

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 290/TT/2020

Coram:

**Shri I. S. Jha, Member
Shri Arun Goyal, Member**

Date of order: 05.03.2021

In the Matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and revision of transmission tariff of the 2004-09 and 2009-14 tariff period and truing up of tariff of the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 of **Asset-i:** 400 kV Siliguri Sub-station (Ext), 400 kV Purnea Sub-station (ext), **Asset-ii:** 400/220 kV, 315 MVA ICT at Purnea Sub-station, **Asset-iii:** 400/220 kV Muzaffarpur Sub-station excluding 2 nos. 400 kV bays at Muzaffarpur with line reactor for Muzaffarpur-Gorakhpur Transmission Line and ICT-II and extension of Muzaffarpur Sub-station (BSES) in Eastern Region, **Asset-iv:** 400/220 kV, 315 MVA ICT-II at Muzaffarpur Sub-station, **Asset-v:** 400 kV Bareilly Sub-station and 400 kV Mandaula Sub-station, **Asset-vi:** 400 kV D/C Lucknow (POWERGRID)-Unnao (UPPCL) line with associated bays at both ends, 400 kV D/C Gorakhpur (POWERGRID)-Gorakhpur (UPPCL) line with bays at both end, 2 Nos. 400 kV bays at Gorakhpur (POWERGRID) and 2 nos. 400 kV Lucknow (POWERGRID) for 400 kV D/C Gorakhpur-Lucknow line of POWERLINKS, 400/220 kV 315 MVA ICT at Lucknow with associated bays and 400/220 kV 315 MVA ICT-I at Gorakhpur (POWERGRID) with associated bays, **Asset-vii:** LILO of one circuit of 400 kV D/C Ballabgarh-Dadri Transmission line at Maharaniabagh GIS along with associated bays and 315 MVA 400/220/33 KV ICT-I at Maharaniabagh GIS along with associated bays, **Asset-viii:** 315 MVA 400/220/33 kV ICT-II at Maharaniabagh GIS along with associated bays, **Asset-ix:** TCSC and 2 nos. of 400 kV bays at Gorakhpur Sub-station associated with 400 kV Muzaffarpur-Gorakhpur line of POWERLINKS, **Asset-x:** 2 nos. of 400 kV bays at Muzaffarpur with line reactor associated with 400 kV Muzaffarpur-Gorakhpur line of POWERLINKS under "Transmission System associated with TALA HEP East-North Inter connector and Northern Region Transmission System", an inter-regional asset between Northern Region and Eastern Region.

And in the Matter of:

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

.....Petitioner



Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur-302005.
2. Ajmer Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
3. Jaipur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017.
4. Jodhpur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017.
5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171004.
6. Punjab State Electricity Board,
The Mall, Patiala-147001.
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6
Panchkula-134109.
8. Power Development Deptt.,
Govt. of Jammu & Kashmir, Mini Secretariat,
Jammu.
9. Uttar Pradesh Power Corporation Ltd.,
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226001.
10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi-110002.



11. BSES Yamuna Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi.
12. BSES Rajdhani Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi.
13. Tata Power Delhi Distribution Ltd.,
33 kV Sub-station Building, Hudson Lane,
Kingsway Camp,
North Delhi-110009.
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-110002.
18. Bihar State Power (Holding) Company Ltd.,
(Formerly Bihar State Electricity Board-BSEB),
Vidyut Bhavan, Bailey Road,
Patna-800001.
19. West Bengal State Electricity Distribution Company Ltd.,
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lake City,
Calcutta-700091.
20. Grid Corporation of Orissa Ltd.,
Shahid Nagar,
Bhubaneswar-751007.
21. Jharkhand State Electricity Board,
In Front of Main Secretariat, Doranda,
Ranchi-834002.



22. Damodar Valley Corporation,
DVC Tower, Maniktala, Civic Centre, VIP Road,
Calcutta-700 054.

23. Power Department,
Government of Sikkim,
Gangtok-737101.

...Respondent(s)

For Petitioner: Shri S. S. Raju, PGCIL
Shri A. K. Verma, PGCIL

For Respondents: Shri R. B. Sharma, Advocate, BRPL

ORDER

The present petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, for revision of transmission tariff of the 2004-09 and 2009-14 tariff period and truing up of transmission tariff of the period from 1.4.2014 to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) for the following assets under “Transmission System associated with TALA HEP East-North Inter connector and Northern Region Transmission System”, an inter-regional asset between Northern Region and Eastern Region (hereinafter referred to as “the transmission project”):

Asset-i: 400 kV Siliguri Sub-Station (Ext), 400 kV Purnea Sub-station (ext)

Asset-ii: 400/220 kV, 315 MVA ICT at Purnea Sub-station



Asset-iii: 400/220 kV Muzaffarpur Sub-station excluding 2 nos 400 kV bays at Muzaffarpur with line reactor for Muzaffarpur Gorakhpur transmission line and ICT-II and extension of Muzaffarpur Sub-station (BSES) in Eastern Region

Asset-iv: 400/220 kV, 315 MVA ICT-II at Muzaffarpur Sub-station

Asset-v: 400 kV Bareilly Sub-station and 400 kV Mandaula Sub-station

Asset-vi: 400 kV D/C Lucknow (POWERGRID)-Unnao (UPPCL) line with associated bays at both end, 400 kV D/C Gorakhpur (POWERGRID)-Gorakhpur (UPPCL) line with bays at both end, 2 Nos. 400 kV bays at Gorakhpur (POWERGRID) and 2 nos. 400 kV Lucknow (POWERGRID) for 400 kV D/C Gorakhpur-Lucknow line of POWERLINKS, 400/220 kV 315 MVA ICT at Lucknow with associated bays and 400/220 kV 315 MVA ICT-I at Gorakhpur (POWERGRID) with associated bays

Asset-vii: LILO of one circuit of 400 kV D/C Ballabgarh-Dadri Transmission Line at Maharaniabagh GIS along with associated bays and 315 MVA 400/220/33 KV ICT-I at Maharaniabagh GIS along with associated bays

Asset-viii: 315 MVA 400/220/33 kV ICT-II at Maharaniabagh GIS along with associated bays

Asset-ix: TCSC and 2 nos. of 400 kV bays at Gorakhpur Sub-station associated with 400 kV Muzaffarpur-Gorakhpur line of POWERLINKS

Asset-x: 2 nos. of 400 kV bays at Muzaffarpur with line reactor associated with 400 kV Muzaffarpur Gorakhpur line of POWERLINKS

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

“1) Approve the revised Transmission Tariff for 2004-09 block and transmission tariff for 2009-14 block for the assets covered under this petition, as per para 8 above.

2) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 9 and 10 above.

3) Allow the de-capitalization of the replaced equipment's from the present project and re-capitalization under project where it is being re-utilized as indicated in above



table and also allow the carrying cost between the date of de-capitalization and date of re-capitalization as the same has been done due to system requirement taking due concurrence of the beneficiaries and not suo-moto.

4) 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 regulation '19 as per para 9.0 & 10 above for respective block.

5) Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long term customers /DIC as the case may be, as and when the same is materialized as per regulation 49 of 2014 and regulation 67 of 2019 tariff regulation. The petitioner may be allow to recover the deferred tax liability materialized directly without making any application before the commission as provided in the regulation.

6) 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.

7) 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.

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

9) 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.

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

11) 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 Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice”

Background

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



(a) The Investment Approval (IA) for the transmission project was accorded by the Ministry of Home Affairs vide letter dated 2.7.2003 at an estimated cost of ₹198070 lakh including IDC of ₹21792 lakh based on 2nd quarter 2002 price level. Subsequently, the Revised Cost Estimate (RCE) for the transmission project was approved by Ministry of Power vide its letter dated 29.9.2005 at an estimated cost of ₹248388 lakh including IDC of ₹14744 lakh based on 1st quarter 2005 price level.

(b) The transmission tariff from COD to 31.3.2009 of Assets-i to iii was determined vide order dated 23.5.2008 in Petition No. 141/2007 and that of Asset-iv from COD to 31.3.2009 was determined vide order dated 8.4.2009 in Petition No. 133/2008. Further, the transmission tariff of Assets-i to iv was revised vide order dated 18.6.2010 in Petition No. 39/2010 on account of Additional Capital Expenditure (ACE) during 2007-09 period.

(c) The tariff for Asset-v and Asset-vi from respective CODs to 31.3.2009 was determined vide order dated 23.5.2008 in Petition No.144/2007 and was revised vide order dated 22.7.2009 in Petition No. 75/2009 on account of ACE during 2007-08 period. The tariff of Asset-vii and Asset-viii from their respective CODs to 31.3.2009 was determined vide order dated 20.4.2009 in Petition No. 129/2008. The transmission tariff of Asset-v to viii was revised vide order dated 24.5.2010 in Petition No. 311/2009 on account of ACE incurred during 2008-09.

(d) The transmission tariff of Asset-ix and Asset-x from their respective CODs to 31.3.2009 was determined vide order dated 28.3.2008 in Petition No. 142/2007 and was revised vide order dated 27.8.2009 in Petition No. 77/2009 on account of ACE during 2007-08. Further, on account of ACE during 2008-09, the tariff of Asset-ix and Asset-x was revised vide order dated 3.11.2010 in Petition No. 312/2009.

(e) The tariff for Combined Asset-I (Eastern Region) consisting of Assets-i to iv and for Combined Asset-II (Northern Region) consisting of Assets-v to x for the 2009-14 period was allowed vide order dated 21.6.2011 in Petition No. 328/2010 in accordance with the Central Electricity Regulatory Commission



(Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 Tariff Regulations”).

(f) The tariff for the 2009-14 period was trued up and tariff for the period from 1.4.2014 to 31.3.2019 was determined vide order dated 30.12.2015 in Petition No. 38/TT/2015.

(g) The scope of work implemented by the Petitioner under “Transmission System associated with TALA HEP East-North Inter connector and Northern Region Transmission System”, an inter-regional asset between Northern Region and Eastern Region is as follows:

- (i) 400 kV D/C Gorakhpur (POWERGRID)-Gorakhpur (UPPCL) line
- (ii) 400 kV D/C Lucknow (new)-Unnao line
- (iii) LILO of Dadri-Ballabgarh 400 kV D/C line at New Delhi (new) Sub-station
- (iv) 400/220 kV Muzaffarpur Sub-station (New)
- (v) 400/220 kV Gorakhpur Sub-station (New)
- (vi) 400/220 kV Lucknow Sub-station (New)
- (vii) 400/220 kV New Delhi Sub-station (New)
- (viii) 400 kV Gorakhpur Sub-station (UPPCL) (Extension)
- (ix) 400 kV Unnao Sub-station (UPPCL) (Extension)
- (x) 400 kV Bareilly Sub-station (UPPCL) (Extension)
- (xi) 400 kV Mandaula Sub-station (Extension)
- (xii) 400 kV Siliguri Sub-station (Extension) (Relevant Portion)
- (xiii) 400 kV Purnea Sub-station (Extension) (Relevant Portion)
- (xiv) 220 kV Muzaffarpur Sub-station (BSEB) (Extension)
- (xv) 40% Fixed Series Compensation (FSC) and 5% to 15% Thyristor Controlled Series Compensation (TCSC) on each circuit of Purnea-Muzaffarpur 400kV D/C and Muzaffarour-Gorakhpur 400 kV D/C lines

(h) The entire scope of the transmission project is covered in the instant petition.

(i) As per the IA, the transmission project was scheduled to be put under commercial operation within 26 months from the date of IA. The assets covered under the transmission project has been put under commercial operation as stated below:

Asset	SCOD	COD	Time over-run
Combined Asset-I (Eastern Region)- Notional COD:- 1.6.2007			



Asset-i	1.6.2006	1.5.2006	No
Asset-ii	1.6.2006	1.6.2006	No
Asset-iii	1.6.2006	1.9.2006	3 months
Asset-iv	1.6.2006	1.6.2007	11 months
Combined Asset-II (Northern Region)- Notional COD:- 1.10.2007			
Asset-v	1.6.2006	1.5.2006	No
Asset-vi	1.6.2006	1.8.2006	2 months
Asset-vii	1.6.2006	1.9.2007	15 months
Asset-viii	1.6.2006	1.10.2007	16 months
Asset-ix	1.6.2006	1.9.2006	3 months
Asset-x	1.6.2006	1.9.2006	3 months

4. The Petitioner has sought revision of transmission tariff approved 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 Appellate Tribunal for Electricity (APTEL) dated 22.1.2007 and 13.6.2007 in Appeal No(s). 81/2005 and 139/2006 respectively. The Petitioner has sought consequential revision of tariff allowed for the 2009-14 tariff period and truing up of tariff of the 2014-19 tariff period and determination of tariff for the 2019-24 tariff period for assets under "Transmission System associated with TALA HEP East-North Inter connector and Northern Region Transmission System", an inter-regional asset between Northern Region and Eastern Region.

5. APTEL, vide judgements dated 22.1.2007 in Appeal No. 81/2005 and other related Appeals, and judgement dated 13.6.2007 in Appeal No. 139/2006 pertaining to generating stations of NTPC decided on, mainly the following issues:

- (a) Computation of interest on loan
- (b) Consequences of refinancing of loan
- (c) Depreciation as deemed repayment
- (d) Admissibility of depreciation up to 90% of the value of the assets
- (e) Consideration of maintenance of spares for working capital
- (f) Depreciation of assets.



6. 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 a stay was granted by the Hon'ble Supreme Court. Subsequently, on an assurance by NTPC that the issues under Appeal would not be pressed for implementation during the pendency of the Appeals, the stay was vacated by the Hon'ble Supreme Court.

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

8. The Hon'ble Supreme Court vide its judgment and final order dated 10.4.2018 dismissed the said Civil Appeals.

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

10. In view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the judgement of Hon'ble Supreme Court dated 10.4.2018, the tariff is being revised. Although, period-wise tariff is being re-worked based on the Tariff Regulations



applicable for the respective tariff periods, certain assumptions are made which are indicated.

