

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 312/TT/2019

Coram:

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

Date of Order: 20.05.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and revision of transmission tariff of 2004-09 and 2009-14 tariff periods, truing up of transmission tariff of 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for Transmission System associated with Loktak HEP in the North Eastern Region.

And in the matter of:

Power Grid Corporation of India Ltd.,
SAUDAMINI, Plot No-2,
Sector-29, Gurgaon-122 001 (Haryana)

.....Petitioner

Vs.

1. Assam Electricity Grid Corporation Ltd.,
(Formerly Assam State Electricity Board),
Bijulee Bhawan, Paltan Bazar,
Guwahati-781001, Assam.
2. Meghalaya Energy Corporation Ltd.,
(Formerly Meghalaya State Electricity Board)
Short Round Road, "Lumjingshai",
Shillong-793001, Meghalaya.
3. Government of Arunachal Pradesh,
Itanagar, Arunachal Pradesh.
4. Power and Electricity Department,
Government of Mizoram,



Aizawl, Mizoram.

5. Manipur State Electricity Distribution Company Ltd.,
(Formerly Electricity Department, Government of Manipur),
Keishampat, Imphal.
6. Department of Power,
Government of Nagaland,
Kohima, Nagaland.
7. Tripura State Electricity Corporation Ltd.,
Vidyut Bhawan, North Banamalipur,
Agartala, Tripura (W)-799001, Tripura.

...Respondent(s)

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

For Respondents: None

ORDER

The instant Petition has been filed by Power Grid Corporation of India Ltd. for revision of transmission tariff of 2007-09 period and 2009-14 tariff periods, truing of the capital expenditure of 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff of the 2019-24 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the Transmission System associated with Loktak HEP in North Eastern Region (hereinafter referred to as the “transmission system”).

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 petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9 and 10 above for respective block.

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

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

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

7) Allow the petitioner to recover FERV on the foreign loans deployed as provided under clause 68 of the Tariff Regulations,2019

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

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

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

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

Background

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

a. The transmission system was inherited by the Petitioner from NHPC. The Commission vide its order dated 10.3.2008 in Petition No. 83/2006 determined the tariff of the transmission system for 2007-09 period and approved the capital cost of ₹850.65 lakh as on 1.4.2005.

b. The scope of work covered under the Project is broadly as follows:



Transmission lines:

- (i) 132 kV S/C Loktak-Imphal- Transmission line (35.040 km)
- (ii) 132 kV S/C Imphal-Imphal Transmission line (1.5 km)
- (iii) 132 kV S/C Jiribam Loktak Transmission line (82.40 km) .

Sub-station

- (i) 132 kV Loktak-II Bay

4. The transmission system was executed between 1.7.1983 to 1.7.1989. The Petitioner took over the transmission system from NTPC, NHPC, NLC and NEEPCO w.e.f. 1.1.1992.

5. In the North-Eastern Region (NER), a Uniform Common Pooled Transmission Tariff (UCPTT) in terms of “paise per kWh” was being followed from 1991-92. The UCPTT rate adopted and applied in NER through a mutual consent of the regional constituents did not conform to the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2001 applicable for the period from 1.4.2001 to 31.3.2004. However, the Commission vide order dated 1.1.2002 in Petition No. 40/2000 had provisionally approved UCPTT up to 31.3.2004 for the transmission asset.

6. Further, vide order dated 27.4.2007 in Petition No. 82/2006, the Commission made the following observations:

“.....7. Energy availability from Central generating stations in NER has gradually gone up in the recent years. On the other hand, the annual transmission charges, had they been calculated following the principles laid down in the Commission’s tariff regulations, would have been coming down with repayment of loans over the years. A stage has thus come where continuation of the UCPTT is no longer beneficial to the NER States. The UCPTT scheme has already continued much beyond the date contemplated by the Commission for its termination in the order dated 1.1.2002. We are therefore keen that NER system switches over without further delay from the UCPTT Scheme, in which the Petitioner’s revenue depends on the energy generated in the region (which is outside the Petitioner’s control), to a scheme of annual transmission charges based on the Petitioner’s investment in the regional system. Since this change-over has to be effected from the beginning of a financial year, it is proposed from 1.4.2007. This had also been indicated by the Commission during the hearing on 30.11.2006.”



7. Subsequently, *vide* order dated 16.1.2008 in Petition No. 85/2006, the Commission held that with effect from 1.4.2007, the transmission charges for all the transmission asset in the NER are to be determined under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the 2004 Tariff Regulations”).

