation scheme for the 2014-19 tariff period are as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 2 months of annual fixed cost)	266.47	258.29	249.56	240.49	234.22
Total Working Capital	266.47	258.29	249.56	240.49	234.22
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	35.97	34.87	33.69	32.47	31.62

Capital Cost

27. The capital cost of the up-gradation scheme has been calculated in accordance with Regulation 9(3) of the 2014 Tariff Regulations.

28. The Petitioner has submitted that the Commission vide order dated 30.12.2015 in Petition No. 74/TT/2015 had allowed capital cost as on 1.4.2014, projected ACE during 2014-15 and estimated completion cost as on 31.3.2019 of ₹10296.12 lakh, ₹208.95 lakh and ₹10505.07 lakh respectively.

Additional Capital Expenditure

29. The details of the apportioned approved cost (FR) and allowed capital cost as on 1.4.2014 and claimed capital cost as on 31.3.2019 along with ACE during the 2014-19 period as submitted by the Petitioner in this petition are as follows:

(₹ in lakh)

Apportioned Approved Cost (as per FR)	Capital Cost claimed (as on 1.4.2014)	Actual ACE during the 2014-19 period		Capital Cost claimed (as on 31.3.2019)
		2015-16	2018-19	
11833.00	10296.12	27.82	175.40	10499.34

30. The Petitioner has submitted in this petition that ACE during the 2014-19 period is on account of balance and retention payments and is in line with the provision of Regulation 14(3)(v) of the 2014 Tariff Regulations. The Petitioner has also submitted



the details of actual ACE during the 2014-19 period. Further, detailed justification related thereto has been explained in Form 7 filed with the petition.

31. The Petitioner has submitted that Auditor's Certificate dated 31.7.2019 in respect of the up-gradation scheme has been filed along with this petition and has prayed that tariff may be allowed based on the actual cost as on 31.3.2014 and as on 31.3.2019 of ₹10296.12 lakh and ₹10499.34 lakh respectively.

32. The Petitioner vide affidavit dated 9.7.2021 has submitted the Liability Flow Statement with respect to the up-gradation scheme wherein the details regarding vendor/ contractor, year of actual capitalisation, outstanding liability as on 1.4.2014, as on 31.3.2019 and as on date of discharge have been mentioned. Further, the Petitioner has submitted that the actual ACE incurred during the 2014-19 period is within the projected ACE allowed by the Commission vide order dated 30.12.2015 in Petition No. 74/TT/2015.

33. BSPHCL vide revised affidavit dated 31.3.2021 has submitted that ACE claim should be dealt as per Regulation 14(3)(v) of the 2014 Tariff Regulations.

34. We have considered the submissions of the Petitioner and BSPHCL. The actual ACE claimed during the 2014-19 period has been verified from the Auditor's Certificate as submitted along with this petition. Further, the capital cost claimed as on 31.3.2019 is within the apportioned approved capital cost as per FR. Therefore, ACE as claimed by the Petitioner in this petition for the 2014-19 tariff period is allowed under Regulation 14(3)(v) of the 2014 Tariff Regulations.

35. Accordingly, the capital cost allowed for the 2014-19 tariff period is as follows:

Capital Cost allowed (as on 1.4.2014)	ACE allowed		Capital Cost allowed (as on 31.3.2019)
	2015-16	2018-19	
10296.12	27.82	175.40	10499.34



Debt-Equity Ratio

36. The debt-equity ratio has been considered in accordance with Regulation 19(3) of the 2014 Tariff Regulations. As per Regulation 19(3) of the 2014 Tariff Regulations, the debt-equity ratio allowed by the Commission for determination of transmission tariff for the period ending on 31.3.2014 shall be considered. Accordingly, the details of debt-equity ratio with respect to the up-gradation scheme as on 1.4.2014 and 31.3.2019 are as follows:

Funding	Capital Cost (as on 1.4.2014) (₹ in lakh)	(in %)	Capital Cost (as on 31.3.2019) (₹ in lakh)	(in %)
Debt	7207.60	70.00	7349.85	70.00
Equity	3088.52	30.00	3149.49	30.00
Total	10296.12	100.00	10499.34	100.00