11. The transmission assets were put under commercial operation during the 2004-09 period. The notional date of commercial operation has been considered as 1.6.2007 for Combined Asset-I and as 1.10.2007 for Combined Asset-II. The tariff from COD has been revised based on the admitted capital cost as under:

Asset	Capital Cost as on COD	Additional Capital Expenditure			Capital Cost as on 31.3.2009
		2006-07	2007-08	2008-09	
Asset-i	10387.42	108.19	207.46	10.00	10713.07
Asset-ii	1005.25	0.00	92.00	0.00	1097.25
Asset-iii	4635.69	304.00	669.50	265.52	5874.71
Asset-iv	1453.26	0.00	236.21	53.28	1742.75
Asset-v	2190.68	185.92	39.41	0.72	2416.73
Asset-vi	23227.48	1429.67	882.47	318.89	25858.51
Asset-vii	12817.94	0.00	877.95	854.15	14550.04
Asset-viii	2997.47	0.00	198.55	171.98	3368.00
Asset-ix	8272.99	162.99	86.72	80.75	8603.45
Asset-x	1637.62	62.00	228.17	125.55	2053.34

12. Accordingly, considering the above admitted capital cost, the tariff is being revised for the 2004-09 and 2009-14 tariff periods in terms of the APTEL's judgement dated 22.1.2007 and 13.6.2007.

13. The Respondents are transmission licensees and distribution licensees, who are procuring transmission services from the Petitioner, mainly beneficiaries of the Eastern and Northern Region.

14. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in 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.



General Notice dated 8.6.2020 directing the beneficiaries/Respondents to file reply in the matter was also posted on the Commission's website. BSES Rajdhani Power Ltd. (BRPL), Respondent No.12, has filed soft copy of its reply dated 24.7.2020 and common reply dated 3.8.2020. BRPL has also filed hard copy of its reply dated 24.7.2020 along with affidavit dated 14.9.2020 and 24.9.2020 after lifting of lockdown due to Covid-19 pandemic. BRPL has raised issues of revision of tariff on account of APTEL judgments, de-capitalization/ shifting of assets, rate of IoL, adoption of Indian Accounting Standard 101, computation of income tax, Return on Equity (RoE), recovery of tax on truing-up exercise of RoE, applicability and recovery of GST, IWC, recovery of security expenses, passing of tax benefits to consumers and recovery of application filing fee and the expenses. The Petitioner vide affidavit dated 19.5.2020 has filed reply to the Technical Validation (TV) letter dated 4.5.2020 and rejoinder vide affidavits dated 13.8.2020 and 18.8.2020 to the replies of BRPL.

15. The hearing in this matter was held on 28.7.2020 through video conference and the order was reserved.

16. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavit dated 17.1.2020, Petitioner's affidavits dated 19.5.2020, 24.7.2020, 13.8.2020 and 18.8.2020, reply of BRPL vide affidavit dated 14.9.2020 and common reply affidavit dated 24.9.2020 and rejoinder thereto.

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

18. BRPL in its reply has submitted that representation of consumer's interest and their participation in the tariff determination proceedings is an integral part of the



hearing. Referring to Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, BRPL has submitted that some Association, Forum or body Corporate recognized by the Commission may be asked to represent the interest of consumers during hearings of the instant petition. BRPL has further submitted that one of the said agencies may be instructed to represent the consumers' interest in the instant case and that the same is also provided for in Section 94(3) of the Electricity Act, 2003. BRPL has raised this issue in Petition No. 136/TT/2020 and other petitions too. The Commission in order dated 24.1.2021 has already held that there is no need to engage any agency to represent the interest of the consumers before the Commission. The relevant portion of the order dated 24.1.2021 in Petition No.136/TT/2020 is extracted hereunder:

“10. We have considered the above submissions of the BRPL. In terms of Regulation 3 (6) and (8) of Central Electricity Regulatory Commission (Procedure for Making of Application for Determination of Tariff, Publication of Application and Other Related Matters) Regulations, 2004 (hereinafter referred to as ‘the 2004 Application Regulations’). Accordingly, the Petitioner has published Notice in the newspapers and vide affidavit dated 5.3.2020 has submitted that it has carried out the publication of the present tariff application in the newspapers dated 24.1.2020 in various languages. Further, the instant petition has been uploaded on the Petitioner’s website. The Notice published in newspaper contained a statement that the application made for determination of tariff is posted on the website of the applicant and the address of the website has also been given. The said Notice contained a statement that “suggestions or objections, if any, on the tariff proposals for determination of tariff may be filed by any person including the beneficiary in the Office of the Secretary, Central Electricity Regulatory Commission with a copy to the applicant at its Corporate Office within 30 days of publication of the notice. No suggestions/objections with regard to the present tariff petitions were received by the Commission before listing of the present petition for hearing. In view of the above, we are of the view that there is no need to engage any agency to represent the interest of consumers.”

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

19. The Petitioner has sought revision of the computation of IoL, maintenance spares for working capital and depreciation allowed for the 2004-09 period on the basis of the judgements of APTEL dated 22.1.2007 in Appeal No. 81/2005 and dated



13.6.2007 in Appeal No. 139/2006. APTEL while dealing with the issue of computation of IoL, vide its judgement 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. APTEL vide its judgement dated 14.11.2006 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 the 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 period is revised on the basis of the normative debt repayment methodology. The relevant portions of the judgement of 14.11.2006 are as follows:-

"12. We have heard the arguments of the Senior Counsel(s) of appellant and respondents. We notice that the appellant has not challenged the formula for computing the annual repayment amount as provided in Appeal No. 96 of 2005 & IA No.117 of 2006 in Appeal No. 94 of 2005 para-22 of the impugned order and has only challenged the provisions at para 23 specifying that the amount of annual repayment for calculation of interest on loan is chosen higher of the normative debt and actual debt.

13. As mentioned earlier the servicing of the capital (equity or debt) is financed by the recovery of interest on debt capital and through earning of return on equity capital. The actual loan repayment has been normalized to 50% of the total capital by the formula in para 22 of the impugned order given in para 11 above. Once it has been decided and agreed that the financing plan would be based on normative debt-equity ratio of 50:50 and not the actual debt-equity ratio, the same normative basis should be adopted for recovery of cost of servicing the capital.

14. In the instant case since the normative debt-equity ratio of 50:50 has been adopted in the financing plan, the loan repayment should be computed based on normative debt. This is to ensure that whatever normative debt has been considered, tariff should ensure the recovery of the same normative debt and interest thereon."

"18. In its Tariff Regulation of 2004 the Central Commission perhaps recognizing the aforesaid anomaly has dispensed with the practice of adopting higher of actual or normative repayment and has corrected the method of determination of quantum of debt repayment only on the basis of the normative debt with effect from 01.04.2004.

19. In view of the above, the Central Commission is required to adopt normative debt repayment methodology for working out the interest on loan liability for the period 01.04.1998 to 31.03.2001."



20. In view of the above, the interest allowed for the 2004-09 periods is revised on the basis of the normative debt repayment methodology.

21. APTEL vide its judgement dated 13.6.2007 in Appeal No.139/2006 and ors. held that ACE after the date of commercial operation should also be considered for computation of maintenance spares as under:

“Analysis and Decision

We are not inclined to agree with the contention of the respondents that escalation of 6% will take care of the additional capitalization. Escalation is meant to factor inflation and is allowed as per CERC Regulations whether or not additional capitalization takes place. Question before us is that: can the historical cost be frozen with the Commissioning of the station. It is quite normal and prudent to ensure earliest operation of the plant without necessarily 100% completion of plants and works, of course not at the cost of safety of the plant. Adding some of the plants and works after the commercial operation will reduce interest during construction. If technically it is possible to delay some of the plants or works, it is only prudent to do so. For example it is common to build redundancies in the plant at a little later stage. CERC’s own regulations rightly recognized additional capitalization. It is pertinent to set out excerpts pertaining to additional capitalization from CERC (Terms & Conditions of Tariff) Regulation, 2004 Clause 18 as below:-

“Additional capitalization (1) The following capital expenditure within the original scope of work actually incurred after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

(i) Deferred liabilities

(ii) Works deferred for execution

(iii) Procurement of initial capital spares in the original scope of work, subject to ceiling specified in regulation 17.

(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and

(v) On account of change in law.

Provided that original scope of work along with estimates of expenditure shall be submitted along with the application for provisional tariff.

Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation of the generating station.”

It is clear from the abovementioned Clause 18 of the CERC Regulations that additional capitalization after the date of commercial operation is recognized as part of the capital expenditure. Historical cost does not literally mean that the cost on the date of the commercial operation. The term historical cost is used so as to distinguish it from ‘book value’ or ‘the replacement cost’. The cost of maintenance spares limited to 1% of the historical cost corresponds to the plant and equipment and installations which are



required to be maintained. If the cost of additional equipment is not included in the historical cost, how spares for the additional equipment be procured for maintenance of the additional equipment. In this view of the matter, the CERC needs to examine afresh in the light of the aforesaid observations.”

22. 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 the ACE after the date of commercial operation.

23. As regards depreciation, APTEL vide its judgement dated 13.6.2007 in Appeal No. 139/2006 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. The relevant portion of the judgement is as under:

“Analysis and Decision

In the orders of this Tribunal dated November 14, 2006 and January 24, 2007 it has been laid down that the computation of outstanding loan will be on normative basis only (instead of normative or actual whichever is higher). In view of this there is no question of any adjustment of the depreciation amount as deemed repayment of loan.

It is to be understood that the depreciation is an expense and not an item allowed for repayment of loan. If a corporation does not borrow, it would not mean that the corporation will not be allowed any depreciation. Depreciation is an expense it represents a decline in the value of asset because of use, wear or obsolescence. The Accounting Principles Board of USA defines depreciation as under:-

“The cost of a productive facility is one of the costs of the service it renders during its useful economic life. Generally accepted accounting principles require that this cost be spread over the expected useful life of the facility in such a way as to allocate it as equitably as possible to the periods during which services are obtained from the use of the facility. This procedure is known as depreciation accounting, a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation”

It is well established that the depreciation is an expense and therefore, it cannot be deployed for deemed repayment of loan. In this view of the matter the CERC shall need to make a fresh computation of outstanding loan in the light of the aforesaid observations.”

24. In view of the above directions of APTEL, the outstanding loan allowed for the transmission assets for the 2004-09 period is revised vide the instant order.



25. The revision of tariff allowed for the 2004-09 tariff period necessitates the revision of tariff allowed for the 2009-14 period, which is also allowed in the instant order. The implementation of the directions of APTEL in case of the Petitioner was kept pending waiting for 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 period 2004-09 and 2009-14 tariff periods. Therefore, the Petitioner will neither claim nor pay any carrying cost from the beneficiaries for the difference, if any, in the tariff allowed earlier and that allowed vide 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.

2004-09 Period

26. The Commission vide order dated 23.5.2008 in Petition No. 141/2007 had approved the transmission charges for Assets-i to Asset-iii and vide order dated 8.4.2009 in Petition No. 133/2007 tariff for Asset-iv for the 2004-09 period was approved. Further, the transmission charges in respect of Assets-i to Asset-iv were revised vide order dated 18.6.2010 in Petition No. 39/2010 on account of ACE during 2007-08 and 2008-09. The tariff for Asset-v and Asset-vi from COD to 31.3.2009 was determined vide order dated 23.5.2008 in Petition No. 144/2007 and was revised vide order dated 22.7.2009 in Petition No. 75/2009 on account of ACE during 2007-08. For Asset-vii and Asset-viii, the tariff from COD to 31.3.2009 was determined vide order dated 20.4.2009 in Petition No.129/2008. The transmission tariff of Assets-v to viii were revised vide order dated 24.5.2010 in Petition No. 311/2009 on account of



ACE incurred during 2008-09. For Asset-ix and Asset-x, the transmission tariff from COD to 31.3.2009 was determined vide order dated 28.3.2008 in Petition No. 142/2007 and was revised vide order dated 27.8.2009 in Petition No. 77/2009 on account of ACE during 2007-08. Further, on account of ACE during 2008-09, the tariff of Asset-ix and Asset-x was revised vide order dated 3.11.2010 in Petition No. 312/2009. The transmission charges approved for the 2004-09 period for transmission assets are as follows:

(₹ in lakh)

Particulars	Asset-i			Asset-ii		
	2006-07 (Pro-rata)	2007-08	2008-09	2006-07 (Pro-rata)	2007-08	2008-09
Depreciation	347.82	385.36	389.52	30.16	37.85	39.5
Interest on Loan	413.61	437.27	418.17	37.39	44.77	44.37
Return on Equity	373.62	414.21	418.78	29.65	37.51	39.44
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	38.38	42.82	43.72	3.88	4.84	5.03
O&M Expenses	334.62	379.56	394.80	50.70	63.26	65.80
Total	1508.04	1659.22	1664.98	151.78	188.22	194.13

(₹ in lakh)

Particulars	Asset-iii			Asset-iv	
	2006-07 (Pro-rata)	2007-08	2008-09	2007-08 (Pro-rata)	2008-09
Depreciation	99.05	186.36	202.04	45.19	59.44
Interest on Loan	131.78	242.85	251.92	58.45	73.39
Return on Equity	116.63	220.38	240.01	54.98	72.06
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	13.95	25.36	26.80	6.47	8.24
O&M Expenses	195.20	347.93	361.90	52.72	65.80
Total	556.60	1022.88	1082.67	217.81	278.92

(₹ in lakh)

Particulars	Asset-v			Asset-vi		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Depreciation	77.16	88.29	89.02	451.81	709.69	727.48
Interest on Loan	92.54	100.82	96.08	808.01	1231.04	1212.65
Return on Equity	87.92	100.64	101.49	670.38	1054.13	1079.36



Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	9.48	10.74	10.97	62.35	96.98	99.71
O&M Expenses	111.54	126.52	131.6	485.44	756.94	787.52
Total	378.64	427.02	429.15	2477.99	3848.78	3906.73

(₹ in lakh)

Particulars	Asset-vii		Asset-viii	
	2007-08	2008-09	2007-08	2008-09
Depreciation	230.51	423.16	54.78	116.19
Interest on Loan	360.10	637.84	69.13	141.43
Return on Equity	323.80	591.47	74.58	156.94
Advance against Depreciation	0.00	0.00	0.00	0.00
Interest on Working Capital	32.16	57.72	7.99	16.62
O&M Expenses	119.88	213.81	63.26	131.60
Total	1066.45	1924.00	269.74	562.77

(₹ in lakh)

Particulars	Asset-ix			Asset-x		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Depreciation	171.65	298.00	300.59	34.75	64.36	70.32
Interest on Loan	239.16	400.13	383.82	45.58	84.99	91.43
Return on Equity	204.77	356.13	359.65	40.70	75.86	83.29
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	18.51	32.20	32.76	4.95	8.98	9.56
O&M Expenses	106.47	189.78	197.40	70.98	126.52	131.60
Total	740.56	1276.25	1274.21	196.96	360.71	386.20

27. The Petitioner has claimed the following revised transmission charges for the transmission assets for the 2004-09 period in this petition:

(₹ in lakh)

Particulars	Asset-I			Asset-ii		
	2006-07 (Pro-rata)	2007-08	2008-09	2006-07 (Pro-rata)	2007-08	2008-09
Depreciation	347.82	385.36	389.52	30.16	37.85	39.50
Interest on Loan	419.115	452.01	435.27	37.81	45.91	45.69
Return on Equity	373.62	414.21	418.78	29.65	37.51	39.44
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.34
Interest on Working Capital	38.53	43.36	44.44	3.89	4.92	5.17
O&M Expenses	334.62	379.56	394.80	50.70	63.26	65.80
Total	1513.7	1674.49	1682.81	152.21	189.45	195.93



(₹ in lakh)

Particulars	Asset-iii			Asset-iv	
	2006-07 (Pro-rata)	2007-08	2008-09	2007-08 (Pro-rata)	2008-09
Depreciation	99.05	186.36	202.04	45.19	59.44
Interest on Loan	132.33	246.70	259.32	58.49	73.67
Return on Equity	116.63	220.38	240.01	54.98	72.06
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	14.05	26.24	28.29	6.59	8.61
O&M Expenses	195.20	347.93	361.90	52.72	65.80
Total	557.26	1027.61	1091.56	217.98	279.57

(₹ in lakh)

Particulars	Asset-v			Asset-vi		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Depreciation	77.16	88.29	89.02	451.81	709.69	727.48
Interest on Loan	94.25	105.51	101.95	813.96	1,255.54	1,249.48
Return on Equity	87.92	100.64	101.49	670.38	1,054.13	1,079.36
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	9.60	11.06	11.34	62.95	99.93	103.68
O&M Expenses	111.54	126.52	131.60	485.44	756.94	787.52
Total	380.47	432.02	435.41	2484.54	3876.23	3947.53

(₹ in lakh)

Particulars	Asset-vii		Asset-viii	
	2007-08	2008-09	2007-08	2008-09
Depreciation	230.51	423.16	54.78	116.19
Interest on Loan	360.10	637.84	69.74	146.74
Return on Equity	323.80	591.47	74.58	156.94
Advance against Depreciation	0.00	0.00	0.00	0.00
Interest on Working Capital	32.16	57.72	8.06	17.21
O&M Expenses	119.88	213.81	63.26	131.60
Total	1066.45	1924.00	270.43	568.68

(₹ in lakh)

Particulars	Asset-ix			Asset-x		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Depreciation	171.65	298.00	300.59	34.75	64.36	70.32
Interest on Loan	241.11	410.22	399.65	45.82	86.28	94.06
Return on	204.77	356.13	359.65	40.70	75.86	83.29



Equity						
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	18.59	32.82	33.59	4.97	9.23	10.04
O&M Expenses	106.47	189.78	197.40	70.98	126.52	131.60
Total	742.59	1286.94	1290.88	197.22	362.25	389.32

28. We have considered the Petitioner's claim. The tariff is allowed for the transmission assets on basis of the following:

- a) Admitted capital cost as on COD and ACE during the 2004-09 period as under:

Assets	Capital Cost as on COD	Additional Capital Expenditure			Capital Cost as on 31.3.2009
		2006-07	2007-08	2008-09	
Asset-i	10387.42	108.19	207.46	10.00	10713.07
Asset-ii	1005.25	0.00	92.00	0.00	1097.25
Asset-iii	4635.69	304.00	669.50	265.52	5874.71
Asset-iv	1453.26	0.00	236.21	53.28	1742.75
Asset-v	2190.68	185.92	39.41	0.72	2416.73
Asset-vi	23227.48	1429.67	882.47	318.89	25858.51
Asset-vii	12817.94	0.00	877.95	854.15	14550.04
Asset-viii	2997.47	0.00	198.55	171.98	3368.00
Asset-ix	8272.99	162.99	86.72	80.75	8603.45
Asset-x	1637.62	62.00	228.17	125.55	2053.34

- b) For Assets-i to iv, Weighted Average Rate of Interest on actual loan, Weighted Average Rate of Depreciation, Rate of Interest on Working Capital and O&M Expenses are as per order dated 23.5.2008, 8.4.2009 and 18.6.2010 in Petition Nos.141/2007, 133/2008 and 39/2010 respectively. For Assets-v to x, Weighted Average Rate of Interest on actual loan, Weighted Average Rate of Depreciation, Rate of Interest on Working Capital and O&M Expenses are as per order dated 23.5.2008, 22.7.2009, 20.4.2009, 24.5.2010, 28.3.2008, 17.8.2009, 3.11.2010 in Petition Nos. 144/2007, 75/2009, 129/2008, 311/2009, 142/2007, 77/2009 and 312/2009 respectively.



29. In view of the above, the revised transmission charges allowed for the transmission assets for the 2004-09 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-i			Asset-ii		
	2006-07 (Pro-rata)	2007-08	2008-09	2006-07 (Pro-rata)	2007-08	2008-09
Depreciation	347.82	385.36	389.52	30.16	37.85	39.50
Return on Equity	373.62	414.21	418.78	29.65	37.51	39.44
O&M Expenses	334.62	379.56	394.80	50.70	63.26	65.80
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Loan	419.11	452.01	435.24	37.81	45.89	45.66
Interest on Working Capital	38.49	43.30	44.38	3.89	4.91	5.15
Total	1513.67	1674.44	1682.72	152.21	189.41	195.55

(₹ in lakh)

Particulars	Asset-iii			Asset-iv	
	2006-07 (Pro-rata)	2007-08	2008-09	2007-08 (Pro-rata)	2008-09
Depreciation	99.05	186.36	202.04	45.19	59.44
Return on Equity	116.63	220.38	240.01	54.98	72.05
O&M Expenses	195.20	347.93	361.90	52.72	65.80
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Loan	132.33	246.70	259.27	58.49	73.67
Interest on Working Capital	14.10	26.11	28.15	6.59	8.58
Total	557.31	1027.48	1091.37	217.98	279.54

(₹ in lakh)

Particulars	Asset-v			Asset-vi		
	2006-07 (Pro-rata)	2007-08	2008-09	2006-07 (Pro-rata)	2007-08	2008-09
Depreciation	77.16	88.29	89.02	451.81	709.69	727.48
Return on Equity	87.92	100.64	101.49	670.38	1054.13	1079.36
O&M Expenses	111.54	126.52	131.60	485.44	756.94	787.52
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Loan	94.25	105.51	101.95	813.96	1255.54	1249.48
Interest on Working Capital	9.60	11.05	11.33	62.93	99.41	103.14
Total	380.47	432.02	435.39	2484.52	3875.72	3946.98



(₹ in lakh)

Particulars	Asset-vii		Asset-viii	
	2007-08 (Pro-rata)	2008-09	2007-08 (Pro-rata)	2008-09
Depreciation	230.51	423.16	54.78	116.19
Return on Equity	323.80	591.47	74.58	156.94
O&M Expenses	119.88	213.81	63.26	131.60
Advance against Depreciation	0.00	0.00	0.00	0.00
Interest on Loan	362.13	648.53	69.74	146.74
Interest on Working Capital	32.50	59.61	8.06	17.09
Total	1068.82	1936.57	270.43	568.56

(₹ in lakh)

Particulars	Asset-ix			Asset-x		
	2006-07 (Pro-rata)	2007-08	2008-09	2006-07 (Pro-rata)	2007-08	2008-09
Depreciation	171.65	298.00	300.59	34.75	64.36	70.32
Return on Equity	204.77	356.29	359.80	40.70	75.86	83.29
O&M Expenses	106.47	189.78	197.40	70.98	126.52	131.60
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Loan	241.11	410.22	399.65	45.82	86.28	94.06
Interest on Working Capital	18.57	32.60	33.36	4.97	9.19	10.00
Total	742.57	1286.88	1290.80	197.21	362.20	389.26

2009-14 Period

30. The Commission vide order dated 21.6.2011 in Petition No.328/2010 had approved the tariff for the transmission assets for the 2009-14 period and vide order dated 30.12.2015 in Petition No.38/TT/2015 had tried up the tariff allowed for the 2009-14 period for Combined Asset-I (Assets-i to iv) and Combined Asset-II (Assets-v to x) and the same is as follows:

(₹ in lakh)

Combined Asset-I (Eastern Region)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1015.03	1017.3	1017.98	1022.88	1028.38
Interest on Loan	347.24	262.86	232.41	221.05	175.04
Return on Equity	1036.63	1074.65	1075.69	1075.69	1088.66
Interest on Working Capital	115.26	118.08	121.43	125.46	129.30
O&M Expenses	1304.76	1379.46	1458.4	1541.78	1629.94



Total	3818.92	3852.35	3905.91	3986.86	4051.31
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(₹ in lakh)

Combined Asset-II (Northern Region)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	2953.89	2984.20	2991.55	3002.81	3017.03
Interest on Loan	1486.93	1238.36	1104.55	1014.04	842.28
Return on Equity	3207.56	3325.18	3328.48	3328.58	3372.78
Interest on Working Capital	275.26	279.79	284.24	289.99	295.45
O&M Expenses	2316.20	2448.82	2588.96	2736.97	2893.41
Total	10239.83	10276.36	10297.79	10372.39	10420.95

31. The Petitioner consequent upon APTEL judgement, has claimed the following revised transmission charges for the transmission assets for the 2009-14 period in this petition:

(₹ in lakh)

Combined Asset-I (Eastern Region)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1015.03	1017.30	1017.98	1022.88	1028.38
Interest on Loan	360.54	273.85	243.13	232.33	185.03
Return on Equity	1036.63	1074.65	1075.69	1075.69	1088.66
Interest on Working Capital	115.54	118.31	121.66	125.70	129.51
O&M Expenses	1304.76	1379.46	1458.40	1541.78	1629.94
Total	3832.50	3863.57	3916.86	3998.39	4061.53

(₹ in lakh)

Combined Asset-II (Northern Region)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	2953.89	2984.20	2991.55	3002.81	3017.03
Interest on Loan	1541.42	1287.09	1152.20	1062.38	886.96
Return on Equity	3207.56	3325.18	3328.48	3328.58	3372.78
Interest on Working Capital	276.40	280.82	285.24	291.01	296.40
O&M Expenses	2316.20	2448.82	2588.96	2736.97	2893.41
Total	10295.48	10326.11	10346.43	10421.75	10466.57

32. We have considered the Petitioner's claim. The tariff allowed for the 2009-14 tariff period for the transmission assets is revised on the basis of the following:

- Admitted capital cost of ₹19427.78 lakh and ₹56850.07 lakh as on 1.4.2009 for Combined Asset-I and Combined Asset-II respectively.
- ACE of ₹322.94 lakh and ₹2025.98 lakh during 2009-14 period for Combined Asset-I and Combined Asset-II respectively.



- c) Weighted Average Rate of Interest on actual loan derived/ adopted from order dated 30.12.2015 in Petition No. 38/TT/2015.
- d) Weighted Average Rate of Depreciation as per order dated 30.12.2015 in Petition No. 38/TT/2015.