8. Accordingly, the transmission tariff for the period from 1.4.2007 to 31.3.2009 for the transmission system was determined based on provisionally approved capital cost as per order dated 27.4.2007 in Petition No. 83/2006. The transmission tariff was revised on account of Additional Capital Expenditure (ACE) during 1992-2004 and de-capitalization during 2004-05 period *vide* order dated 10.3.2008 in Petition No. 83/2006. The tariff approved was further revised *vide* order dated 8.9.2009 in Petition No. 83/2006 as per APTEL judgement dated 4.11.2008 in Appeal No. 775/2008. For the period from 1.4.2009 to 31.3.2014, the transmission tariff was determined *vide* order dated 1.12.2010 in Petition No. 148/2010. The tariff for 2009-14 period was trued up and tariff for the period from 1.4.2014 to 31.3.2019 was determined *vide* order dated 26.11.2015 in Petition No. 172/TT/2014. The transmission tariff was allowed for the transmission asset for 2014-19 period *vide* order dated 26.11.2015 in Petition No. 172/TT/2014. The Petitioner has sought revision of the approved transmission tariff for 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 Appellate Tribunal for Electricity (“APTEL”) judgments dated 22.1.2007 and 13.6.2007 in Appeal No. 81/2005 and batch matters and Appeal No. 139/2006 and batch matters, respectively. The Petitioner has sought consequential revision of tariff allowed for 2009-14 period, truing up of tariff of 2014-19 period and determination of tariff of 2019-24 period of the transmission asset. The Petitioner has further submitted that the revised transmission charges for 2004-09



tariff period has been calculated and the same is effective from 1.4.2007 and claimed the revision of tariff from 2007-08 onwards.

9. APTEL *vide* judgement dated 22.1.2007 in Appeal No. 81/2005 and batch matters and judgement dated 13.6.2007 in Appeal No. 139/2006 pertaining to generating stations of NTPC decided mainly on the following issues:

- i. Computation of interest on loan.
- ii. Consequences of refinancing of loan.
- iii. Depreciation as deemed repayment.
- iv. Admissibility of depreciation up to 90% of the value of the assets.
- v. Consideration of maintenance of spares for working capital.
- vi. Depreciation of assets.

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

11. Based on the APTEL's judgments dated 22.1.2007 in Appeal No.81/2005 and batch matters and dated 13.6.2007 in Appeal No. 139/2006 and batch matters, the Petitioner sought revision of tariff of its transmission asset for 2001-04 and 2004-09 tariff periods in Petition No. 121/2007. The Commission after taking into consideration the pending Appeals before the Hon'ble Supreme Court adjourned the matter sine die and directed to revive the same after disposal of the Civil Appeals by the Hon'ble Supreme Court.

12. The Hon'ble Supreme Court dismissed the said Civil Appeals filed against the APTEL's said judgments *vide* its judgment dated 10.4.2018 in Civil Appeal No. 5622 of



2007 along with other Civil Appeals. Thus, the order of the APTEL has attained finality.

13. Consequent to the Hon'ble Supreme Court's judgment dated 10.4.2018 in NTPC matters, Petition No. 121/2007 was listed for hearing on 8.1.2019. The Commission, *vide* order dated 18.1.2019 in Petition No. 121/2007, directed the Petitioner to submit its claim separately for the assets at the time of filing of truing up of the Petitions for the 2014-19 period in respect of concerned transmission assets. Accordingly, the Petitioner has filed the instant petition.

14. The Petition was heard on 24.3.2021 and in view of APTEL's judgments dated 22.1.2007 in Appeal No.81/2005 and batch matters and dated 13.6.2007 in Appeal No. 139/2006 and the judgement of Hon'ble Supreme Court dated 10.4.2018 in Civil Appeal No. 5622 of 2007 along with other Civil Appeals, tariff is being revised. Period wise tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods and suitable assumptions have been made at certain places and applied, which are indicated.

15. The capital cost of ₹851.16 lakh as on 1.4.2004 has been approved by the Commission and considering the decapitalization of ₹0.51 lakh during 2004-05, the capital cost approved by the Commission *vide* its order dated 8.9.2009 in Petition No. 83/2006 is ₹850.86 lakh as on 1.4.2005. Accordingly, tariff is being revised for 2007-09 and 2009-14 tariff periods in terms of the APTEL's judgements dated 22.1.2007 and dated 13.6.2007.

16. The Respondents are distribution licensees and power departments, which are procuring transmission service from the Petitioner, mainly beneficiaries of the North Eastern Region.



17. The Petitioner has served the Petition on the Respondents and notice of this Petition has been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003. No comments/ objections have been received from the general public in response to the aforesaid notice published in the newspaper by the Petitioner. None of the Respondents have filed any reply in the matter.

18. This order is issued considering the submissions made by the Petitioner *vide* affidavits dated 30.7.2019 and 4.9.2020.

19. The hearing in this matter was held on 24.3.2021 through *video* conference and order was reserved.

20. Having heard the representatives of the Petitioner and perusal of the materials on record, we proceed to dispose of the petition.