Depreciation

37. Depreciation has been worked out as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. As the up-gradation scheme comprises of only one asset type i.e., sub-station, the Gross Block during the 2014-19 tariff period has been depreciated at 5.28% after taking into account the depreciation rates of assets as specified in the 2014 Tariff Regulations. Accordingly, the trued-up depreciation allowed in respect of the up-gradation scheme during the 2014-19 tariff period is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	10296.12	10296.12	10323.94	10323.94	10323.94
ACE	0.00	27.82	0.00	0.00	175.40
Closing Gross Block	10296.12	10323.94	10323.94	10323.94	10499.34
Average Gross Block	10296.12	10310.03	10323.94	10323.94	10411.64
Rate of Depreciation (in %)	5.28	5.28	5.28	5.28	5.28
Balance useful life of the asset (Year)	19	18	17	16	15
Lapsed life at the beginning of the year (Year)	6	7	8	9	10
Depreciable Value	9266.51	9279.03	9291.55	9291.55	9370.48



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation during the year	543.64	544.37	545.10	545.10	549.73
Cumulative Depreciation at the end of the year	3809.51	4353.87	4898.98	5444.08	5993.82
Remaining Depreciable Value at the end of the year	5457.00	4925.15	4392.57	3847.46	3376.66

38. Depreciation with respect to the up-gradation scheme as allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015	549.15	554.67	554.67	554.67	554.67
Claimed by the Petitioner in the instant petition	543.64	544.37	545.10	545.10	549.73
Approved after true-up in this order	543.64	544.37	545.10	545.10	549.73

Interest on Loan

39. The Petitioner has claimed WAROI on loan based on its actual loan portfolio and rate of interest.

40. BSPHCL vide affidavit dated 31.3.2021 has submitted that the 2014 Tariff Regulations do not permit the change in interest rate due to floating rate of interest applicable, if any, to be adjusted/ claimed over the tariff period of 5 years directly from/ with the beneficiaries.

41. In response, the Petitioner vide affidavit dated 7.9.2021 has submitted that IoL for the 2014-19 tariff period has been calculated on the basis of actual rate of interest of various loans deployed for each year.

42. We have considered the Petitioner's claim and submissions of BSPHCL related thereto. IoL has been calculated based on actual interest rate submitted by the Petitioner in accordance with Regulation 26 of the 2014 Tariff Regulations. The trued-up IoL allowed with respect to the upgradation scheme is as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	7207.60	7207.60	7227.07	7227.07	7227.07
Cumulative Repayments up to Previous Year	3265.87	3809.51	4353.87	4898.98	5444.08
Net Loan-Opening	3941.73	3398.09	2873.20	2328.10	1782.99
Additions due to ACE	0.00	19.47	0.00	0.00	122.78
Repayment during the year	543.64	544.37	545.10	545.10	549.73
Net Loan-Closing	3398.09	2873.20	2328.10	1782.99	1356.04
Average Loan	3669.91	3135.65	2600.65	2055.54	1569.51
Weighted Average Rate of Interest on Loan (in %)	9.7604	9.7555	9.7491	9.7457	9.7042
Interest on Loan	358.20	305.90	253.54	200.33	152.31

43. IoL with respect to the up-gradation scheme as allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015	365.07	318.31	264.14	209.97	155.82
Claimed by the Petitioner in the instant petition	413.08	360.75	308.36	255.12	206.87
Approved after true-up in this order	358.20	305.90	253.54	200.33	152.31

Return on Equity

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

Year	Claimed effective tax rate (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2014-15	21.018	19.625
2015-16	21.382	19.715
2016-17	21.338	19.705
2017-18	21.337	19.705
2018-19	21.549	19.758



45. BSPHCL vide affidavit dated 31.3.2021 has submitted that as provided in Regulation 25(3) of the 2014 Tariff Regulations, penalty, if any, arising on account of delay in deposit or short deposit of tax amount cannot be permitted to be claimed and the actual tax paid has to be duly adjusted for any refund of tax including interest received from the Income Tax (I.T.) Authorities. This petition is silent on whether the tax and interest paid by the Petitioner is indeed after such adjustment and exclusive of the impermissible claims as stated. BSPHCL has further submitted that the grossed-up rate of RoE has to be trued up every financial year based on actual tax paid as stated in Regulation 25(3) of the 2014 Tariff Regulations, which do not contemplate claim of differential tariff on this account directly from the beneficiaries. In view of this, BSPHCL has submitted that the differential tariff should not be permitted to be claimed directly from the beneficiaries.