33. In view of the above, the revised transmission charges allowed for the transmission assets for the 2009-14 tariff period are as follows:

(₹ in lakh)

Combined Asset-I (Eastern Region)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1015.03	1017.30	1017.98	1022.88	1028.38
Interest on Loan	360.54	273.85	243.13	232.33	185.03
Return on Equity	1036.63	1074.65	1075.69	1075.69	1088.66
Interest on Working Capital	115.54	118.31	121.66	125.70	129.51
O&M Expenses	1304.76	1379.46	1458.40	1541.78	1629.94
Total	3832.50	3863.57	3916.86	3998.39	4061.53

(₹ in lakh)

Combined Asset-II (Northern Region)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	2953.89	2984.20	2991.55	3002.81	3017.03
Interest on Loan	1541.42	1287.09	1152.20	1062.38	886.96
Return on Equity	3207.56	3325.18	3328.48	3328.58	3372.78
Interest on Working Capital	276.40	280.82	285.24	291.01	296.40
O&M Expenses	2316.20	2448.82	2588.96	2736.97	2893.41
Total	10295.48	10326.11	10346.43	10421.75	10466.57

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

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

(₹ in lakh)

Combined Asset-I (Eastern Region)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1029.14	1029.14	1005.94	982.75	982.75
Interest on Loan	155.97	144.76	144.64	137.41	131.54
Return on Equity	1089.47	1094.46	1069.16	1044.41	1047.22
Interest on Working Capital	135.30	137.91	139.64	141.31	144.27
O&M Expenses	1501.47	1551.27	1602.82	1656.05	1710.90
Total	3911.35	3957.54	3962.20	3961.93	4016.68



(₹ in lakh)

Combined Asset-II (Northern Region)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	3024.03	3024.03	3025.78	3019.51	2991.41
Interest on Loan	763.83	678.25	661.20	576.34	514.43
Return on Equity	3379.37	3394.87	3395.10	3388.01	3365.36
Interest on Working Capital	312.10	315.37	320.07	323.03	325.81
O&M Expenses	2663.21	2751.62	2843.01	2937.42	3034.74
Total	10142.54	10164.14	10245.16	10244.31	10231.75

35. The details of the trued up IWC claimed by the Petitioner are as under:

(₹ in lakh)

Combined Asset-I (Eastern Region)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	125.12	129.27	133.57	138.00	142.58
Maintenance Spares	225.22	232.69	240.42	248.41	256.64
Receivables	651.89	659.59	660.37	660.32	669.45
Total	1002.23	1021.55	1034.36	1046.73	1068.67
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	135.30	137.91	139.64	141.31	144.27

(₹ in lakh)

Combined Asset-II (Northern Region)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M expenses	221.93	229.30	236.92	244.79	252.90
Maintenance Spares	399.48	412.74	426.45	440.61	455.21
Receivables	1690.42	1694.02	1707.53	1707.39	1705.29
Total	2311.83	2336.06	2370.90	2392.79	2413.40
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	312.10	315.37	320.07	323.03	325.81

Weighted Average Life (WAL)

36. The Commission vide order dated 21.6.2011 in Petition No. 328/2010 grouped the transmission elements based on the region as Combined Asset-I (Eastern Region) (Assets-i to iv) and Combined Asset-II (Northern Region) (Assets-v to x) and also determined notional COD as 1.6.2007 and 1.10.2007 respectively. The Relevant portion of the order dated 21.6.2011 in Petition No. 328/2010 is as below:

“3. In accordance with the procedure of the Commission issued under letter Ref No. C-7/189(204)/2009-CERC, dated 23.10.2009, the above assets under transmission system associated with TALA HEP East-North Inter-connector and Northern Region Transmission system, an inter-regional asset between northern Region and Eastern



Region have been clubbed for the purpose of determination of transmission charges with notional date of commercial as 1.6.2007 and 1.10.2007 for Combined Asset-I and Asset-II, respectively.”

37. Accordingly, the notional COD of Combined Asset-I and Combined Asset-II has been considered as 1.6.2007 and 1.10.2007 respectively.

38. The transmission tariff approved in respect of Combined Asset-I and Combined Asset-II for the 2009-14 tariff period was trued up vide order dated 30.12.2015 in Petition No. 38/TT/2015. At paragraph 28 of the order in Petition No. 38/TT/2015, the elapsed life of Combined Asset-I was inadvertently considered as 1 year at the beginning of 2009-14 tariff period, which is actually 2 years. Therefore, elapsed life of 2 years is considered in the instant order. Further, as decided in the order dated 30.12.2015 in Petition No. 38/TT/2015, WAL of the Combined Asset-I and Combined Asset-II are considered as 25 years and 29 years respectively. Further, the elapsed life as on 1.4.2014 is 7 years and 6 years for Combined Asset-I and Combined Asset-II respectively.

39. As discussed above, the notional COD of the Combined Asset-I and Combined Asset-II is 1.6.2007 and 1.10.2007 respectively and the elapsed life works out as 7 years and 6 years respectively as on 1.4.2014 (i.e. the number of completed years as on 1.4.2014 from notional COD). Accordingly, the remaining useful life as on 1.4.2014 of Combined Asset-I and Combined Asset-II in the instant petition are 18 years and 23 years respectively.

Capital Cost as on 1.4.2014

40. The capital cost of the transmission assets has been calculated in accordance with Regulations 9(3) and 9(6) of the 2014 Tariff Regulations. The Commission vide



order dated 30.12.2015 in Petition No. 38/TT/2015 had approved the transmission tariff for the transmission assets for the 2014-19 period based on admitted capital cost of ₹19750.72 lakh and ₹58876.05 lakh as on 31.3.2014 for Combined Asset-I and Combined Asset-II respectively. Therefore, the admitted capital cost of ₹19750.72 lakh and ₹58876.05 lakh as on 31.3.2014 for Combined Asset-I and Combined Asset-II respectively have been considered as opening capital cost as on 1.4.2014 for working out the trued-up tariff for the 2014-19tariff period.

41. The details of the admitted capital cost as on 1.4.2014 and ACE up to 31.3.2019 claimed by the Petitioner for the transmission assets are as under:

Asset	Admitted Capital Cost as on 1.4.2014	Additional Capital Expenditure/ De-capitalization			(₹ in lakh)
		2016-17	2017-18	2018-19	Estimated Completion Cost as on 31.3.2019
Combined Asset-I	19750.72	-878.63	0.00	0.00	18872.09
Combined Asset-II	58876.05	66.18	-303.94	-760.40 (-779.32+18.92)	57877.89

Additional Capital Expenditure (ACE)

42. The Commission vide order dated 30.12.2015 in Petition No. 38/TT/2015 had approved ACE of ₹67.39 lakh in respect of Combined Asset-II only during 2014-15 towards balance/retention payment due to contractual exigencies for works executed within cut-off date. ACE was claimed under Regulation 14(3)(v) of the 2014 Tariff Regulations.

43. In the instant petition, the Petitioner has not claimed any ACE in respect of the Combined Asset-I and has claimed ACE of ₹66.18 lakh and ₹18.92 lakh in 2016-17 and 2018-19 respectively in respect of Combined Asset-II.



44. The Petitioner vide affidavit dated 19.5.2020 has submitted party-wise details of ACE incurred during the 2014-19 period as given below:

Year	Party Name	Amount (₹ in lakh)
2016-17	ACIER PROFILES BB INC (SBB)	66.18
2018-19	Modern Electric	18.92
	Total	85.10

De-capitalization/ Shifting

45. The Petitioner has claimed de-capitalization of 400/220kV 315 MVA ICT at Purnea Sub-station in Combined Asset-I. The Petitioner has also claimed de-capitalization of 50 MVAR line reactor at Mandola Sub-station and 400/220kV 315 MVA ICT at Lucknow Sub-station in Combined Asset-II. The details of de-capitalization are as under:

Asset	Replaced Asset	De-capitalization			Accumulated depreciation as on date of de-capitalisation	Project under which re-capitalized
		2016-17	2017-18	2018-19		
Combined Asset-I	400/220 kV 315MVA ICT at Purnea Sub-station	878.63	-	-	439.64	ERSS-XII
Combined Asset-II	50MVAR line reactor at Mandola Sub-station	-	303.94	-	168.47	NRSS-XXX
	400/220 kV 315MVA ICT at Lucknow Sub-station	-	-	779.32	484.10	NRSS-XL

46. The Petitioner has submitted that the de-capitalized assets will be recapitalized under the projects where they are being re-utilised. The Petitioner has also prayed to allow carrying cost between the date of de-capitalization and date of re-capitalization



as this has been done due to system requirement taking due concurrence of the beneficiaries.

47. The Petitioner was directed vide ROP of the hearing held on 28.7.2020 to submit the date of de-capitalization and re-capitalization and carrying cost between the date of de-capitalization and date of re-capitalization. The Petitioner vide affidavit dated 18.8.2020 has submitted the details as under:

Asset	Replaced Asset	Date of de-capitalization	Date of re-capitalization	Remarks
Combined Asset-I	400/220 kV 315 MVA ICT at Purnea Sub-station	29.9.2016	16.12.2017	ICT upgraded to 500 MVA on 30.9.2016 under ERSS-XII and is covered in Petition No. 670/TT/2020. The replaced 315 MVA ICT diverted to Jamshedpur Sub-station and put into commercial operation on 16.12.2017 under ERSS-XII and is covered in Petition No. 670/TT/2020.
Combined Asset-II	50 MVAR line reactor at Mandola	27.9.2017	28.9.2017	Shifted to Kanpur Sub-station and put into commercial operation as line reactor on 28.9.2017 for 400 kV D/C Allahabad-Kanpur Transmission Line under NRSS-XXX
	400/220 kV 315 MVA ICT at Lucknow S/s	7.3.2019	3.8.2020	ICT upgraded to 500 MVA on 8.3.2019 under NRSS-XL and is covered under Petition No. 459/TT/2020 The replaced 315MVA ICT diverted to Gorakhpur Sub-station and put into commercial operation on 3.8.2020 under NRSS-XL (petition yet to be filed)

48. The Petitioner has further submitted that de-capitalization of assets has been done one day prior to the upgradation or when it is re-utilized, whichever is earlier, from tariff continuation point of view as the same has been done due to system



requirement taking due concurrence of the beneficiaries and not suo-motu. Further, the actual date of removal of 400/220 kV 315 MVA ICT at Purnea Sub-station, 50 MVAR line reactor at Mandola Sub-station and 400/220 kV 315 MVA ICT at Lucknow Sub-station are 16.8.2016, 8.1.2015 and 25.1.2019 respectively.

49. The Petitioner has also submitted that there is no carrying cost in case of 50 MVAR line reactor at Mandola sub-station. Further, carrying cost of ₹17.28 lakh between the date of date of de-capitalization and date of recapitalization has been claimed in Diary No-549/2020 for 400/220 kV 315 MVA ICT at Purnea sub-station. For 400/220 kV 315 MVA ICT at Lucknow sub-station shifted to Gorakhpur sub-station under NRSS-XL, the petition is yet to be filed and carrying cost will be claimed there. The Petitioner has also submitted the details of carrying cost in respect of 400/220 kV 315 MVA ICT at Purnea sub-station and 400/220 kV 315 MVA ICT at Lucknow sub-station as under:

400/220 kV 315 MVA ICT at Purnea Sub-station			
Loan	Amount (₹ in lakh)	Interest rate (%)	Weighted rate of interest (%)
Bond XV	407.00	6.68	6.83
Bond XVI	220.43	7.1	
Total Loan decap	627.43		
Loan repay	418.99		
Net loan	208.44		
Carrying cost= net loan * Weighted average rate of interest			
Carrying cost for 2016-17 is ₹7.14 lakh			
Carrying cost for 2017-18 is ₹10.14 lakh			
Total Carrying cost is ₹17.28 lakh			
400/220 kV 315 MVA ICT at Lucknow Sub-station			
Loan	Amount (₹ in lakh)	Interest rate (%)	Weighted rate of interest (%)
Bond XV	543.89	6.68	6.68
Total Loan decap	543.89		



Loan repay	468.28		
Net loan	75.61		
Carrying cost= net loan * Weighted average rate of interest			
Carrying cost for 2018-19 is ₹0.32 lakh			
Carrying cost for 2019-20 is ₹5.05 lakh			
Carrying cost for 2020-21 is ₹1.73 lakh			
Total Carrying cost is ₹7.10 lakh			

50. BRPL has submitted that the dates of de-capitalization and recapitalization of the assets are same although the shifting of asset requires some time to dismantle, transport and put into commercial operation at another location. Therefore, the Petitioner should file all these details with documentary evidence. In response, the Petitioner has submitted that the details required by BRPL have been filed vide affidavit dated 18.8.2020.

51. We have considered the submissions of the Petitioner and BRPL. The Petitioner has de-capitalized an amount of ₹878.63 lakh in 2016-17, ₹303.94 lakh in 2017-18 and ₹779.32 lakh in 2018-19 and re-capitalised them under the projects ERSS-XII, NRSS-XXX and NRSS-XL respectively. Regulation 9(6) of the 2014 Tariff Regulations *inter alia* provide that the assets not in use or de-capitalised assets shall be removed from the capital cost of the existing and new projects. Regulation 9(6) of the 2014 Tariff Regulations is reproduced as under:

“(6) The following shall be excluded or removed from the capital cost of the existing and new project:

- (a) The assets forming part of the project, but not in use;*
- (b) Decapitalisation of Asset;*
- (c) In case of hydro generating station 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 two stage transparent process of bidding; and*
- (d) the proportionate cost of land which is being used for generating power from generating station based on renewable energy:*



Provided that 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 shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation;”

52. As per submissions of the Petitioner, the dismantling of 400/220 kV 315 MVA ICT at Purnea Sub-station, 50 MVAR line reactor at Mandola Sub-station and 400/220 kV 315 MVA ICT at Lucknow Sub-station started from 16.8.2016, 8.1.2015 and 25.1.2019 respectively and thereafter, they have been recapitalised w.e.f. 16.12.2017, 28.9.2017 and 3.8.2020 respectively. In terms of Regulation 9(6) of the 2014 Tariff Regulations, these assets are not in use between the period of decapitalisation and subsequent recapitalisation. Accordingly, 400/220 kV 315 MVA ICT at Purnea Sub-station was not in use from 16.8.2016 to 16.12.2017; 50 MVAR line reactor at Mandola Sub-station was not in use from 8.1.2015 to 28.9.2017; and 400/220 kV 315 MVA ICT at Lucknow Sub-station was not in use from 25.1.2019 to 3.8.2020. Hence, the transmission charges from the actual date of de-capitalisation to the actual date of re-capitalisation are not allowed. It is also observed that the Petitioner had started the work of removing 50 MVAR line reactor at Mandola sub-station from 8.1.2015 but has deducted the book value of de-capitalised asset in the year 2017-18 from the gross block of Combined Asset-II. Since the 50 MVAR line reactor at Mandola Sub-station is not in use from 8.1.2015, we have considered the de-capitalisation in the year 2014-15 and truing up of transmission tariff of Combined Asset-II has been done accordingly.

53. The Petitioner has submitted that carrying cost from the date of de-capitalisation to the date of recapitalisation has been claimed in the petition where it has been recapitalised. The Petitioner's claim in respect of carrying cost shall be



considered after prudence check of the claim for recapitalisation in the respective petitions.