Re: Interest on Loan (IOL)

21. The Petitioner has sought revision of the computation of the interest on loan, maintenance spares for working capital and depreciation allowed for 2007-09 period on the basis of APTEL's judgements dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and dated 13.6.2007 in Appeal No. 139/2006 and batch matters. APTEL while dealing with the issue of computation of IoL, in judgement dated 22.1.2007 in Appeal No.81/2005 and batch matters 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 in Appeal Nos. 94 and 96 of 2005 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 Central 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. The relevant portions of the judgement of 14.11.2006 in Appeal Nos. 94 and 96 of 2005 is 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.”*
22. In view of the above, the interest allowed for 2007-09 periods is required to be revised on the basis of the normative debt repayment methodology. However, the Commission vide order dated 8.9.2009 in Petition No. 83/2006 had noted that no loan was outstanding as on 31.3.2004 and no IoL was claimed by the Petitioner. In the instant petition, the Petitioner has claimed the revision of tariff from 2007-08 onwards without claiming IoL. Therefore, revision of tariff on account of IoL does not arise and it is answered accordingly.



Re: Additional Capital Expenditure (ACE)

23. APTEL in judgement dated 13.6.2007 in Appeal No.139 of 2006 and batch cases held that additional capital expenditure (ACE) after the date of commercial operation should also be considered for computation of maintenance spares. It reads as follows:

“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.”



24. In view of above, the maintenance spares to be considered for computation of working capital for 2007-09 period are also required to be revised taking into consideration the ACE after the date of commercial operation. Further, ACE admitted after COD has been considered for computation of maintenance spares.

25. The revision of tariff allowed for 2007-09 tariff period necessitates the revision of tariff allowed for the 2009-14 period, which is also allowed in the present order. The implementation of the directions of the APTEL in case of the Petitioner remained pending awaiting 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 2007-09 period and 2009-14 tariff period. Therefore, the Petitioner is directed not to claim or pay any carrying cost from/to the beneficiaries for the difference in the tariff allowed earlier and that allowed in the present order. Further, the said difference in tariff shall be recovered over a period of six months from the date of issue of this order.

Revision of transmission charges allowed for 2007-09 and 2009-14 Tariff Periods

2007-09 Tariff Period

26. The Commission approved the transmission charges for 2007-09 period *vide* order dated 27.4.2007 in Petition No. 83/2006 and revised it on account of ACE during 1992-2004 and de-capitalization during 2004-05 period *vide* order dated 10.3.2008 in Petition No. 83/2006. The tariff approved was further revised *vide* order dated 8.9.2009 in Petition No. 83/2006 as per APTEL judgement dated 4.11.2008 in Appeal No. 75/2008. The transmission charges allowed for 2007-09 tariff period for the transmission system were as follows:



Particulars	(₹ in lakh)	
	2007-08	2008-09
Depreciation	18.93	18.93
Interest on Loan	0.00	0.00
Return on Equity	59.56	59.56
Advance against Depreciation	0.00	0.00
Interest on Working Capital	5.08	5.27
O&M Expenses	61.96	64.54
Total	145.52	148.29

27. As discussed above, the Petitioner has claimed the following revised transmission charges for the transmission asset with effect from 1.4.2007:

Particulars	(₹ in lakh)	
	2007-08	2008-09
Depreciation	18.93	18.93
Interest on Loan	0.00	0.00
Return on Equity	59.56	59.56
Advance against Depreciation	0.00	0.00
Interest on Working Capital	5.09	5.29
O&M Expenses	61.96	64.54
Total	145.54	148.32

28. We have considered the Petitioner's claim. The transmission charges allowed for the transmission system for 2007-09 tariff period are being revised based on the following:

- a) The admitted capital cost and ACE approved by the Commission for 2004-09 period are as follows:

Admitted Capital Cost as on 1.4.2004	ACE					Admitted Capital Cost as on 31.3.2009
	2004-05	2005-06	2006-07	2007-08	2008-09	
851.16	(0.51)	0.00	0.00	0.00	0.00	850.65

- b) The composition of capital cost approved by the Commission *vide* order dated 10.3.2008 in Petition No. 83/2006 is as follows:



Particulars	As on 1.4.2004 (₹ in lakh)	ACE	As on 31.3.2009 (₹ in lakh)	D:E Ratio as on 31.3.2009 (in %)
		2004-05 (₹ in lakh)		
Debt	425.58	(0.36)	425.22	49.99
Equity	425.58	(0.15)	425.43	50.01
Total	851.16	(0.51)	850.65	100.00

c) There is no claim towards IoL as no loan was outstanding as on 31.3.2004.

d) Weighted Average Rate of Depreciation, Rate of IWC and O&M Expenses as per order dated 8.9.2009 in Petition No. 83/2006.

e) Maintenance Spares component of IWC is adjusted w.r.t. decapitalization during the 2004-09 period.