46. In response, the Petitioner vide affidavit dated 7.9.2021 has submitted that it has been granted trued-up tariff for the 2014-19 tariff period by the Commission vide various orders and in the said petitions, effective tax rate (for 2014-19 tariff period) was based on notified MAT rates for the purpose of grossing-up of rate of RoE where tariff for each year of the 2014-19 tariff period has been determined by the Commission considering the effective tax percentage to arrive at grossed up RoE (in %).

47. We have considered the submissions/ claim of the Petitioner and submissions of BSPHCL related thereto. As regards BSPHCL's contention that the grossed-up rate of RoE for the period 2016-17 to 2018-19 is not based on MAT rates approved by Income Tax authorities, we observe 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 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 BSPHCL and, therefore, the same is rejected.

48. The Commission in order dated 27.4.2020 in Petition No. 274/TT/2019 had arrived at the effective tax rate based on the notified MAT rates for the Petitioner which are as follows:

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

49. MAT rates considered in order dated 27.4.2020 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, is considered in the instant case which are as follows:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Base rate of RoE (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2014-15	20.961	15.50	19.610
2015-16	21.342	15.50	19.705
2016-17	21.342	15.50	19.705
2017-18	21.342	15.50	19.705
2018-19	21.549	15.50	19.758

50. The Petitioner has claimed RoE for the 2014-19 period after grossing up RoE of 15.50% with Effective Tax rates (based on MAT rates) each year as per Regulation 5(3) of the 2014 Tariff Regulations. RoE is trued-up on the basis of MAT rates applicable in the respective years and is allowed in respect of the transmission assets as follows:



(₹ in lakh) Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	3088.52	3088.52	3096.87	3096.87	3096.87
Additions due to ACE	0.00	8.35	0.00	0.00	52.62
Closing Equity	3088.52	3096.87	3096.87	3096.87	3149.49
Average Equity	3088.52	3092.69	3096.87	3096.87	3123.18
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (in %)	19.610	19.705	19.705	19.705	19.758
Return on Equity	605.66	609.42	610.24	610.24	617.08

51. RoE with respect to the up-gradation scheme as allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015	611.80	617.95	617.95	617.95	617.95
Claimed by the Petitioner in the instant petition	606.12	609.72	610.23	610.23	617.07
Approved after true-up in this order	605.66	609.42	610.24	610.24	617.08

Operation & Maintenance Expenses (O&M Expenses)

52. The Petitioner has not claimed O&M Expenses with respect to the up-gradation scheme for the tariff 2014-19 tariff period, as the same are not allowable. Accordingly, O&M Expenses have been considered as NIL for the purpose of determination of transmission tariff for the 2014-19 tariff period.

Interest on Working Capital

53. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and the trued-up IWC allowed with respect to the up-gradation scheme is as follows:



(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 2 months of annual fixed cost)	257.03	248.88	240.22	231.15	224.91
Total Working Capital	257.03	248.88	240.22	231.15	224.91
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	34.70	33.60	32.43	31.20	30.36

54. IWC with respect to the up-gradation scheme as allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015	35.13	34.32	33.07	31.82	30.58
Claimed by the Petitioner in the instant petition	35.97	34.87	33.69	32.47	31.62
Approved after true-up in this order	34.70	33.60	32.43	31.20	30.36

Approved Annual Fixed Charges for the 2014-19 Tariff Period

55. The trued-up AFC with respect to the up-gradation scheme for the 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	543.64	544.37	545.10	545.10	549.73
Interest on Loan	358.20	305.90	253.54	200.33	152.31
Return on Equity	605.66	609.42	610.24	610.24	617.08
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	34.70	33.60	32.43	31.20	30.36
Total	1542.19	1493.28	1441.31	1386.87	1349.48

56. Accordingly, AFC with respect to the up-gradation scheme as allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 74/TT/2015	1561.15	1525.24	1469.82	1414.41	1359.01
Claimed by the Petitioner in the instant petition	1598.81	1549.71	1497.38	1442.92	1405.29
Approved after true-up in this order	1542.19	1493.28	1441.31	1386.87	1349.48