54. The de-capitalisation has been considered as per the following details:

Work/ Equipment proposed to be de-capitalised	Year of de-capitalisation	Year of capitalisation of asset/ equipment being de-capitalised	Original book value of the asset being de-capitalised (₹ in lakh)	Debt-Equity ratio at the time of capitalisation	Cumulative depreciation corresponding to de-capitalisation date (₹ in lakh)	Cumulative repayment of loan corresponding to de-capitalisation (₹ in lakh)	Date of de-capitalisation claimed in the instant petition
Combined Asset-I							
400/220kV 315MVA ICT at Purnea Sub-station	2016-17	2006-07	878.63	71.41: 28.59	434.09	413.70	16.8.2016
Combined Asset-II							
50MVAR line reactor at Mandola Sub-station	2014-15	2006-07	303.94	69.79: 30.21	122.68	118.24	8.1.2015
400/220kV 315MVA ICT at Lucknow Sub-station	2018-19	2006-07	779.32	69.79: 30.21	479.46	463.80	25.1.2019

ACE/ De-capitalisation considered for the 2014-19 tariff period

55. ACE claimed by the Petitioner is on account of balance/ retention payment due to contractual exigencies for works executed within cut-off date, and the same is allowable under Regulation 14(3)(v) of the 2014 Tariff Regulations. Accordingly, the summary of capital cost including ACE as also de-capitalisation is shown as under:

Asset	ACE/ De-capitalisation (2014-19)			Total
	(₹ in lakh)			
	2014-15	2016-17	2018-19	
Combined Asset-I	0.00	-878.63	0.00	-878.63
Combined Asset-II	-303.94	66.18	-760.40 (-779.32+18.92)	-998.16



Capital Cost for the 2014-19 Tariff Period

56. Accordingly, the capital cost considered as on 31.3.2019 for the 2014-19 tariff period is as under:

Asset	Capital cost as on 1.4.2014	Additional Capital Expenditure (ACE)			(₹ in lakh)
		2014-15	2016-17	2018-19	Capital cost as on 31.3.2019
Combined Asset-I	19750.72	0.00	-878.63	0	18872.09
Combined Asset-II	58876.05	-303.94	66.18	-760.40 (-779.32+18.92)	57877.89

Debt-Equity Ratio

57. The debt-equity ratio has been allowed in accordance with Regulation 19(3) of the 2014 Tariff Regulations. As per Regulation 19(3) of the 2014 Tariff Regulations, the debt-equity ratio allowed by the Commission for determination of tariff for the period ending on 31.3.2014 shall be considered. Accordingly, the admitted debt-equity ratio of 71.89:28.11 in respect of Combined Asset-I and 70.75:29.25 in respect of Combined Asset-II for the period ending on 31.3.2014 has been considered as the opening debt-equity ratio as on 1.4.2014 for the purpose of truing up of tariff of the 2014-19 tariff period of Combined Asset-I and Combined Asset-II respectively. Further, for ACE incurred during the 2014-19 period, normative debt-equity ratio of 70:30 has been considered. The details of the debt-equity ratio of the Combined Asset as on 1.4.2014 and 31.3.2019 is as follows:

Combined Asset-I				
Particulars	Capital cost as on 1.4.2014 (₹ in lakh)	(%)	Total cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	14199.29	71.89	13571.86	71.91
Equity	5551.43	28.11	5300.23	28.09
Total	19750.72	100.00	18872.09	100.00



Combined Asset-II				
Particulars	Capital cost as on 1.4.2014 (₹ in lakh)	(%)	Total cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	41656.32	70.75	40959.89	70.77
Equity	17219.73	29.25	16918.00	29.23
Total	58876.05	100.00	57877.89	100.00

Interest on Loan (IoL)

58. The Petitioner has claimed IoL based on actual interest rates for each year during the 2014-19 period. The Petitioner has prayed for change in interest rates prevailing as on 1.4.2014 for respective loans.

59. BRPL has submitted that the Petitioner has prayed for allowing floating rate of interest on loan adjustment without quoting the relevant regulation. Regulation 26 of the 2014 Tariff Regulations specifies that interest calculation should be on the basis of weighted average rate of interest. Any prayer made before the Commission can be allowed only if such prayer is supported by the regulatory provision and accordingly the Petitioner's prayer is liable to be rejected by the Commission.

60. In response, the Petitioner has submitted that as per paragraph 39 of the order dated 30.12.2015 in Petition No. 38/TT/2015, the Commission had directed that the floating rate of interest, if any, shall be considered at the time of true up or next revision of tariff. Accordingly, IoL has been worked out in accordance with Regulation 26 of the 2014 Tariff Regulations. In the tariff calculation for the 2014-19 period, IoL has been calculated by computing the weighted average rate of interest on the basis of actual rate of interest of various loans deployed for each year. Therefore, the same has been computed in accordance with the 2014 Tariff Regulations.



61. We have considered the submissions of the Petitioner and BRPL and accordingly calculated IoL based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. The interest on loan has been worked out as detailed below: -

- (i) Gross amount of loan, repayment of instalments and weighted average rate of interest on actual average loan have been considered as per the petition.
- (ii) The repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that period:

62. The details of the trued-up IoL allowed for the transmission assets for the 2014-19 tariff period are as follows:

(₹ in lakh)

Combined Asset-I						
Particular	2014-15	2015-16	1.4.2016 to 16.8.2016	17.8.2016 to 31.4.2017	2017-18	2018-19
Gross Normative Loan	14199.29	14199.29	14199.29	13571.86	13571.86	13571.86
Cumulative Repayments up to Previous Year	6502.25	7531.38	8560.52	8535.92	9147.10	10129.84
Net Loan-Opening	7697.04	6667.91	5638.77	5035.94	4424.76	3442.02
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Repayment during the year	1029.14	1029.14	389.10	611.18	982.75	982.75
Net Loan-Closing	6667.91	5638.77	5249.67	4424.76	3442.02	2459.27
Average Loan	7182.47	6153.34	5444.22	4730.35	3933.39	2950.64
Weighted Average Rate of Interest on Loan (%)	2.17	2.35	2.87	2.87	3.49	4.46
Interest on Loan	155.98	144.75	59.17	84.57	137.42	131.56

(₹ in lakh)

Combined Asset-II							
Particular	1.4.2014 to 8.1.2015	9.1.2015 to 31.3.2015	2015-16	2016-17	2017-18	1.4.2018 to 25.1.2019	26.1.2019 to 31.3.2019
Gross Normative Loan	41656.32	41444.20	41444.20	41444.20	41490.53	41490.53	40959.89
Cumulative Repayments up to Previous Year	17845.24	20071.66	20747.43	23755.42	26765.16	29776.65	31788.46
Net Loan-Opening	23811.08	21372.54	20696.77	17688.78	14725.37	11713.88	9171.42
Additions	0.00	0.00	0.00	46.33	0.00	13.24	0.00



Repayment during the year	2344.66	675.77	3007.99	3009.74	3011.49	2475.61	529.05
Net Loan-Closing	21466.42	20815.01	17688.78	14725.37	11713.88	9251.51	8642.37
Average Loan	22638.75	21093.78	19192.78	16207.08	13219.63	10482.70	8906.90
Weighted Average Rate of Interest on Loan (%)	3.43	3.43	3.52	4.06	4.35	5.05	5.05
Interest on Loan	601.26	162.33	675.35	658.51	575.07	435.07	80.10

63. Accordingly, IoL approved vide order dated 30.12.2015 in Petition No. 38/TT/2015, claimed by the Petitioner in the instant petition and allowed after true up in respect of Combined Asset-I and Combined Asset-II are shown in the table below:

(₹ in lakh)

Combined Asset-I					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	146.16	122.16	98.48	75.13	52.76
Claimed by the Petitioner in the instant petition	155.97	144.76	144.64	137.41	131.54
Allowed after true-up in this order	155.97	144.75	143.74	137.41	131.54

(₹ in lakh)

Combined Asset-II					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	715.34	599.15	484.48	372.21	264.47
Claimed by the Petitioner in the instant petition	763.83	678.25	661.20	576.34	514.43
Allowed after true-up in this order	763.59	675.35	658.51	575.07	515.17

Return on Equity (RoE)

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



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

65. BRPL has submitted that the information regarding Income Tax Assessment submitted by the Petitioner is in respect of the Petitioner as a whole and not in respect of the tax on the transmission business in respect of the Northern Region. Accordingly, the said information is not relevant for the purposes of effective tax rate. BRPL has submitted that on the basis of the financial statements of the Petitioner available in public domain, BRPL has worked out the effective tax rate of the Petitioner which stands at 8.70% for 2014-15 and 'NIL' in 2015-16, 2016-17, 2017-18, and 2018-19. BRPL has submitted that the actual tax rate applicable to the transmission licensee was to be trued up along with the truing up of tariff to be determined in accordance with Regulation 6 of the 2009 Tariff Regulations and based on the truing up of tariff, if the recovered tariff exceeded the approved tariff, the Petitioner should have refunded the excess to the beneficiaries along with simple interest. BRPL has submitted that infrastructure transmission companies have been allowed huge tax benefits under the Income Tax Act, 1961 (hereinafter referred to as "the 1961 Act") in the form of Tax Holiday as per Section 80IA and other benefits like higher depreciation allowed in initial years. BRPL has further submitted that the Petitioner has already stated on affidavit that the effective tax rate is zero and accordingly the effective tax rate for the earlier tariff period i.e. the 2009-14 tariff period, would also be zero since the benefits of the tax holiday under Section 80IA of the 1961 Act and other benefits like higher depreciation etc. were also to be



applicable during the earlier tariff period. Regulation 49 of the 2014 Tariff Regulations restricts the claim of tax amount only to deferred tax liabilities up to 31.3.2009 whenever it will materialize. BRPL has also submitted that the claims of deferred tax are required to be adjusted for the 2004-09 tariff period.

66. In response, the Petitioner has submitted that that it does not file income tax return on transmission business in respect of a particular region as the company has a single PAN and there is no provision in the 1961 Act to file separate returns on the basis of nature of business being undertaken by any entity. All the documents in support of income tax (either returns or assessment orders) are for the Petitioner's company as a whole. The Auditor's Certificate clearly showing income from transmission income and income from other segments along with copy of assessment order/income return which are relevant to derive the effective tax rate has already been submitted in Petition No. 24/TT/2020. The Petitioner has submitted that it has computed effective tax rate based on actual tax paid pursuant to assessment orders for the years 2014-15, 2015-16 and 2016-17. The income tax due for 2017-18 and 2018-19 has been deposited and tax returns have already been filled, however assessment orders are yet to be received. The Petitioner has further submitted that after deducting depreciation and tax holiday benefit under normal provision, the income tax for the respective year has been calculated along with surcharge and cess, which works out to be in the range of 33.99% to 34.944% during 2014-15 to 2018-19. In case, the tax computed under normal provision is less than the tax calculated on book profit at the percentage prescribed u/s 115JB (Minimum Alternate Tax) then the Company has to pay tax computed as per the provisions of section 115JB of the 1961 Act which works out between 20.96% to 21.5488%



(including surcharge and cess) and the Petitioner is paying MAT. The Petitioner has submitted that Regulation 15(3) of the 2009 Tariff Regulations provide that RoE shall be grossed up with MAT/Corporate Income tax rate of the transmission licensee and not the tax rate of the assets or the region. The Petitioner has submitted that Form-3 is a system generated form and due to a system error/constraint the header in Form-3 displays 0.00 instead of blank as the effective tax rate is mentioned in the following rows. The Petitioner has submitted that the error has now been rectified and it is eligible for claiming the deferred tax liabilities for the period up to 31.3.2009 on materialization on subsequent period i.e. financial year 2009-10 onwards. The Petitioner is only claiming the reimbursement of income tax liability, discharged as per the provisions of the 1961 Act.

67. We have considered the submissions of the Petitioner and BRPL. The Commission vide order dated 24.1.2021 in Petition No. 136/TT/2020 has already dealt with the concerns of the BRPL. The relevant portion of the order dated 24.1.2021 is extracted as under:

“52. We have considered the contentions of BRPL and UPPCL and the clarifications given by the Petitioner. BRPL has contended that details of the income tax submitted by the Petitioner are in respect of the Petitioner’s company as a whole and it does not pertain to the transmission business in Northern Region. The Petitioner has clarified that every registered company has only one single PAN number and it has to file one single return and the Petitioner cannot file income tax for separately for each region. As regards the BRPL’s contention that as per the information available in public domain, the Petitioner has to pay the effective tax rate for 2014-15 @8.70% and for the period 2015-19 it is zero and the excess recovery made by the Petitioner should be returned to the beneficiaries along with simple interest as provided in Regulation 6 of the 2009 Tariff Regulations. The Petitioner has clarified that the effective tax rate was shown as zero for the period 2015-19 inadvertently due to technical reasons and the Petitioner has paid income tax for the said period. The Petitioner has also clarified that as per the provisions of the Income Tax Act, tax has to be computed under normal provisions of Income Tax Rules 1962 and as per MAT provisions under the section 115JB of Income Tax Act and the assessee will have to pay tax higher of the two. As per the submission, during the tariff period 2014-19, petitioner calculated the Tax under regular provisions of Income Tax Act (with tax rates of 33.99% to 34.944%) and the tax was worked out to be lower than the tax payable under the MAT due to deductions under section 80IA and availability of accelerated depreciation under the Income Tax. Thus, the petitioner



has been assessed and paid tax under the MAT. We are satisfied with the clarifications, given by the Petitioner and convinced that the Petitioner has acted prudently and has complied with the provisions of the 1961 Act and the provisions of the tariff regulations.