29. In view of the above, the revised AFC allowed for the transmission system for the 2007-09 tariff period is as follows:

Particulars	(₹ in lakh)	
	2007-08	2008-09
Depreciation	18.93	18.93
Interest on Loan	0.00	0.00
Return on Equity	59.56	59.56
Advance against Depreciation	0.00	0.00
Interest on Working Capital	5.09	5.28
O&M Expenses	61.96	64.54
Total	145.54	148.31

30. The AFC allowed vide order dated 8.9.2009 in Petition No. 83/2006 for 2007-09 period, the revised AFC claimed in the instant petition and AFC allowed in the instant order are as follows:

Particulars	(₹ in lakh)	
	2007-08	2008-09
AFC approved vide order dated 8.9.2009 in Petition No. 83/2006	145.52	148.29
AFC claimed by the Petitioner in the petition	145.54	148.32
AFC allowed in the instant order	145.54	148.31

2014-19 Tariff Period

31. The Commission vide order dated 1.12.2010 in Petition No. 148/2010 approved the tariff for 2009-14 tariff period and subsequently vide order dated 26.11.2015 in



Petition No. 172/TT/2014 had tried up the tariff allowed for the 2009-14 tariff period and the same is as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	19.31	19.31	19.31	19.31	19.31
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	79.44	82.35	82.43	82.43	83.43
Interest on Working Capital	4.43	4.63	4.78	4.93	5.11
O&M Expenses	47.49	50.18	53.07	56.18	59.37
Total	150.68	156.47	159.59	162.85	167.22

32. The Petitioner has claimed the following revised transmission charges for the transmission system for 2009-14 tariff period in this petition:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	19.31	19.31	19.31	19.31	19.31
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	79.44	82.35	82.43	82.43	83.43
Interest on Working Capital	4.43	4.63	4.78	4.93	5.11
O&M Expenses	47.49	50.18	53.07	56.18	59.37
Total	150.67	156.47	159.59	162.85	167.22

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

- a) The admitted capital cost and ACE approved by the Commission for 2009-14 period are as follows:

(₹ in lakh)		
Admitted Capital Cost as on 1.4.2009	ACE	Admitted Capital Cost as on 31.3.2014
	2009-14	
850.65	0.00	850.65

- b) There is no claim towards IoL as the complete loan has already been repaid before 1.4.2009.
- c) Weighted Average Rate of Depreciation as per order dated 26.11.2015 in Petition No. 172/TT/2014.



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

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	19.31	19.31	19.31	19.31	19.31
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	79.44	82.35	82.43	82.43	83.43
Interest on Working Capital	4.43	4.63	4.78	4.93	5.11
O&M Expenses	47.49	50.18	53.07	56.18	59.37
Total	150.67	156.47	159.59	162.85	167.22

35. The AFC allowed for the transmission system vide order dated 26.11.2015 in Petition No. 172/TT/2014 for 2009-14 tariff period, the revised AFC claimed in the instant petition and AFC allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
AFC approved <i>vide</i> order dated 26.11.2015 in Petition No. 172/TT/2014	150.68	156.47	159.59	162.85	167.22
AFC claimed by the Petitioner in the petition	150.67	156.47	159.59	162.85	167.22
AFC allowed in the instant order	150.67	156.47	159.59	162.85	167.22

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

36. The details of the trued up transmission charges claimed by the Petitioner for the transmission system for the 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	19.30	19.32	19.30	19.32	19.30
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	83.49	83.87	83.83	83.83	84.06
Interest on Working Capital	5.36	5.47	5.57	5.68	5.79
O&M Expenses	54.17	56.00	57.87	59.77	61.72
Total	162.32	164.66	166.57	168.60	170.87

37. The details of the trued up IWC claimed by the Petitioner for the transmission system for the 2019-24 tariff period are as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	4.51	4.67	4.82	4.98	5.14
Maintenance Spares	8.13	8.40	8.68	8.97	9.26
Receivables	27.05	27.44	27.76	28.10	28.48
Total Working Capital	39.69	40.51	41.26	42.05	42.88
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	5.36	5.47	5.57	5.68	5.79

Capital Cost

38. The capital cost of ₹850.65 lakh of the transmission system as on 31.3.2014 was admitted by the Commission *vide* order dated 26.11.2015 in Petition No. 172/TT/2014 and the same has been considered as opening capital cost as on 1.4.2014 for truing up the tariff for 2014-19 tariff period. The capital cost of the existing transmission system has been calculated in accordance with Regulation 9(3) of the 2014 Tariff Regulations.