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

57. The Petitioner has claimed the transmission charges with respect to the up-gradation scheme for the 2019-24 tariff period as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	554.37	223.17	223.17	223.17	223.17
Interest on Loan	158.40	120.34	97.88	74.27	49.77
Return on Equity	591.53	591.53	591.53	591.53	591.53
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	19.61	14.10	13.76	13.41	13.00
Total	1323.91	949.14	926.34	902.38	877.47

58. The Petitioner has claimed IWC with respect to the up-gradation scheme for the 2019-24 period as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	162.78	117.02	114.21	111.25	107.89
Total Working Capital	162.78	117.02	114.21	111.25	107.89
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	19.61	14.10	13.76	13.41	13.00

Capital Cost

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

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



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

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

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

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



scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

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

60. The Petitioner has claimed capital cost as on 1.4.2019 of ₹10499.34 lakh. The same has been worked out by the Commission as on 31.3.2019 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.

61. BSPHCL vide affidavit dated 31.3.2021 has submitted that the capital cost of the up-gradation scheme should be determined in accordance with Regulation 19 and subject to prudence check as contemplated by Regulation 20 of the 2019 Tariff Regulations.



62. We have considered the Petitioner’s claim and submissions of BSPHCL related thereto and observe that the Petitioner has not claimed any ACE during the 2019-24 tariff period with respect to the up-gradation scheme. Accordingly, the capital cost considered for the 2019-24 tariff period is as follows:

(₹ in lakh)		
Capital Cost (as on 1.4.2019)	ACE (2019-24)	Capital Cost (as on 31.3.2024)
10499.34	0.00	10499.34

Debt-Equity Ratio

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

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

Provided that:

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

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

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

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

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019, if the



equity actually deployed as on 1.4.2019 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

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

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

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

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

Funding	Capital Cost (as on 1.4.2019) (₹ in lakh)	(in %)	Capital Cost (as on 31.3.2024) (₹ in lakh)	(in %)
Debt	7349.85	70.00	7349.85	70.00
Equity	3149.49	30.00	3149.49	30.00
Total	10499.34	100.00	10499.34	100.00

Depreciation

65. Regulations 33(1), 33(2) and 33(5) of the 2019 Tariff Regulations provide as follows:

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

*“(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.”

66. The Petitioner has submitted that the asset covered under the up-gradation scheme has completed 12 years on 31.7.2019 and thus depreciation from 2020-21 onwards has been calculated based on the remaining depreciable value to be recovered in the balance useful life as per Regulation 33 (5) of the 2019 Tariff Regulations. The details have been calculated and are provided in Form 10A filed along with this petition.

67. BSPHCL vide affidavit dated 31.3.2021 has submitted that the asset covered under the up-gradation scheme has already completed its 12 years on 31.7.2018 and, hence, claim of depreciation as is contemplated by Regulation 33 of the 2019 Tariff Regulations may only be considered.

68. We have considered the submissions of the Petitioner and BSPHCL. As the up-gradation scheme comprises of only one asset type i.e., sub-station, the Gross Block during 2019-20 has been depreciated at 5.28% after taking into account the depreciation rates of assets as specified in the 2019 Tariff Regulations. The said asset has completed 12 years of life as on 1.4.2020. Hence, the remaining depreciable value has been spread across the balance useful life in accordance with Regulation 33(5) of the 2019 Tariff Regulations. The depreciation allowed with respect to the up-gradation scheme for the 2019-24 tariff period is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	10499.34	10499.34	10499.34	10499.34	10499.34
Addition during the year due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	10499.34	10499.34	10499.34	10499.34	10499.34
Average Gross Block	10499.34	10499.34	10499.34	10499.34	10499.34
Weighted Average Rate of Depreciation (in %)	5.28	2.13	2.13	2.13	2.13
Balance useful life at the beginning of the year (Year)	14	13	12	11	10
Lapsed Life at the beginning of the year (Year)	11	12	13	14	15
Depreciable Value	9449.41	9449.41	9449.41	9449.41	9449.41
Depreciation during the year	554.37	223.17	223.17	223.17	223.17
Cumulative depreciation at the end of year	6548.18	6771.35	6994.52	7217.70	7440.87
Remaining Depreciable Value at the end of year	2901.22	2678.05	2454.88	2231.71	2008.54

Interest on Loan

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

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

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

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

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

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

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

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



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

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

70. The Petitioner has submitted that WAROI on loan has been considered on the basis of rate prevailing as on 1.4.2019 and has further prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period may be adjusted.