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

68. The Commission in order dated 27.4.2020 in Petition No. 274/TT/2019 has already arrived at the effective tax rate based on the notified MAT rates for the Petitioner. 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)	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

”



69. The same MAT rates as considered in the order dated 27.4.2020 in Petition No. 274/TT/2019 are considered for the purpose of grossing up of rate of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations and the same are as under:

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

70. Accordingly, the trued-up RoE allowed for the transmission assets for the 2014-19 tariff period is as follows:

(₹ in lakh)

Combined Asset-I						
Particular	2014-15	2015-16	1.4.2016 to 16.8.2016	17.8.2016 to 31.4.2017	2017-18	2018-19
Net Opening Equity	5551.43	5551.43	5551.43	5300.23	5300.23	5300.23
Decrease due to de-capitalization during the year	0.00	0.00	0.00	0.00	0.00	0.00
Closing Equity	5551.43	5551.43	5551.43	5300.23	5300.23	5300.23
Average Equity	5551.43	5551.43	5551.43	5300.23	5300.23	5300.23
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (%)	20.961	21.342	21.342	21.342	21.342	21.549
Applicable ROE Rate (%)	19.610	19.705	19.705	19.705	19.705	19.758
Return on Equity for the year	1088.64	1093.91	413.59	649.54	1044.41	1047.22

(₹ in lakh)

Combined Asset-II							
Particular	1.4.2014 to 8.1.2015	9.1.2015 to 31.3.2015	2015-16	2016-17	2017-18	1.4.2018 to 25.1.2019	26.1.2019 to 31.3.2019
Net Opening Equity	17219.73	17127.91	17127.91	17127.91	17147.76	17147.76	16918.00
Increase in Equity due to addition during the year	0.00	0.00	0.00	19.85	0.00	5.68	0.00
Closing Equity	17219.73	17127.91	17127.91	17147.76	17147.76	17153.44	16918.00
Average Equity	17219.73	17127.91	17127.91	17137.83	17147.76	17150.60	16918.00



Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (%)	20.961	20.961	21.342	21.342	21.342	21.549	21.549
Applicable ROE Rate (%)	19.610	19.610	19.705	19.705	19.705	19.758	19.758
ROE Calculated	2618.17	754.58	3375.05	3377.01	3378.97	2785.16	595.27

71. Accordingly, RoE approved vide order dated 30.12.2015 in Petition No. 38/TT/2015, RoE claimed by the Petitioner in the instant petition and RoE allowed after true up in respect of Combined Asset-I and Combined Asset-II are shown below:

(₹ in lakh)

Combined Asset-I					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide in order dated 30.12.2015 in Petition No. 38/TT/2015	1088.66	1088.66	1088.66	1088.66	1088.66
Claimed by the Petitioner in the instant petition	1089.47	1094.46	1069.16	1044.41	1047.22
Allowed after true-up in this order	1088.64	1093.91	1063.12	1044.41	1047.22

(₹ in lakh)

Combined Asset-II					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	3378.85	3380.83	3380.83	3380.83	3380.83
Claimed by the Petitioner in the instant petition	3379.37	3394.87	3395.10	3388.01	3365.36
Allowed after true-up in this order	3372.74	3375.05	3377.01	3378.97	3380.43

Depreciation

72. The Petitioner has claimed depreciation considering the capital expenditure of ₹19750.72 lakh and ₹58876.05 lakh as on 1.4.2014 in respect of Combined Asset-I and Combined Asset-II respectively and de-capitalisation of ₹878.63 lakh and ₹998.16 lakh during the 2014-19 tariff period for the Combined Asset-I and Combined Asset-II respectively.



73. The depreciation has been worked out as per the methodology provided under Regulation 27 of the 2014 Tariff Regulations. The gross block during the 2014-19 tariff period has been depreciated at weighted average rate of depreciation (WAROD) and working of WAROD is given in Annexure-I. WAROD has been worked out after taking into account the depreciation rate as prescribed in the 2014 Tariff Regulations and the trued up depreciation allowed for the 2014-19 tariff period is as under:

(₹ in lakh)

Combined Asset-I						
Particular	2014-15	2015-16	1.4.2016 to 16.8.2016	17.8.2016 to 31.4.2017	2017-18	2018-19
Opening Gross Block	19750.72	19750.72	19750.72	18872.09	18872.09	18872.09
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	19750.72	19750.72	19750.72	18872.09	18872.09	18872.09
Average Gross Block	19750.72	19750.72	19750.72	18872.09	18872.09	18872.09
Elapsed life (at the beginning of the year)	6.00	7.00	8.00	8.00	9.00	10.00
Balance useful life (at the beginning of the year)	19.00	18.00	17.00	17.00	16.00	15.00
Rate of Depreciation (%)	5.211	5.211	5.211	5.211	5.211	5.211
Aggregate Depreciable Value	17611.50	17611.50	17611.50	16820.73	16820.73	16820.73
Depreciation during the Year	1029.14	1029.14	389.10	611.18	982.75	982.75
Cumulative Aggregate Depreciation	7953.00	8982.14	9371.24	9548.33	10531.07	11513.82
Remaining Aggregate Depreciable Value	9658.50	8629.36	8240.26	6838.31	6289.66	5306.91

(₹ in lakh)

Combined Asset-II							
Particular	1.4.2014 to 8.1.2015	9.1.2015 to 31.3.2015	2015-16	2016-17	2017-18	1.4.2018 to 25.1.2019	26.1.2019 to 31.3.2019
Opening Gross Block	58876.05	58572.11	58572.11	58572.11	58638.29	58638.29	57877.89
Additional Capitalisation	0.00	0.00	0.00	66.18	0.00	18.92	0
Closing Gross Block	58876.05	58572.11	58572.11	58638.29	58638.29	58657.21	57877.89
Average Gross Block	58876.05	58572.11	58572.11	58605.2	58638.3	58647.75	57877.89
Rate of Depreciation (%)	5.14	5.14	5.14	5.14	5.14	5.14	5.13



Depreciable Value	52674.80	52401.26	52401.26	52431.04	52460.82	52469.33	51776.46
Elapsed life	6.00	6.00	7.00	8.00	9.00	10.00	10.00
Balance useful life (at the beginning of the year)	23.00	23.00	22.00	21.00	20.00	19.00	19.00
Depreciation during the Year	2344.66	675.77	3007.99	3009.74	3011.49	2475.61	529.05
Cumulative depreciation at the end of the year	21201.89	21754.98	24762.97	27772.71	30784.20	33259.81	33309.40
Remaining Depreciable Value at the end of the year	31472.92	30646.28	27638.29	24658.33	21676.62	19209.53	18467.06

74. Accordingly, depreciation approved vide order dated 30.12.2015 in Petition No. 38/TT/2015, depreciation claimed by the Petitioner in the instant petition and depreciation allowed after true up in respect of Combined Asset-I and Combined Asset-II are shown in the table below:

(₹ in lakh)

Combined Asset-I					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	1029.14	1029.14	1029.14	1029.14	1029.14
Claimed by the Petitioner in the instant petition	1029.14	1029.14	1005.94	982.75	982.75
Allowed after true-up in this order	1029.14	1029.14	1000.28	982.75	982.75

(₹ in lakh)

Combined Asset-II					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	3025.82	3027.59	3027.59	3027.59	3027.59
Claimed by the Petitioner in the instant petition	3024.03	3024.03	3025.78	3019.51	2991.41
Allowed after true-up in this order	3020.43	3007.99	3009.74	3011.49	3004.66



Operation & Maintenance Expenses (O&M Expenses)

75. The total O&M Expenses claimed by the Petitioner for the transmission assets are as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Combined Asset-I	1501.47	1551.27	1602.82	1656.05	1710.90
Combined Asset-II	2663.21	2751.62	2843.01	2937.42	3034.74

76. The details of the O&M Expenses allowed under Regulation 29(4)(a) of the 2014 Tariff Regulations for the purpose of tariff are as under:

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sub-station Bays					
220 kV Bay (AIS)	7	7	7	7	7
Norm (₹ lakh/bay)	42.21	43.61	45.06	46.55	48.10
220 kV Sub-station O&M Expenses	295.47	305.27	315.42	325.85	336.70
400 kV Bay (AIS)	200	20	20	20	20
Norm (₹ lakh/bay)	60.30	62.30	64.37	66.51	68.71
400 kV Sub-station O&M Expenses	1206.00	1246.00	1287.40	1330.20	1374.20
Total O&M Expenses	1501.47	1551.27	1602.82	1656.05	1710.90
Combined Asset-II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sub-station Bays					
220 kV Bay (AIS)	12	12	12	12	12
Norm (₹ lakh/bay)	42.21	43.61	45.06	46.55	48.10
220 kV Sub-station O&M Expenses	506.52	523.32	540.72	558.60	577.20
400 kV Bay (AIS)	34	34	34	34	34
Norm (₹ lakh/bay)	60.30	62.30	64.37	66.51	68.71
400 kV Sub-station O&M Expenses	2050.20	2118.20	2188.58	2261.34	2336.14
Total Sub-station O&M Expenses	2556.72	2641.52	2729.30	2819.94	2913.34
Transmission Line					
400 kV Gorakhpur- Gorakhpur D/C line (45.940 km), 400 kV Lucknow (PG)-Unnao (UPPCL) D/C line (73.83 km) and LILO of one ckt of 400 kV Dadri-Ballabgarh D/C line at Maharaniabagh (30.848 km)					
Total Line Length (km)	150.618	150.618	150.618	150.618	150.618
Norm (₹ lakh/km)	0.707	0.731	0.755	0.780	0.806
Total transmission Line O&M	106.49	110.10	113.72	117.48	121.40
Total O&M Expenses	2663.21	2751.62	2843.02	2937.42	3034.74



77. The true-up O&M Expenses allowed for the transmission assets for the 2014-19 tariff period are as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Combined Asset-I	1501.47	1551.27	1602.82	1656.05	1710.90
Combined Asset-II	2663.21	2751.62	2843.02	2937.42	3034.74

78. Accordingly, O&M Expenses approved vide order dated 30.12.2015 in Petition No. 38/TT/2015, O&M Expenses claimed by the Petitioner in the instant petition and O&M Expenses allowed after true up in respect of Combined Asset-I and Combined Asset-II are shown in the table below:

(₹ in lakh)					
Combined Asset-I					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	1501.47	1551.27	1602.82	1656.05	1710.90
Claimed by the Petitioner in the instant petition	1501.47	1551.27	1602.82	1656.05	1710.90
Allowed after true-up in this order	1501.47	1551.27	1602.82	1656.05	1710.90

(₹ in lakh)					
Combined Asset-II					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	2663.21	2751.62	2843.02	2937.42	3034.74
Claimed by the Petitioner in the instant petition	2663.21	2751.62	2843.01	2937.42	3034.74
Allowed after true-up in this order	2663.21	2751.62	2843.02	2937.42	3034.74

Interest on Working Capital (IWC)

79. The Petitioner is entitled to IWC as per Regulation 28 of the 2014 Tariff Regulations. The components of the working capital and the Petitioner's entitlement to interest thereon are discussed hereunder:



(i) Receivables

Receivables as a component of working capital will be equivalent to two months fixed cost. The Petitioner has claimed the receivables on the basis of 2 months' annual transmission charges. In the tariff being allowed, receivables have been worked out on the basis of 2 months' transmission charges.

(ii) Maintenance spares

Regulation 28 of the 2014 Tariff Regulations provides for maintenance spares @15% per annum of the O&M expenses. The value of maintenance spares has accordingly been worked out.

(iii) O & M Expenses

O&M Expenses have been considered for one month as a component of working capital.

(iv) Rate of interest on working capital

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

80. IWC allowed as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations is as under:

(₹ in lakh)

Combined Asset-I						
Particular	2014-15	2015-16	1.4.2016 to 16.8.2016	17.8.2016 to 31.4.2017	2017-18	2018-19
O&M Expenses	125.12	129.27	133.57	133.57	138.00	142.58
Maintenance Spares	225.22	232.69	240.42	240.42	248.41	256.64
Receivables	651.75	659.50	670.56	650.71	660.32	669.45
Total Working Capital	1002.09	1021.46	1044.55	1024.70	1046.73	1068.66
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50	13.50
Interest on working capital	135.28	137.90	53.32	86.03	141.31	144.27



(₹ in lakh)

Combined Asset-II							
Particular	1.4.2014 to 8.1.2015	9.1.2015 to 31.3.2015	2015-16	2016-17	2017-18	1.4.2018 to 25.1.2019	26.1.2019 to 31.3.2019
O&M Expenses	221.93	221.93	229.30	236.92	244.79	252.89	252.89
Maintenance Spares	399.48	399.48	412.74	426.45	440.61	455.21	455.21
Receivables	1691.97	1677.14	1687.42	1701.25	1704.26	1715.31	1686.89
Total Working Capital	2313.38	2298.55	2329.46	2364.62	2389.66	2423.41	2394.99
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Interest on working capital	242.15	69.71	314.48	319.22	322.60	268.90	57.58

81. Accordingly, IWC approved vide order dated 30.12.2015 in Petition No. 38/TT/2015, IWC claimed by the Petitioner in the instant petition and IWC allowed after true up in respect of Combined Asset-I and Combined Asset-II are shown in the tables below:

(₹ in lakh)

Combined Asset-I					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	135.05	137.25	139.55	141.95	144.47
Claimed by the Petitioner in the instant petition	135.30	137.91	139.64	141.31	144.27
Allowed after true-up in this order	135.28	137.90	139.35	141.31	144.27

(₹ in lakh)

Combined Asset-II					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	311.00	313.29	315.70	318.33	321.23
Claimed by the Petitioner in the instant petition	312.10	315.37	320.07	323.03	325.81
Allowed after true-up in this order	311.86	314.48	319.22	322.60	326.48

Approved Annual Fixed Charges for the 2014-19 Tariff Period

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



(₹ in lakh)