39. The Petitioner has not claimed ACE in 2014-19 period.

Debt-Equity ratio

40. The debt-equity ratio has been allowed in accordance with Regulation 19(3) of the 2014 Tariff Regulations. Accordingly, the debt-equity ratio for the period ending on 31.3.2014 has been considered for the purpose of determination of tariff and truing up of the tariff of the transmission asset for the 2014-19 tariff period. The details of debt-equity ratio in respect of the transmission asset as on 1.4.2014 and as on 31.3.2019 of the transmission asset are as follows:

Particulars	Capital Cost as on 1.4.2014 (₹ in lakh)	(%)	Total Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	425.22	49.99	425.22	49.99
Equity	425.43	50.01	425.43	50.01
Total	850.65	100.00	850.65	100.00



Depreciation

41. The transmission system has already completed 12 years of life. The Commission vide order dated 8.9.2009 in Petition No. 83/2006 had considered the balance useful life of the transmission asset as 19 years as on 31.3.2004. The Commission vide order dated 26.11.2015 in Petition No. 172/TT/2014 considered the balance useful life of the transmission asset as 9 years as on 31.3.2014. Accordingly, the remaining depreciable value as on 31.3.2014 has been spread across the balance useful life of 9 years in accordance with Regulation 27(5) of the 2014 Tariff Regulations/Regulation 33(5) of the 2019 Tariff Regulations. The annual depreciation from the year 2014-15 onwards is ₹19.31 lakh. Accordingly, the trued-up depreciation during 2014-19 period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	850.65	850.65	850.65	850.65	850.65
ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	850.65	850.65	850.65	850.65	850.65
Average Gross Block	850.65	850.65	850.65	850.65	850.65
Weighted average rate of Depreciation (WAROD) (%)	2.27	2.27	2.27	2.27	2.27
Balance useful life of the asset (Year)	9	8	7	6	5
Elapsed life at the beginning of the year (Year)	24	25	26	27	28
Depreciable Value	765.59	765.59	765.59	765.59	765.59
Remaining Aggregate Depreciable Value at the beginning of the year	173.79	154.48	135.17	115.86	96.55
Depreciation during the year	19.31	19.31	19.31	19.31	19.31
Aggregate Cumulative Depreciation at the end of the year	611.11	630.42	649.73	669.04	688.35
Remaining Aggregate Depreciable Value at the end of the year	154.48	135.17	115.86	96.55	77.24



42. Accordingly, depreciation approved vide order dated 26.11.2015 in Petition No. 172/TT/2014, claimed by the Petitioner in the instant petition and trued up depreciation are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 26.11.2015 in Petition No. 172/TT/2014	19.31	19.31	19.31	19.31	19.31
Claimed by the Petitioner in the petition	19.30	19.32	19.30	19.32	19.30
Allowed after true-up in this order	19.31	19.31	19.31	19.31	19.31

43. The Petitioner has not claimed any IoL.

Return on Equity (RoE)

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

Year	Claimed effective tax (in %)	Grossed up RoE [Base Rate/(1-t)] (in %)
2014-15	21.018	19.625
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

45. We have considered the submissions of the Petitioner. The Commission vide order dated 27.4.2020 in Petition No. 274/TT/2019 has arrived at the effective tax rate for the Petitioner based on the notified MAT rates. The relevant portion of the order dated 27.4.2020 is as follows:

“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

”

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

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

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



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	425.43	425.43	425.43	425.43	425.43
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	425.43	425.43	425.43	425.43	425.43
Average Equity	425.43	425.43	425.43	425.43	425.43
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (%)	19.610	19.705	19.705	19.705	19.758
Return on Equity	83.43	83.83	83.83	83.83	84.06

48. Accordingly, RoE approved vide order dated 26.11.2015 in Petition No. 172/TT/2014, claimed by the Petitioner in the instant petition and true up RoE are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC approved vide order dated 26.11.2015 in Petition No. 172/TT/2014	83.43	83.43	83.43	83.43	83.43
Claimed by the Petitioner in the Petition	83.49	83.87	83.83	83.83	84.06
Allowed after true-up in this order	83.43	83.83	83.83	83.83	84.06

Operation & Maintenance Expenses (O&M Expenses)

49. Regulation 29(4)(a) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. The O&M Expenses for the transmission system claimed by the Petitioner are as follows:

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sub-station Bay					
Imphal - 132 kV Loktak-II bay	1 Number				
Norms (₹ lakh/bays)	30.15	31.15	32.18	33.25	34.36
O&M Expenses (₹ in lakh)	30.15	31.15	32.18	33.25	34.36
Transmission lines					
S/C (Twin/Triple Conductor)					
132 kV S/C Loktak-Imphal-2 Transmission Line	35.04 km				
132 kV S/C Imphal-Imphal Transmission Line	1.50 km				
132 kV S/C Jiribam-Loktak Transmission Line	82.40 km				
Norms (₹ lakh/bays)	0.202	0.209	0.216	0.223	0.230

Page 20 of 40



O&M Expenses (₹ in lakh)	24.03	24.86	25.69	26.52	27.36
Total O&M Expenses (₹ in lakh)	54.17	56.00	57.87	59.77	61.72

50. We have considered the submissions of the Petitioner. The O&M Expenses are allowed for the transmission system as per the norms specified in the 2014 Tariff Regulations and are as follows:

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sub-station Bay					
Imphal - 132 kV Loktak-II bay	1 Number				
Norms (₹ lakh/bays)	30.15	31.15	32.18	33.25	34.36
O&M Expenses (₹ in lakh)	30.15	31.15	32.18	33.25	34.36
Transmission lines					
S/C (Twin/Triple Conductor)					
132 kV S/C Loktak-Imphal-2 Transmission Line	35.04 km				
132 kV S/C Imphal-Imphal Transmission Line	1.50 km				
132 kV S/C Jiribam-Loktak Transmission Line	82.40 km				
Norms (₹ lakh/bays)	0.202	0.209	0.216	0.223	0.230
O&M Expenses (₹ in lakh)	24.03	24.86	25.69	26.52	27.36
Total O&M Expenses (₹ in lakh)	54.18	56.01	57.87	59.77	61.72

51. Accordingly, O&M Expenses approved vide order dated 26.11.2015 in Petition No. 172/TT/2014, claimed by the Petitioner in the instant petition and true up O&M Expenses are as follows:

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 26.11.2015 in Petition No. 172/TT/2014	54.18	56.01	57.87	59.77	61.72
Claimed by the Petitioner in the instant petition	54.17	56.00	57.87	59.77	61.72
Allowed after true-up in this order	54.18	56.01	57.87	59.77	61.72

Interest on Working Capital (IWC)

52. The IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and allowed as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses (O&M Expenses for 1 month)	4.51	4.67	4.82	4.98	5.14
Maintenance Spares (15% of O&M Expenses)	8.13	8.40	8.68	8.97	9.26
Receivables (Equivalent to 2 months of annual fixed cost)	27.04	27.44	27.76	28.10	28.48
Total Working Capital	39.69	40.50	41.27	42.05	42.88
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	5.36	5.47	5.57	5.68	5.79

53. Accordingly, IWC approved vide order dated 26.11.2015 in Petition No. 172/TT/2014, claimed by the Petitioner in the instant petition and trued up IWC are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
IWC approved vide order dated 26.11.2015 in Petition No. 172/TT/2014	5.36	5.46	5.56	5.67	5.77
Claimed by the Petitioner in the instant petition	5.36	5.47	5.57	5.68	5.79
Allowed after true-up in this order	5.36	5.47	5.57	5.68	5.79

Approved Annual Fixed Charges of 2014-19 Tariff Period

54. The trued up annual fixed charges for the transmission system for 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	19.31	19.31	19.31	19.31	19.31
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	83.43	83.83	83.83	83.83	84.06
Interest on Working Capital	5.36	5.47	5.57	5.68	5.79
O&M Expenses	54.18	56.01	57.87	59.77	61.72
Total	162.27	164.62	166.58	168.59	170.87

55. Accordingly, the Annual Transmission Charges approved vide order dated 26.11.2015 in Petition No. 172/TT/2014, claimed by the Petitioner and approved after truing up in the instant order are as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC approved <i>vide</i> order dated 26.11.2015 in Petition No. 172/TT/2014	162.27	164.20	166.17	168.18	170.23
AFC claimed by the Petitioner in the petition	162.32	164.66	166.57	168.60	170.87
AFC allowed in the instant order	162.27	164.62	166.58	168.59	170.87

Determination of Annual Fixed Charges for 2019-24 tariff period

56. The Petitioner has claimed the following transmission charges for 2019-24 period in respect of transmission system:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	19.33	19.29	19.33	19.29	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	84.06	84.06	84.06	84.06	50.42
Interest on Working Capital	3.56	3.63	3.71	3.78	3.06
O&M Expenses	46.05	47.56	49.35	51.02	52.83
Total	153.00	154.54	156.45	158.15	106.31

57. The Petitioner has claimed the following IWC for 2019-24 period in respect of transmission system:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	3.84	3.96	4.11	4.25	4.40
Maintenance Spares	6.91	7.13	7.40	7.65	7.92
Receivables	18.81	19.05	19.29	19.50	13.07
Total Working Capital	29.56	30.14	30.80	31.40	25.39
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	3.56	3.63	3.71	3.78	3.06

Capital Cost

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

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



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

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

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

- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly 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.”*

59. The Petitioner has claimed capital cost of ₹850.65 lakh for the transmission system which is the same as worked out by the Commission. Accordingly, ₹850.65 lakh has been considered as opening capital cost for the transmission system as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.



Adjustment in Equity

60. The Petitioner has claimed adjustment of ₹170.23 lakh in equity as per Regulation 18(3) of the 2019 Tariff Regulations.

61. We have considered the submission of the Petitioner. The Weighted Average Life of the transmission system was determined as 33 years. Thus, the transmission system shall complete its useful life on 31.3.2023. First proviso to Regulation 18(3) of the 2019 Tariff Regulations provides that if a transmission system completes its useful life on or after 1.4.2019 and if the actual equity deployed is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation. Regulation 18(3) of the 2019 Tariff Regulations provides as follows:

“18. Debt-Equity Ratio:

(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;.....”