71. BSPHCL vide affidavit dated 31.3.2021 has submitted that IoL may be calculated as contemplated by Regulation 32 of the 2019 Tariff Regulations only. Further, nothing in the 2019 Tariff Regulations permit the change in interest rate due to floating rate of interest applicable, if any, to be adjusted/ claimed over the tariff period of 5 years directly from/ with the beneficiaries.

72. In response, the Petitioner vide affidavit dated 7.9.2021 has submitted that IoL has been calculated on the basis of interest rates prevailing as on 1.4.2019 for respective loans. The change in interest rate due to floating rate of interest applicable, if any, with respect to the up-gradation scheme needs to be claimed/ adjusted over the tariff period of 5 years directly from/ with the beneficiaries.

73. We have considered the submissions of the Petitioner and BSPHCL and observe that WAROI on loan has been considered on the basis of rate prevailing as on 1.4.2019. Accordingly, the floating rate of interest, if any, will 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 with respect to the up-gradation scheme for the 2019-24 tariff period is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	7349.85	7349.85	7349.85	7349.85	7349.85
Cumulative Repayments up to Previous Year	5993.82	6548.18	6771.35	6994.52	7217.70
Net Loan-Opening	1356.04	801.67	578.50	355.33	132.16
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	554.37	223.17	223.17	223.17	132.16
Net Loan-Closing	801.67	578.50	355.33	132.16	0.00
Average Loan	1078.85	690.09	466.91	243.74	66.08
Weighted Average Rate of Interest on Loan (in %)	9.6518	9.6091	9.5104	9.2141	8.5397
Interest on Loan	104.13	66.31	44.41	22.46	5.64

Return on Equity

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

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

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

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

Provided further that:

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

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

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

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



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

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

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

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

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

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

Illustration-

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

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

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

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

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

(c) Effective Tax Rate for the year 2019-20 = Rs.240 Crore/Rs.1000 Crore = 24%;

(d) Rate of return on equity = $15.50/(1-0.24) = 20.395\%$.

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



grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on year to year basis.”

75. The Petitioner has submitted that it is liable to pay Income Tax at MAT rate specified under the Taxation laws (Amendment) Ordinance 2019. Further, 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 in Regulation 31(2) of the 2019 Tariff Regulations for the 2019-24 tariff period. As per Regulation 31(3) of the 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 2019-24 tariff period on actual gross income. However, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the Petitioner. 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 on yearly basis. The Petitioner has further submitted that any adjustment due to additional tax demand including interest duly adjusted for any refund of tax including interest received from IT authorities shall be recoverable/ adjustable during the 2019-24 tariff period on yearly basis on receipt of Income Tax assessment order.

76. BSPHCL vide affidavit dated 31.3.2021 has submitted that calculation as contemplated by Regulation 31 can only be taken into consideration.

77. In response, the Petitioner vide affidavit dated 7.9.2021 has re-iterated its submissions already made in this petition regarding RoE.

78. We have considered the submissions of the Petitioner and BSPHCL. MAT rate applicable in 2019-20 has been considered for the purpose of grossing up RoE, which shall be trued-up with actual tax rate in accordance with Regulation 31(3) of the 2019



Tariff Regulations. RoE allowed with respect to the up-gradation scheme under the 2019 Tariff Regulations is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	3149.49	3149.49	3149.49	3149.49	3149.49
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	3149.49	3149.49	3149.49	3149.49	3149.49
Average Equity	3149.49	3149.49	3149.49	3149.49	3149.49
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
Return on Equity	591.54	591.54	591.54	591.54	591.54

Operation & Maintenance Expenses

79. The Petitioner has not claimed any O&M Expenses for the 2019-24 tariff period. Accordingly, O&M Expenses have been considered as NIL for the purpose of determination of transmission tariff for the 2019-24 tariff period.

Interest on Working Capital

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

“34. Interest on Working Capital

(1)The working capital shall cover ...

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

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

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

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



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

“3. Definitions ...