Combined Asset-I						
Particulars	2014-15	2015-16	1.4.2016 to 16.8.2016	17.8.2016 to 31.4.2017	2017-18	2018-19
Depreciation	1029.14	1029.14	389.10	611.18	982.75	982.75
Interest on Loan	155.98	144.75	59.17	84.57	137.42	131.56
Return on Equity	1088.64	1093.91	413.59	649.54	1044.41	1047.22
Interest on Working Capital	135.28	137.90	53.32	86.03	141.31	144.27
O&M Expenses	1501.47	1551.27	606.00	996.82	1656.05	1710.90
Total	3910.50	3956.97	1521.17	2428.14	3961.94	4016.69

(₹ in lakh)

Combined Asset-II							
Particulars	1.4.2014 to 8.1.2015	9.1.2015 to 31.3.2015	2015-16	2016-17	2017-18	1.4.2018 to 25.1.2019	26.1.2019 to 31.3.2019
Depreciation	2344.66	675.77	3007.99	3009.74	3011.49	2475.61	529.05
Interest on Loan	601.26	162.33	675.35	658.51	575.07	435.07	80.10
Return on Equity	2618.17	754.58	3375.05	3377.01	3378.97	2785.16	595.27
Interest on Working Capital	242.15	69.71	314.48	319.22	322.60	268.90	57.58
O&M Expenses	2064.90	598.31	2751.62	2843.02	2937.42	2494.31	540.43
Total	7871.13	2260.69	10124.50	10207.50	10225.55	8459.05	1802.43

83. Accordingly, the annual fixed charges as approved vide order dated 30.12.2015 in Petition No. 38/TT/2015, claimed by the Petitioner in the instant petition and allowed after true up in respect of the Combined Asset-I and Combined Asset-II are shown in the table below:

(₹ in lakh)

Combined Asset-I					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 38/TT/2015	3900.48	3928.48	3958.65	3990.93	4025.93
Claimed by the Petitioner in the instant petition	3911.35	3957.54	3962.20	3961.93	4016.68
Allowed after true-up in this order	3910.50	3956.97	3949.31	3961.94	4016.69

(₹ in lakh)

Combined Asset-II					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No.	10094.22	10072.48	10051.62	10036.38	10028.86



38/TT/2015					
Claimed by the Petitioner in the instant petition	10142.54	10164.14	10245.16	10244.31	10231.75
Allowed after true-up in this order	10131.82	10124.50	10207.50	10225.55	10261.48

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

84. The Petitioner has claimed the following tariff for the 2019-24 tariff period:

(₹ in lakh)

Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	982.75	332.59	332.60	332.59	332.60
Interest on Loan	91.99	61.38	45.58	28.17	13.64
Return on Equity	995.49	995.49	995.49	995.49	995.49
Interest on Working Capital	76.18	67.63	69.02	70.45	71.84
O&M Expenses	1033.68	1070.00	1107.33	1146.23	1185.58
Total	3180.09	2527.09	2550.02	2572.93	2599.15

(₹ in lakh)

Combined Asset-II					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	2971.34	912.69	912.69	912.69	912.70
Interest on Loan	372.39	270.41	215.42	155.72	115.22
Return on Equity	3177.54	3177.54	3177.54	3177.54	3177.54
Interest on Working Capital	178.49	149.09	151.17	153.30	155.50
O&M Expenses	1845.55	1910.41	1977.14	2046.55	2117.03
Total	8545.31	6420.14	6433.96	6445.80	6477.99

85. The details of IWC claimed by the Petitioner are as under:

(₹ in lakh)

Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses	86.14	89.17	92.28	95.52	98.80
Maintenance Spares	155.05	160.50	166.10	171.93	177.84
Receivables	390.99	311.56	314.38	317.21	319.57
Total	632.18	561.23	572.76	584.66	596.21
Rate of Interest (%)	12.10	12.10	12.10	12.10	12.10
Interest	76.18	67.63	69.02	70.45	71.84

(₹ in lakh)

Combined Asset-II					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses	153.80	159.20	164.76	170.55	176.42
Maintenance Spares	276.83	286.56	296.57	306.98	317.55
Receivables	1050.65	791.52	793.23	794.69	796.47
Total	1481.28	1237.28	1254.56	1272.22	1290.44



Rate of Interest (%)	12.10	12.10	12.10	12.10	12.10
Interest	178.49	149.09	151.17	153.30	155.50

Capital Cost

86. 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 up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) Expenditure on account of change in law and force majeure events; and*
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*



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

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

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

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

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

- (a) The 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.”*



87. The capital cost of ₹18872.09 lakh and ₹57877.89 lakh have been considered by the Commission for the Combined Asset-I and Combined Asset-II respectively as on 31.3.2019. The Petitioner has not claimed any Additional Capital Expenditure during the 2019-24 period. Therefore, the capital cost as on 31.3.2019 has been considered for the purpose of determination of transmission tariff for 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations.

Debt-Equity Ratio

88. 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 utilized 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.”

89. The details of the debt-equity ratio considered for the purpose of tariff for the 2019-24 tariff period are as follows:

Combined Asset-I				
Particulars	Capital cost as on 1.4.2019 (₹ in lakh)	%	Capital cost as on 31.3.2024 (₹ in lakh)	%
Debt	13571.86	71.91	13571.86	71.91
Equity	5300.23	28.09	5300.23	28.09
Total	18872.09	100.00	18872.09	100.00

Combined Asset-II				
Particulars	Capital cost as on 1.4.2019 (₹ in lakh)	%	Capital cost as on 31.3.2024 (₹ in lakh)	%
Debt	40959.89	70.77	40959.89	70.77
Equity	16918.00	29.23	16918.00	29.23
Total	57877.89	100.00	57877.89	100.00

Return on Equity (RoE)

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

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

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



type hydro generating stations including pumped storage hydro generating stations and run-of river generating station with pondage:

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

Provided further that:

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

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

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

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

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

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

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

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

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."

91. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. BRPL has submitted that as per Regulation 31(3) of the 2019 Tariff Regulations, the Petitioner has a statutory duty to undertake the true up of the grossed-up rate of RoE at the end of every financial year based on actual tax paid. The above statutory function delegated to the transmission licensee cannot be exercised unilaterally but required to be conducted in most impartial manner by summoning all the Respondents/beneficiaries.

92. In response, the Petitioner vide affidavit dated 18.8.2020 has submitted that the Petitioner pays the income tax and files income tax returns in a timely manner.



The final tax demand including additional tax, interest, penalty and adjustment for refunds if any is decided by the Income Tax Authority through its assessment orders, which are beyond the Petitioner's control. The Petitioner has further submitted that for the 2014-19 tariff period, the Commission vide order dated 27.4.2020 in Petition No. 274/TT/2019 has approved the effective tax rate as notified MAT rates and for the 2019-24 tariff period, tariff has been admitted with grossing of rate of RoE as 18.782% considering MAT rate of 17.472%. Further, any under-recovery or over-recovery of grossed up rate on RoE will be taken up at the time of true up for the 2019-24 period.

93. We have considered the submissions of the Petitioner and BRPL. The MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which shall be trued up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the transmission assets is as follows:

(₹ in lakh)

Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Net Opening Equity	5300.23	5300.23	5300.23	5300.23	5300.23
Closing Equity	5300.23	5300.23	5300.23	5300.23	5300.23
Average Equity	5300.23	5300.23	5300.23	5300.23	5300.23
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
Applicable ROE Rate (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity for the year	995.49	995.49	995.49	995.49	995.49

(₹ in lakh)

Combined Asset-II					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Net Opening Equity	16918.00	16918.00	16918.00	16918.00	16918.00
Closing Equity	16918.00	16918.00	16918.00	16918.00	16918.00
Average Equity	16918.00	16918.00	16918.00	16918.00	16918.00
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for	17.472	17.472	17.472	17.472	17.472



respective year (%)					
Applicable ROE Rate (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity for the year	3177.54	3177.54	3177.54	3177.54	3177.54

Interest on Loan (IoL)

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

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

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

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

95. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period will



be adjusted. The Petitioner is directed to furnish computation of interest up to the COD and thereafter at the time of truing up of tariff of the 2019-24 tariff period. Accordingly, the floating rate of interest, if any, shall be considered at the time of truing up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations which is as under:

(₹ in lakh)

Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	13571.86	13571.86	13571.86	13571.86	13571.86
Cumulative Repayments up to Previous Year	11112.59	12095.34	12427.97	12760.59	13093.22
Net Loan-Opening	2459.27	1476.52	1143.89	811.27	478.64
Repayment during the year	982.75	332.63	332.63	332.63	332.63
Net Loan-Closing	1476.52	1143.89	811.27	478.64	146.01
Average Loan	1967.89	1310.21	977.58	644.95	312.32
Weighted Average Rate of Interest on Loan (%)	4.675	4.686	4.664	4.370	4.370
Interest on Loan	92.01	61.40	45.60	28.18	13.65

(₹ in lakh)

Combined Asset-II					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	40959.89	40959.89	40959.89	40959.89	40959.89
Cumulative Repayments up to Previous Year	32317.51	35288.85	36200.36	37111.88	38023.39
Net Loan-Opening	8642.37	5671.04	4759.53	3848.01	2936.50
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	2971.33	911.51	911.51	911.51	911.51
Net Loan-Closing	5671.04	4759.53	3848.01	2936.50	2024.98
Average Loan	7156.71	5215.28	4303.77	3392.25	2480.74
Weighted Average Rate of Interest on Loan (%)	5.190	5.168	4.986	4.570	4.619
Interest on Loan	371.45	269.50	214.60	155.02	114.58

Depreciation

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

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



or the transmission system taking into consideration the depreciation of individual units:

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

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

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

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

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

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

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

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

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

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

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

97. WAROD (Annexure-II to this order) is allowed after taking into account the depreciation rates of assets specified in the 2019 Tariff Regulations. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation approved out for the Combined Assets for the 2019-24 tariff period is as follows:

(₹ in lakh)

Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	18872.09	18872.09	18872.09	18872.09	18872.09
Additional Capital Expenditure during the year	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	18872.09	18872.09	18872.09	18872.09	18872.09
Average Gross Block	18872.09	18872.09	18872.09	18872.09	18872.09
Elapsed life at the beginning of the year	11.00	12.00	13.00	14.00	15.00
Balance useful life at the beginning of the year	14.00	13.00	12.00	11.00	10.00
Depreciable Value	16820.73	16820.73	16820.73	16820.73	16820.73
Rate of Depreciation (%)	5.21	Spreading	Spreading	Spreading	Spreading
Depreciation during the year	982.75	332.63	332.63	332.63	332.63
Cumulative depreciation	12496.57	12829.20	13161.82	13494.45	13827.08
Remaining Depreciable Value at the end of the year	4324.16	3991.53	3658.91	3326.28	2993.65

(₹ in lakh)

Combined Asset-II					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	57877.89	57877.89	57877.89	57877.89	57877.89
Additional Capital Expenditure during the year	0.00	0.00	0.00	0.00	0.00
Closing Capital Cost	57877.89	57877.89	57877.89	57877.89	57877.89
Average Capital Cost	57877.89	57877.89	57877.89	57877.89	57877.89
Depreciable Value	51776.46	51776.46	51776.46	51776.46	51776.46
Rate of Depreciation (%)	5.13	Spreading	Spreading	Spreading	Spreading



Elapsed life at the beginning of the year	11.00	12.00	13.00	14.00	15.00
Balance useful life at the beginning of the year	18.00	17.00	16.00	15.00	14.00
Remaining Depreciable Value	18467.06	15495.73	14584.22	13672.70	12761.19
Depreciation during the year	2971.33	911.51	911.51	911.51	911.51
Cumulative depreciation	36280.73	37192.24	38103.76	39015.27	39926.78
Remaining Depreciable Value at the end of the year	15495.73	14584.22	13672.70	12761.19	11849.68

Operation & Maintenance Expenses (O&M Expenses)

98. Regulation 35(3)(a) of the 2019 Tariff Regulations specifies the norms for O&M Expenses for the transmission system and the same 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
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
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
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
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
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
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
<i>Norms for HVDC stations</i>					



<i>HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)</i>	834	864	894	925	958
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)</i>	1,666	1,725	1,785	1,848	1,913
<i>500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)</i>	2,252	2,331	2,413	2,498	2,586
<i>±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)</i>	2,468	2,555	2,645	2,738	2,834
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

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

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

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



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

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

99. The O&M Expenses claimed by the Petitioner for the Combined Asset-I and Combined Asset-II for the 2019-24 tariff period are as under:

(₹ in lakh)					
Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station					
400kV Bays					
No. of Bays	20	20	20	20	20
Norms (₹ lakh/ bay)	32.15	33.28	34.45	35.66	36.91
O&M	643.00	665.60	689.00	713.20	738.20
220kV Bays					
No. of bays	7	7	7	7	7
Norms (₹lakh/ bay)	22.51	23.30	24.12	24.96	25.84
O&M	157.57	163.10	168.84	174.72	180.88
Transformers					
Capacity (MVA)	2*315	2*315	2*315	2*315	2*315
Norms (₹ lakh/ MVA)	0.358	0.371	0.384	0.398	0.411
O&M Transformer	225.54	233.73	241.92	250.74	258.93
Communication System (PLCC)					
Project Cost (₹ lakh)	378.53	378.53	378.53	378.53	378.53
Norms (% of Capital Cost)	2	2	2	2	2
O&M Communication System (PLCC)	7.57	7.57	7.57	7.57	7.57
Total O&M Expenses (₹ in lakh)	1033.68	1070.00	1107.33	1146.23	1185.58

Combined Asset-II					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station					
400kV Bays					
No. of Bays	34	34	34	34	34
Norms (₹ lakh/ bay)	32.15	33.28	34.45	35.66	36.91
O&M	1093.10	1131.52	1171.30	1212.44	1254.94
220kV Bays					
No. of bays	12	12	12	12	12
Norms (₹ lakh/ bay)	22.51	23.30	24.12	24.96	25.84
O&M Bays	270.12	279.60	289.44	299.52	310.08
Transformers					
Capacity (MVA)	3*315	3*315	3*315	3*315	3*315



Norms (₹ lakh/ MVA)	0.358	0.371	0.384	0.398	0.411
O&M Transformer	338.31	350.60	362.88	376.11	388.40
Transmission Line					
D/C Twin/Triple Conductor					
Line Length (km)	150.618	150.618	150.618	150.618	150.618
Norms (₹ lakh/ km)	0.881	0.912	0.944	0.977	1.011
O&M Transmission Line	132.69	137.36	142.19	147.15	152.28
Communication System (PLCC)					
Project Cost (₹ lakh)	566.41	566.41	566.41	566.41	566.41
Norms (% of Project Cost)	2	2	2	2	2
PLCC	11.33	11.33	11.33	11.33	11.33
Total O&M Expenses (₹ in lakh)	1845.55	1910.41	1977.14	2046.55	2117.03

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

"103. Thus, although PLCC equipment is a communication system, it has been considered as a part of sub-station, as it is used both for protection and communication. Therefore, we are of the considered view that rightly, it was not considered for separate O&M Expenses while framing norms of O&M for 2019-24 tariff period. While specifying norms for bays and transformers, O&M Expenses for PLCC have been included within norms for O&M Expenses for sub-station. Norms of O&M Expenses @2% of the capital cost in terms of Regulation 35(4) of the 2019 Tariff Regulations have been specified for communication system such as PMU, RMU, OPGW etc. and not for PLCC equipment."

"105. In our view, granting of O&M Expenses for PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations under the communication system head would tantamount to granting O&M Expenses twice for



PLCC equipment as PLCC equipment has already been considered as part of the sub-station. Therefore, the Petitioner's prayer for grant of O&M Expenses for the PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations is rejected.

106. The principle adopted in this petition that PLCC is part of sub-station and accordingly no separate O&M Expenses is admissible for PLCC equipment in the 2019-24 tariff period under Regulation 35(4) of the 2019 Tariff Regulations shall be applicable in case of all petitions where similar claim is made by the Petitioner. As already mentioned, the Commission, however, on the basis of the claim made by the Petitioner has inadvertently allowed O&M Expenses for PLCC equipment @2% of its original project cost, which is applicable for other "communication system", for 2019-24 period in 31 petitions given in Annexure-3 of this order. Therefore, the decision in this order shall also be applicable to all the petitions given in Annexure-3. Therefore, PGCIL is directed to bring this decision to the notice of all the stakeholders in the 31 petitions given in Annexure-3 and also make revised claim of O&M Expenses for PLCC as part of the sub-station at the time of truing up of the tariff allowed for 2019-24 period in respective petitions."

Therefore, the Petitioner's claim for separate O&M Expenses for PLCC @2% is not allowed.

101. The O&M Expenses allowed as per the norms specified in the 2019 Tariff Regulations for the Combined Asset-I and Combined Asset-II are as under:

Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station					
400kV Bays					
No. of Bays	20	20	20	20	20
Norms (₹lakh/ bay)	32.15	33.28	34.45	35.66	36.91
O&M	643.00	665.60	689.00	713.20	738.20
220kV Bays					
No. of bays	7	7	7	7	7
Norms (₹lakh/ bay)	22.51	23.30	24.12	24.96	25.84
O&M	157.57	163.10	168.84	174.72	180.88
Transformers					
Capacity (MVA)	2X315	2X315	2X315	2X315	2X315
Norms (₹lakh/ MVA)	0.358	0.371	0.384	0.398	0.411
O&M Transformer	225.54	233.73	241.92	250.74	258.93
Total O&M Expenses (₹ in lakh)	1026.11	1062.43	1099.76	1138.66	1178.01

Combined Asset-II					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station					
400kV Bays					



No. of Bays	34	34	34	34	34
Norms (₹lakh/ bay)	32.15	33.28	34.45	35.66	36.91
O&M	1093.10	1131.52	1171.30	1212.44	1254.94
220kV Bays					
No. of bays	12	12	12	12	12
Norms (₹lakh/ bay)	22.51	23.30	24.12	24.96	25.84
O&M Bays	270.12	279.60	289.44	299.52	310.08
Transformers					
Capacity (MVA)	3X315	3X315	3X315	3X315	3X315
Norms (₹lakh/ MVA)	0.358	0.371	0.384	0.398	0.411
O&M Transformer	338.31	350.60	362.88	376.11	388.40
Transmission Line					
D/C Twin/Triple Conductor					
Line Length (km)	150.618	150.618	150.618	150.618	150.618
Norms (₹lakh/ km)	0.881	0.912	0.944	0.977	1.011
O&M Transmission Line	132.69	137.36	142.19	147.15	152.28
Total O&M Expenses (₹ in lakh)	1834.22	1899.08	1965.80	2035.22	2105.69

Interest on Working Capital (IWC)

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

“34. Interest on Working Capital

(1)...

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

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

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

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

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

“3.Definitions...



(7) 'Bank Rate' means the one year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;"

103. The Petitioner has submitted that it has computed the 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 interest on working capital as 12.05%. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20 and 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-24. The components of the working capital and interest allowed thereon are as follows:

(₹ in lakh)

Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	85.51	88.54	91.65	94.89	98.17
Maintenance Spares	153.92	159.36	164.96	170.80	176.70
Receivables	390.02	310.03	312.85	315.66	318.01
Total Working Capital	629.45	557.93	569.46	581.35	592.88
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on working capital	75.85	62.77	64.06	65.40	66.70

(₹ in lakh)

Combined Asset-II					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	152.85	158.26	163.82	169.60	175.47
Maintenance Spares	275.13	284.86	294.87	305.28	315.85
Receivables	1049.08	788.57	790.27	791.73	793.51
Total Working Capital	1477.07	1231.69	1248.96	1266.61	1284.84
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on working capital	177.99	138.57	140.51	142.49	144.54

Annual Fixed Charges for the 2019-24 Tariff Period

104. The transmission charges allowed for the transmission assets for the 2019-24 period are as summarised below:



(₹ in lakh)

Combined Asset-I					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	982.75	332.63	332.63	332.63	332.63
Interest on Loan	92.01	61.40	45.60	28.18	13.65
Return on Equity	995.49	995.49	995.49	995.49	995.49
Interest on Working Capital	75.85	62.77	64.06	65.40	66.70
O&M Expenses	1026.11	1062.43	1099.76	1138.66	1178.01
Total	3172.20	2514.71	2537.54	2560.36	2586.47

(₹ in lakh)

Combined Asset-II					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	2971.33	911.51	911.51	911.51	911.51
Interest on Loan	371.45	269.50	214.60	155.02	114.58
Return on Equity	3177.54	3177.54	3177.54	3177.54	3177.54
Interest on Working Capital	177.99	138.57	140.51	142.49	144.54
O&M Expenses	1834.22	1899.08	1965.80	2035.22	2105.69
Total	8532.53	6396.20	6409.96	6421.79	6453.86

Filing Fee and Publication Expenses

105. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. BRPL has submitted that though the Commission can allow filing fee and publication expenses at its discretion under Regulation 70(1) of the 2019 Tariff Regulations, but the exercise of such discretion is a judicial discretion in the adjudication of tariff for which no justification has been advanced by the Petitioner. BRPL also referred to the Commission's order dated 11.9.2008 in Petition No. 129 of 2005 wherein the Commission declined the claim of Central Power Sector undertakings for allowing the reimbursement of the application filing fee. In response, the Petitioner vide affidavit has submitted that it has requested for reimbursement of expenditure by the beneficiaries towards petition filing fee and publication expense, in terms of Regulation 70(1) of the 2019 Tariff Regulations. Further, the Petitioner also placed reliance on the Commission's order dated 28.3.2016 in Petition No. 137/TT/2015 wherein it allowed the recovery of petition filing fee and expenditure for publication of notices from beneficiaries on pro-rata basis.



106. We have considered the submissions of the Petitioner and BRPL. Regulation 70(1) of the 2019 Tariff Regulations provides for reimbursement of filing fees and publication paid by the Petitioner. Accordingly, the Petitioner is 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

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

Security Expenses

108. The Petitioner has submitted that security expenses for the Combined Assets are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential IWC. The Petitioner has requested to consider the actual security expenses incurred during 2018-19 for claiming estimated security expenses for 2019-20 which shall be subject to true up at the end of the year based on actuals. The Petitioner has submitted that similar petition for security expenses for 2020-21, 2021-22, 2022-23 and 2023-24 shall be filed on a yearly basis on the basis of the actual expenses of previous year subject to true up at the end of the year on actual expenses. The Petitioner has submitted that the difference, if any, between the estimated security expenses and actual security expenses as per the audited accounts may be allowed to be recovered from the beneficiaries on a yearly basis.



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

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

Goods and Services Tax

111. 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.

112. BRPL has submitted that the demand of the Petitioner is premature and need not be considered at this juncture. In response, the Petitioner vide affidavit dated 10.8.2020 submitted that currently transmission of electricity by an electric transmission utility is exempt from GST. Hence, the transmission charges currently



charged are exclusive of GST. Hence, if GST is levied at any rate and at any point of time in future, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be charged and billed separately.

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

Capital Spares

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

Sharing of Transmission Charges

115. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 or the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, as applicable, as provided in Regulation 43 of the 2014 Tariff Regulations for the 2014-19 tariff period and Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period.

116. To summarise, the revised Annual Fixed Charges for Assets-i to x for the 2004-09 and 2009-14 tariff periods and the trued-up Annual Fixed Charges allowed for the Combined Asset-I and Combined Asset-II for the 2014-19 tariff period are as under:



Revised AFC for the 2004-09 period:

(₹ in lakh)

Particular		2006-07 (Pro-rata)	2007-08	2008-09
Asset-i	Annual Fixed Charges	1513.67	1674.44	1682.72
Asset-ii		152.21	189.41	195.55
Asset-iii		557.31	1027.48	1091.37
Asset-iv			217.98	279.54
Asset-v		380.47	432.02	435.39
Asset-vi		2484.52	3875.72	3946.98
Asset-vii			1068.82	1936.57
Asset-viii			270.43	568.56
Asset-ix		742.57	1286.88	1290.80
Asset-x		197.21	362.20	389.26

Revised AFC for the 2009-14 period:

(₹ in lakh)

Particular		2009-10	2010-11	2011-12	2012-13	2013-14
Combined Asset-I	Annual Fixed	3832.50	3863.57	3916.86	3998.39	4061.53
Combined Asset-II	Charges	10295.48	10326.11	10346.43	10421.75	10466.57

Trued-up AFC for the 2014-19 period:

(₹ in lakh)

Particular		2014-15	2015-16	2016-17	2017-18	2018-19
Combined Asset-I	Annual Fixed Charges	3910.50	3956.97	3949.31	3961.94	4016.69
Combined Asset-II		10131.82	10124.50	10207.50	10225.55	10261.48

AFC allowed for the 2019-24 tariff period:

(₹ in lakh)

Particular		2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset-I	Annual Fixed Charges	3172.20	2514.71	2537.54	2560.36	2586.47
Combined Asset-II		8532.53	6396.20	6409.96	6421.79	6453.86

117. This order disposes of Petition No. 290/TT/2020.

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member



Annexure-I

Asset	2014-19	Combined admitted Capital Cost as on 1.4.2014 (₹ in lakh)	ACE during 2016-17	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh)					
	Capital Expenditure as on 1.4.2014					2014-15	2015-16	1-4-2016 to 16-8-2016	17-8-2016 to 31.3.2017	2017-18	2018-19
Combined Asset-I	Land		0.00	182.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Building	414.63	0.00	414.63	3.34	13.85	13.85	13.85	13.85	13.85	13.85
	Transmis-sion Line	0.00	0.00	0.00	5.28	0.00	0.00	0.00	0.00	0.00	0.00
	Sub- Station	18775.17	-878.63	17,896.54	5.28	991.33	991.33	991.32	944.94	944.94	944.94
	PLCC	378.53	0.00	378.53	6.33	23.96	23.96	23.96	23.96	23.96	23.96
	TOTAL	19,750.72	-878.63	18,872.09		1029.14	1029.14	1029.14	982.75	982.75	982.75
				Average Gross Block (₹ in lakh)		19750.72	19750.72	19750.72	18872.09	18872.09	18872.09
				Weighted Average Rate of Depreciation (%)		5.21	5.21	5.21	5.21	5.21	5.21



Asset	2014-19	Combined admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)			Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh)						
	Capital Expenditure as on 1.4.2014		2014-15	2016-17	2018-19			1.4.2014 to 8.1.2015	9.1.2015 to 31.3.2015	2015-16	2016-17	2017-18	1.4.2018 to 25.1.2019	26.1.2019 to 31.3.2019
Combined Asset-II	Land	348.49	0.00	0.00	0.00	348.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Building	2775.42	0.00	0.00	0.00	2,775.42	3.34	92.70	92.70	92.70	92.70	92.70	92.70	92.70
	Transmission Line	22171.29	0.00	66.18	18.92	22,256.39	5.28	1170.64	1170.64	1170.64	1172.39	1174.14	1174.64	1175.64
	Sub Station	32069.96	-303.94	0.00	-779.32	30,986.70	5.28	1693.29	1677.25	1677.25	1677.25	1677.25	1677.25	1636.10
	PLCC	566.41	0.00	0.00	0.00	566.41	6.33	35.85	35.85	35.85	35.85	35.85	35.86	35.83
	Leasehold Land	944.48	0.00	0.00	0.00	944.48	3.34	31.55	31.55	31.55	31.55	31.55	31.55	31.56
	TOTAL	58,876.05	-303.94	66.18	-760.40	57,877.89		3024.03	3008.00	3007.99	3009.74	3011.49	3012.00	2970.83
						Average Gross Block (₹ in lakh)		58876.05	58572.11	58572.11	58605.2	58638.3	58647.75	57877.89
						Weighted Average Rate of Depreciation (%)		5.14	5.14	5.14	5.14	5.14	5.14	5.13