62. Therefore, in terms of first proviso to Regulation 18(3) of the 2019 Tariff Regulations, equity from 2023-24 onwards has been restricted to 30%. Accordingly, the equity for 2019-24 tariff period is allowed as follows:

Particulars	Value
Closing equity as on 31.3.2019** (₹ in lakh)	425.43
Closing equity as on 31.3.2020** (₹ in lakh)	425.43
Closing equity as on 31.3.2021** (₹ in lakh)	425.43
Closing equity as on 31.3.2022** (₹ in lakh)	425.43
Closing equity as on 31.3.2023** (₹ in lakh)	425.43
Equity deployed as on 31.3.2023 (in %)	50.01
Opening equity as on 1.4.2023*** (₹ in lakh)	255.20
Net reduction in equity (₹ in lakh)	170.23

**Represents 50.01% of Gross Block of ₹ 850.65 lakh

***Represents 30% of Gross Block of ₹ 850.65 lakh



63. The Petitioner has not claimed any ACE during the 2019-24 period. Accordingly, the capital cost as on 1.4.2019 and as on 31.3.2024 considered for tariff determination of 2019-24 tariff period is as follows:

(₹ in lakh)		
Capital Cost as on 1.4.2019	Adjustment in Equity	Capital Cost as on 31.3.2024
	2023-24	
850.65	170.23	680.42

Debt-Equity ratio

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

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

Provided that:

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

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

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

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

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



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

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

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

65. As observed above, the equity from 2023-24 onwards is restricted to 30% and accordingly, the debt and equity ratio considered for the purpose of tariff of 2019-24 tariff period is as follows:

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	(%)	Capital Cost as on 31.3.2024 (₹ in lakh)	(%)
Debt	425.22	49.99	425.22*	49.99
Equity	425.43	50.01	255.20	50.01
			170.23**	
Total	850.65	100.00	850.65	100.00

*Already been repaid prior to 1.4.2004

** Equity in excess of 30% reduced with effect from 1.4.2023

Depreciation

66. Regulation 33(1), 33(2) and 33(5) 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 project or element thereof including communication project. In case of the tariff of all the units of a generating station or all elements of a transmission project including communication project 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 project 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 project, 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 project, weighted average life for the generating station of the transmission project shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

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

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

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

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

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

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

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

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

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

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

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

67. As the transmission system has already completed 12 years of useful life, the remaining depreciable value is spread over the balance useful life of the transmission system in the 2019-24 tariff period as prescribed under Regulation 33(5) of 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 allowed for the transmission system for 2019-24 tariff period is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	850.65	850.65	850.65	850.65	850.65
ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	850.65	850.65	850.65	850.65	850.65
Average Gross Block	850.65	850.65	850.65	850.65	850.65
Weighted average rate of Depreciation (WAROD) (%)	2.27	2.27	2.27	2.27	2.27
Balance useful life of the asset (Year)	4	3	2	1	0
Lapsed life (Year)	29	30	31	32	33
Aggregate Depreciable Value	765.59	765.59	765.59	765.59	765.59
Remaining Depreciable Value at the beginning of the year	77.24	57.93	38.62	19.31	0.00
Depreciation during the year	19.31	19.31	19.31	19.31	0.00
Cumulative Depreciation at the end of the year	707.66	726.97	746.28	765.59	765.59
Remaining Depreciable Value at the end of the year	57.93	38.62	19.31	0.00	0.00

68. The Petitioner has not claimed any IoL.

Return on Equity (RoE)

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

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

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

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



Provided further that:

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

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

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

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

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

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

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

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

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

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



Illustration-

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

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

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

- (a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;
- (b) Estimated Advance Tax for the year on above is Rs 240 crore;
- (c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore/Rs 1000 Crore = 24%;
- (d) Rate of return on equity = $15.50 / (1-0.24) = 20.395\%$.

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

70. As observed above, equity from 2023-24 onwards has been restricted to 30% as per first proviso to Regulation 18(3) of the 2019 Tariff Regulations. 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 system is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	425.43	425.43	425.43	425.43	255.20**
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	425.43	425.43	425.43	425.43	255.20
Average Equity	425.43	425.43	425.43	425.43	255.20
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity	79.90	79.90	79.90	79.90	47.93

**Equity in excess of 30% removed



Operation & Maintenance Expenses (O&M Expenses)

71. The Petitioner has claimed the O&M Expenses for the tariff period 2019-24 as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bay					
Imphal - 132 kV Loktak-II bay	1 Number				
Norms (₹ lakh/bays)	16.08	16.64	17.23	17.83	18.46
O&M Expenses (₹ in lakh)	16.08	16.64	17.23	17.83	18.46
Transmission lines					
S/C (Twin/Triple Conductor)					
132 kV S/C Loktak-Imphal-2 T/L (Length:35.04 km)					
132 kV S/C Imphal-Imphal T/L (length : 1.50 km)					
132 kV S/C Jiribam-Loktak T/L (Length: 82.40 km)					
Norms (₹ lakh/bays)	0.252	0.26	0.27	0.279	0.289
O&M Expenses (₹ in lakh)	29.97	30.92	32.12	33.19	34.37
Total O&M Expenses (₹ in lakh)	46.05	47.56	49.35	51.02	52.83

72. The norms specified under Regulation 35(3) and 35(4) of the 2019 Tariff Regulations is as follows:

“35. Operation and Maintenance Expenses:

...