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

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	156.00	110.15	107.31	104.57	102.18
Total Working Capital	156.00	110.15	107.31	104.57	102.18
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	18.80	12.39	11.27	10.98	10.73

Annual Fixed Charges of the 2019-24 Tariff Period

82. The transmission charges allowed with respect to the upgradation scheme for the 2019-24 tariff period are as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	554.37	223.17	223.17	223.17	223.17
Interest on Loan	104.13	66.31	44.41	22.46	5.64
Return on Equity	591.54	591.54	591.54	591.54	591.54
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	18.80	12.39	11.27	10.98	10.73
Total	1268.83	893.41	870.38	848.15	831.08

Filing Fee and Publication Expenses

83. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses.

84. BSPHCL vide affidavit dated 31.3.2021 has submitted that grant of filing fee and expenses incurred is in the discretion of the Commission and need not necessarily be allowed in all cases and further nothing beyond as contemplated by the 2019 Tariff Regulations may be granted.

85. In response, the Petitioner vide affidavit dated 7.9.2021 has submitted that it has requested for reimbursement of expenditure towards petition filing fee and publication expense in terms of Regulation 70(1) of the 2019 Tariff Regulations.

86. We have considered the submissions of the Petitioner and BSPHCL. 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

87. The Petitioner in this petition has requested to allow it to bill and recover Licence fee and RLDC fees and charges, separately from the Respondents.

88. BSPHCL vide affidavit dated 31.3.2021 has submitted that nothing beyond as contemplated by the 2019 Tariff Regulations may be granted.

89. We have considered the request of the Petitioner and submission of BSPHCL related thereto. The Petitioner shall be entitled for reimbursement of licence fee in



accordance with Regulation 70(4) of the 2019 Tariff Regulations for the 2019-24 tariff period. The Petitioner shall also be entitled for recovery of RLDC fee and charges in accordance with Regulation 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Goods and Services Tax

90. 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.

91. Referring the provision of Regulation 56 of the 2019 Tariff Regulations, BSPHCL vide affidavit dated 31.3.2021 has submitted that the said Regulation contemplates recovery of statutory charges by generating company and not by transmission licensee and hence the said claim is liable to be rejected as the same is premature also.

92. In response, the Petitioner vide affidavit dated 7.9.2021 has re-iterated its submissions as already made in this petition regarding GST.

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

Security Expenses

94. The Petitioner has submitted in this petition that security expenses with respect to the upgradation scheme are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and consequential IWC.



95. BSPHCL vide affidavit dated 31.3.2021 has submitted that only relief as is admissible under Regulation 35(3)(c) of the 2019 Tariff Regulations may be considered.

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

Capital Spares

97. The Petitioner has sought reimbursement of capital spares at the end of tariff period.

98. BSPHCL vide affidavit dated 31.3.2021 has submitted that only relief as is admissible under Regulation 35(3)(c) of the 2019 Tariff Regulations may be considered.

99. We have considered the Petitioner's claim and submission of BSPHCL related thereto. The Petitioner's claim, if any, shall be dealt with in accordance with the provisions of the 2019 Tariff Regulations.

Sharing of Transmission Charges

100. During the tariff periods 2004-09 and 2009-14 (up to 30.6.2011), the transmission charges for inter-State transmission systems were being shared in accordance with the Tariff Regulations for the respective tariff periods. With effect



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

101. To summarize:

- a) The revised AFC approved with respect to the up-gradation scheme for the 2004-09 tariff period as per the APTEL's judgments are as follows:

(₹ in lakh)	
2007-08 (Pro-rata 8 months)	2008-09
971.94	1619.90

- b) The consequential revision of AFC approved with respect to the up-gradation scheme for the 2009-14 tariff period are as follows:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
1766.46	1735.33	1681.92	1629.98	1589.20

- c) The trued-up AFC approved with respect to the up-gradation scheme for the 2014-19 tariff period are as follows:

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
1542.19	1493.28	1441.31	1386.87	1349.48

- d) AFC allowed with respect to the up-gradation scheme for the 2019-24 tariff period in this order are as follows:



(₹ in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
1268.83	893.41	870.38	848.15	831.08

102. This order disposes of Petition No. 25/TT/2021 in terms of the above discussions and findings.

sd/-
(P. K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(P. K. Pujari)
Chairperson