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

73. The O&M Expenses have been allowed for the transmission system as per the norms specified in the 2019 Tariff Regulations and the same are as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bay					
Imphal - 132 kV Loktak-II bay	1 Number				
Norms (₹ lakh/bays)	16.08	16.64	17.23	17.83	18.46
O&M Expenses (₹ in lakh)	16.08	16.64	17.23	17.83	18.46
Transmission lines					
S/C (Twin/Triple Conductor)					
132 kV S/C Loktak-Imphal-2 T/L (Length: 35.04 Km)	35.04 km				
132 kV S/C Imphal-Imphal T/L (1.50 km)	1.50 km				



132 kV S/C Jiribam-Loktak T/L (82.40 km)	82.40 km				
Norms (₹ lakh/bays)	0.252	0.26	0.27	0.279	0.289
O&M Expenses (₹ in lakh)	29.97	30.92	32.11	33.18	34.37
Total O&M Expenses (₹ in lakh)	46.05	47.56	49.34	51.01	52.83

Interest on Working Capital (IWC)

74. Regulation 34(1)(c), Regulation 34(3), Regulation 34(4) and Regulation 3(7) of the 2019 Tariff Regulations provide 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;”

75. The Petitioner has submitted that it has computed IWC for 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%. 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, whereas, rate of IWC for the period 2020-21 onwards has been considered as 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points). The components of the working capital and interest thereon allowed for the transmission system are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M Expenses for 1 month)	3.84	3.96	4.11	4.25	4.40
Maintenance Spares (15% of O&M Expenses)	6.91	7.13	7.40	7.65	7.93
Receivables (Equivalent to 45 days of annual transmission charges)	18.29	18.51	18.73	18.95	12.74
Total Working Capital	29.04	29.60	30.25	30.85	25.06
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on Working Capital	3.50	3.33	3.40	3.47	2.82

Annual Fixed Charges of the 2019-24 Tariff Period

76. The transmission charges allowed for the transmission system for 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	19.31	19.31	19.31	19.31	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	79.90	79.90	79.90	79.90	47.93
Interest on Working Capital	3.50	3.33	3.40	3.47	2.82
O&M Expenses	46.05	47.56	49.34	51.01	52.83
Total	148.77	150.11	151.96	153.70	103.58

Filing Fee and the Publication Expenses

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



Licence Fee & RLDC Fees and Charges

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

Goods and Services Tax

79. The Petitioner has sought to recover GST on transmission charges separately from the Respondents, if GST on transmission service is withdrawn from negative list in future. The Petitioner has further submitted that 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.

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

Security Expenses

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



audited accounts may be allowed to be recovered from the beneficiaries on a yearly basis.

82. We have considered the submissions of the Petitioner. We are of the view that the Petitioner should claim security expenses for all the transmission 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 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 applicable provisions of the 2019 Tariff Regulations.

Capital Spares

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

Sharing of Transmission Charges

84. The revised transmission charges allowed for the 2004-09 tariff period shall be recovered as per order dated 8.9.2009 in Petition No. 83/2006 and for 2009-14 tariff period shall be recovered as per order dated 26.11.2015 in Petition No. 172/TT/2014.

85. 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 2014-19 tariff period and Regulation 57 of the 2019 Tariff Regulations for 2019-24 tariff period.



86. To summarise:

(a) The revised Annual Fixed Charges allowed for the transmission system for the 2007-09 tariff period as per the APTEL's judgements are:

(₹ in lakh)		
Particulars	2007-08	2008-09
Annual Fixed Charges	145.54	148.31

(b) The revised Annual Fixed Charges allowed for the transmission system for 2009-14 tariff period are:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Annual Fixed Charges	150.67	156.47	159.59	162.85	167.22

(c) The trued-up Annual Fixed Charges allowed for the transmission system for 2014-19 tariff period are:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges	162.27	164.62	166.58	168.59	170.87

(d) The Annual Fixed Charges approved for the 2019-24 tariff period for the transmission system are:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	148.77	150.11	151.96	153.70	103.58

87. This order disposes of Petition No. 312/TT/2019 in terms of the above discussion and findings.

sd/-
(Pravas Kumar Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson

