

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 322/TT/2020

Coram:

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

Date of Order: 27.09.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and revision of transmission tariff of the 2001-04, 2004-09 and 2009-14 tariff periods and truing up of transmission tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for 50 MVAR Reactor along with associated equipment at Chandrapur Sub-station in Western Region.

And in the matter of:

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

.....Petitioner

Versus

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008.
2. Madhya Pradesh Power Transmission Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008.
3. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited,
3/54, Press Complex,
Agra-Bombay Road, Indore-452008.
4. Maharashtra State Electricity Distribution Company Limited,
Hongkong Bank Building, 3rd Floor,
M.G. Road, Fort, Mumbai-400001.



5. Maharashtra State Electricity Transmission Company Limited,
Prakashganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East) Mumbai-400051.
6. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara-390007.
7. Gujarat Energy Transmission Corporation Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara-390007.
8. Electricity Department,
Govt. of Goa,
Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa-403001.
9. Electricity Department,
Administration of Daman & Diu,
Daman-396210.
10. Electricity Department,
Administration of Dadra Nagar Haveli,
U.T., Silvassa-396230.
11. Chhattisgarh State Electricity Board,
P. O. Sunder Nagar, Dangania,
Raipur, Chhattisgarh-492013.
12. Chhattisgarh State Power Transmission Company Limited,
State Load Despatch Building, Dangania, Raipur-492013.
13. Chhattisgarh State Power Distribution Company Limited,
P. O. Sunder Nagar, Dangania,
Raipur, Chhattisgarh-492013.

.....Respondent(s)

For Petitioner : Shri S. S. Raju, PGCIL
Shri D. K. Biswal, PGCIL
Shri A. K. Verma, PGCIL
Shri V. P. Rastogi, PGCIL

For Respondent : Shri Anindya Khare, MPPMCL



ORDER

The Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, has filed the instant petition for revision of transmission tariff of the 2001-04, 2004-09 and 2009-14 tariff periods; truing up of transmission tariff for the period from 1.4.2014 to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”); and for determination of transmission tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) of 50 MVAR Reactor along with associated equipment at Chandrapur Sub-station (hereinafter referred to as “the transmission asset”) in Western Region.

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

- “1) Approve the revised Transmission Tariff for 2001-04 block, 2004-09 block and 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) a) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9 and 10 above for respective block.*
b) Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long term transmission customers /Dlc as the case may be, as and when materialized as per regulation 49 of 2014 and regulation 67 of 2019 tariff regulation. The petitioner may be allowed to recover the deferred tax liability materialised directly without making any application before the commission as provided in the regulation.
- 4) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.*



- 5) *Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the beneficiaries in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 6) *Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the beneficiaries.*
- 7) *Allow the petitioner to 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 beneficiaries, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

3. **Backdrop of the case**

- a) The Petitioner was entrusted with the implementation of the transmission asset. In the 98th meeting of Western Regional Electricity Board held on 3.3.1995, the beneficiaries of the Western Region had agreed to share transmission tariff on account of installation, commissioning, operation and maintenance of the transmission asset.
- b) The Board of Directors of the Petitioner's company accorded Investment Approval for installation of the transmission asset in 32nd meeting held on 18.3.1994 at an estimated cost of ₹630.00 lakh, including IDC of ₹57.00 lakh. The transmission asset was scheduled to be completed during 1995-96 but it was put under commercial operation on 1.4.1997.
- c) The transmission tariff of the transmission asset for the period from 1997-98 up to 2000-2001 was allowed by the Commission vide order dated



6.6.2002 in Petition No. 52/2001. Based on the terms and conditions of tariff contained in the Commission's notification dated 26.3.2001, the transmission tariff including the Foreign Exchange Rate Variation (FERV) with respect to the transmission asset for the period from 1.4.2001 to 31.3.2004 was allowed vide order dated 31.7.2003 in Petition No. 48/2002.

d) The Appellate Tribunal for Electricity (APTEL) vide judgment dated 4.10.2006 in Appeal No. 135/2005 (against the Commission's order dated 30.6.2006 in Petition No. 40/2002) and other related appeals, *inter-alia*, held that addition of notional equity on account of FERV is not to be considered for computation of Return on Equity (RoE) and as a consequence, the entire amount of FERV shall form part of loan. The said decision was reiterated by the APTEL vide judgment dated 22.12.2006 in Appeal No. 161/2006 (M.P. State Electricity Board vs. Power Grid Corporation of India Limited & Ors.).

e) The APTEL vide judgment dated 31.10.2007 in Appeal No. 159/2005, *inter-alia*, held that Interest on Loan (IoL) capital should be determined based on normative debt repayment formula.

f) The above rulings of the APTEL, on the question of apportionment of FERV and computation of IoL have been considered to be judgments *in rem* and, therefore, based on the implementation of the above-mentioned judgments in the instant case, the revised transmission tariff of the transmission asset for the 2001-04 tariff period was allowed vide order dated 17.1.2008 in Petition No. 48/2002.

g) The transmission tariff of the transmission asset for the period from 1.4.2004 to 31.3.2009 was allowed vide order dated 25.4.2006 in Petition No. 116/2004. While allowing tariff, the Commission adopted capital cost, loan, equity etc. considered for determination of tariff for the 2001-04 tariff period and FERV for the period upto 31.3.2004 was capitalized and apportioned between debt and equity in the same ratio as considered for the 2001-04 period.



h) Based on the above-mentioned judgments of the APTEL, the transmission tariff of the transmission asset for the 2004-09 tariff period was revised vide order dated 29.4.2008 in Petition No. 116/2004.

i) The transmission tariff of the transmission asset for the period from 1.4.2009 to 31.3.2014 was allowed vide order dated 7.10.2010 in Petition No. 54/2010 which was subsequently trued-up with determination of tariff of the transmission asset for the 2014-19 tariff period vide order dated 7.10.2015 in Petition No. 152/TT/2014.

j) The Petitioner has prayed for revision of transmission tariff allowed for the 2001-04 and 2004-09 tariff periods on account of change in IoL and Interest on Working Capital (IWC) to the extent of revision in IoL and in Maintenance Spares in terms of the APTEL judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and 13.6.2007 in Appeal No. 139 of 2006 and batch matters; consequential revision of transmission tariff allowed for the 2009-14 tariff period; truing up of transmission tariff of the 2014-19 tariff period and determination of transmission tariff of the 2019-24 tariff period for the transmission asset.

k) The APTEL vide judgment dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters pertaining to generating stations of NTPC had considered 4 (four) issues. The issues considered by the APTEL and its decisions/ directions are as follows:

Sr. No.	Issue	APTEL's decision/ direction
1	Whether APTEL can enquire into the validity of Regulations framed by the Commission	Challenge to the validity of Regulations framed by the Commission falls outside the purview of APTEL
2	Computation of IoL	In view of the order of APTEL dated 14.11.2016 in Appeal Nos. 94 and 96 of 2005 and order dated 24.1.2007 passed in Appeal Nos. 81 to 87, 89 to 93 of 2005, computation of loan has to be based on loan repayment on normative basis. The Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis



3(a)	O&M Expenses: Inadequate provision of employee costs as part of O&M Expenses due to variation in salary and wages	Commission's view upheld
3(b)	O&M Expenses: Non-inclusion of incentives and ex-gratia payment to employees	Commission's view upheld
4	Cost of spares for calculation of working capital	Commission's view upheld

I) The APTEL vide judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters pertaining to generating stations of NTPC had considered 9 (nine) issues. The issues considered and the decisions/ directions of the APTEL are as follows:

Sr. No.	Issue	APTEL's decision/ direction
I	Computation of outstanding loan at the beginning of the tariff period i.e. 1.4.2004	The Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis
II	Consequence of refinance of loan	The Commission to consider the issue afresh
III	Treating depreciation available as deemed repayment of loan	The Commission to make a fresh computation of outstanding loan
IV	Admissibility of depreciation up to 90%	The Commission to consider the issue afresh
V	Cost of Maintenance Spares	The Commission to consider the issue afresh
VI	Impact of de-capitalization of the assets on cumulative repayment of loan	The cumulative repayment of the loan proportionate to the assets de-capitalized required to be reduced. The Commission to act accordingly.
VII	Non-consideration of normative transit loss for coal import	The Commission to consider afresh the transit losses for coal imported from coal mines other than the dedicated ones.
VIII	FERV	FERV has been kept as pass through to ensure that any liability or gain, if any, arising on account of any variation in foreign exchange rates is passed on to the beneficiary as held in order dated 4.10.2006 in Appeals Nos.135 to 140 of 2005. The Commission to act accordingly.
IX	Computation of IoL in Singrauli Station	Net loan closing at the end of a year is reflected as net loan opening on the first day of the next year. The Commission shall re-compute the interest accordingly



m) The Commission and certain interested parties preferred Civil Appeals against the APTEL's judgments before the Hon'ble Supreme Court in 2007. The Appeals were admitted and initially stay was granted by the Hon'ble Supreme Court. Subsequently, on an assurance by NTPC 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.

n) Based on the APTEL's judgments dated 22.1.2007 and 13.6.2007, the Petitioner had 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.

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

p) Consequent to the Hon'ble Supreme Court order 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 petition for the 2014-19 tariff period.

q) The instant petition was heard on 3.8.2021 and in view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the order of Hon'ble Supreme Court dated 10.4.2018, tariff is being revised. Period-wise transmission tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods and suitable assumptions have been made at certain places and applied, which are indicated.



3. The Respondents are distribution licensees, power departments and transmission licensees which are procuring transmission services from the Petitioner, mainly beneficiaries of Western Region.

4. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No. 1, has filed its reply vide affidavit dated 5.6.2020 and has raised the issues of revision of transmission tariff of the 2004-09 and 2009-14 periods and effective tax rates considered for grossing up Return on Equity (RoE). The Petitioner has filed its rejoinder vide affidavit dated 8.6.2021. The issues raised by MPPMCL and the clarifications given by the Petitioner are considered in the relevant portions of this order.

Re: Interest on Loan

5. APTEL while dealing with the issue of computation of IoL in judgment dated 22.1.2007 in Appeal No.81 of 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 & 96 of 2005. The APTEL vide judgment 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



judgment of the APTEL, interest allowed for the 2001-04 and 2004-09 tariff periods is to be revised on the basis of the normative debt repayment methodology.

Re: Additional Capital Expenditure (ACE)

6. APTEL in judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters held that ACE after Commercial Operation Date (COD) should also be considered for computation of maintenance spares. In view of the judgment of APTEL, maintenance spares to be considered for computation of working capital for the 2001-04 and 2004-09 tariff periods are also required to be revised taking into consideration ACE after COD.

Re: Depreciation

7. As regards depreciation, APTEL in its judgment dated 13.6.2007 in Appeal No. 139 of 2006 observed that depreciation is an expense and it cannot be deployed for deemed repayment of loan and accordingly directed the Commission to compute the outstanding loan afresh. In view of the above directions of the APTEL, the outstanding loan allowed for the transmission asset for the 2001-04 and 2004-09 periods is revised in the instant order.

8. The revision of transmission tariff allowed for the 2001-04 and 2004-09 tariff periods necessitates the revision of transmission tariff allowed for the 2009-14 tariff period, which is also being done in the present order. The implementation of the directions of the APTEL vide judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters was kept pending in case of the Petitioner was kept awaiting the outcome of the Civil Appeals filed before the Hon'ble Supreme Court. Taking into consideration the facts of the case and keeping in view the interest of the consumers, we are of the view that the



beneficiaries should not be burdened with the carrying cost for the difference in the tariff allowed earlier and allowed in the instant order for the 2001-04, 2004-09 and 2009-14 tariff periods. Therefore, we direct that the Petitioner will neither claim nor pay any carrying cost from or to the beneficiaries for the difference, if any, in the tariff allowed earlier and the tariff being allowed in the instant order. Further, the said difference in tariff shall be recovered/ paid over a period of six months from the date of issue of this order.

9. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 7.1.2020, MPPMCL's reply filed vide affidavit dated 5.6.2020, Petitioner's rejoinder to MPPMCL's reply filed vide affidavit dated 8.6.2021 and Petitioner's affidavit dated 8.7.2021 filed in compliance of the technical validation letter.

10. The hearing in this matter was held on 3.8.2021 through video conference and the order was reserved. Having heard the representatives of the Petitioner, Respondent and after perusal of the materials the materials on record, we proceed to dispose of the petition.

REVISION OF TRANSMISSION CHARGES ALLOWED FOR THE 2001-04, 2004-09 AND 2009-14 TARIFF PERIODS

2001-04 Period

11. The Commission vide orders dated 31.7.2003 and 17.1.2008 in Petition No. 48/2002 had allowed the transmission charges for the transmission asset for the 2001-04 tariff period as follows:



(₹ in lakh)			
Particulars	2001-02	2002-03	2003-04
Depreciation	15.83	15.83	15.83
Interest on Loan	12.44	11.69	10.90
Return on Equity	33.27	33.27	33.27
Advance against Depreciation	0.00	0.00	0.00
O&M Expenses	11.19	11.86	12.57
Interest on Working Capital	2.11	2.15	2.19
Total	74.84	74.79	74.76

12. The Petitioner has claimed the revised transmission charges for the transmission asset for the 2001-04 period in the instant petition as follows:

(₹ in lakh)			
Particulars	2001-02	2002-03	2003-04
Depreciation	15.83	15.83	15.83
Interest on Loan	12.43	11.67	10.88
Return on Equity	33.27	33.27	33.27
Advance against Depreciation	0.00	0.00	0.00
O&M Expenses	11.19	11.86	12.57
Interest on Working Capital	2.11	2.15	2.19
Total	74.83	74.78	74.74

13. We have considered the submissions of the Petitioner. The transmission tariff is allowed for the transmission asset on the basis of the following:

- a) Admitted capital cost as on 1.4.2001 of ₹439.67 lakh including extra rupee liability of ₹48.26 lakh due to FERV for the transmission asset;
- b) Weighted Average Rate of Interest on actual loan, Weighted Average Rate of Depreciation (WAROD) adopted from orders dated 31.7.2003 and 17.1.2008 in Petition No. 48/2002; and
- c) Rate of IWC and O&M Expenses as per orders dated 31.7.2003 and 17.1.2008 in Petition No. 48/2002.

14. In view of the above, the revised transmission charges approved for the transmission asset for the 2001-04 tariff period are as follows:



(₹ in lakh)			
Particulars	2001-02	2002-03	2003-04
Depreciation	15.83	15.83	15.83
Interest on Loan	12.43	11.67	10.88
Return on Equity	33.27	33.27	33.27
Advance against Depreciation	0.00	0.00	0.00
O&M Expenses	11.19	11.86	12.57
Interest on Working Capital	2.11	2.15	2.19
Total	74.83	74.77	74.74

15. The Annual Fixed Charges (AFC) allowed earlier for the 2001-04 tariff period vide orders dated 31.7.2003 and 17.1.2008 in Petition No. 48/2002, revised AFC claimed in the instant petition and revised AFC approved in the instant order are as follows:

(₹ in lakh)			
Particulars	2001-02	2002-03	2003-04
Allowed vide orders dated 31.7.2003 and 17.1.2008 in Petition No. 48/2002	74.84	74.79	74.76
Claimed by the Petitioner in the instant petition	74.83	74.78	74.74
Approved after true-up in this order	74.83	74.77	74.74

2004-09 Period

16. The Commission vide orders dated 25.4.2006 and 29.4.2008 in Petition No 116/2004 in Petition No. 116/2004 respectively had allowed the transmission charges for the transmission asset for the 2004-09 tariff period as follows:

(₹ in lakh)					
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	16.44	16.44	16.44	16.44	16.44
Interest on Loan	10.42	9.46	8.51	7.54	6.53
Return on Equity	29.11	29.11	29.11	29.11	29.11
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
O&M Expenses	28.12	29.25	30.42	31.63	32.90
Interest on Working Capital	2.32	2.37	2.42	2.48	2.54
Total	86.40	86.63	86.90	87.20	87.52

17. The Petitioner has claimed the revised transmission charges for the transmission asset for the 2004-09 tariff period in the instant petition as follows:



(₹ in lakh)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	16.44	16.44	16.44	16.44	16.44
Interest on Loan	10.58	9.71	8.78	7.78	6.71
Return on Equity	29.11	29.11	29.11	29.11	29.11
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
O&M Expenses	28.12	29.25	30.42	31.63	32.90
Interest on Working Capital	2.32	2.37	2.43	2.48	2.54
Total	86.57	86.88	87.18	87.45	87.70

18. MPPMCL has submitted that the Commission may allow the revision in transmission tariff of the 2004-09 and 2009-14 tariff periods after prudence check of the claim and calculations submitted by the Petitioner. In response, the Petitioner has submitted that the revision of transmission tariff is claimed on account of change in IoL and IWC to the extent of revision in IoL and maintenance spares in terms of judgments of the APTEL dated 22.1.2007 and 13.6.2007 for the 2004-09 period and consequent revised transmission tariff of the 2009-14 period.

19. We have considered the submissions of the Petitioner and MPPMCL. The transmission tariff is approved for the transmission asset on the basis of the following:

- a) Admitted capital cost as on 1.4.2004 of ₹456.66 lakh including extra Rupee liability of ₹16.99 lakh due to FERV for the transmission asset;
- b) Weighted Average Rate of Interest on actual loan and WAROD adopted from orders dated 25.4.2006 and 29.4.2008 in Petition No. 116/2004;
- c) Rate of IWC and O&M Expenses as per orders dated 25.4.2006 and 29.4.2008 in Petition No. 116/2004; and
- d) The addition of ₹0.87 lakh on account of depreciation on FERV as approved vide order dated 25.4.2006 in Petition No. 116/2004 and repayment against FERV of ₹2.12 lakh capitalized during the 2001-04 period as allowed vide order dated 29.4.2008 in Petition No. 116/2004.

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



(₹ in lakh)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	16.44	16.44	16.44	16.44	16.44
Interest on Loan	10.46	9.60	8.69	7.69	6.63
Return on Equity	29.11	29.11	29.11	29.11	29.11
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
O&M Expenses	28.12	29.25	30.42	31.63	32.90
Interest on Working Capital	2.32	2.37	2.42	2.48	2.54
Total	86.45	86.77	87.08	87.35	87.62

21. AFC allowed earlier for the 2004-09 period vide orders dated 25.4.2006 and 29.4.2008 in Petition No. 116/2004, revised AFC claimed in the instant petition and the revised AFC approved in the instant order are as follows:

(₹ in lakh)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Allowed vide orders dated 25.4.2006 and 29.4.2008 in Petition No. 116/2004	86.40	86.63	86.90	87.20	87.52
Claimed by the Petitioner in the instant petition	86.57	86.88	87.18	87.45	87.70
Approved after true-up in this order	86.45	86.77	87.08	87.35	87.62

2009-14 Period

22. The Commission vide order dated 7.10.2010 in Petition No. 54/2010 had allowed the tariff for the transmission asset for the 2009-14 tariff period which was trued-up vide order dated 7.10.2015 in Petition No. 152/TT/2014. The trued-up tariff approved vide order dated 7.10.2015 is as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	12.13	12.13	12.13	12.13	12.13
Interest on Loan	8.19	7.46	6.55	5.48	4.25
Return on Equity	38.83	40.25	40.29	40.29	40.77
O&M Expenses	52.40	55.40	58.57	61.92	65.46
Interest on Working Capital	3.85	4.02	4.16	4.30	4.47
Total	115.40	119.26	121.70	124.12	127.08

23. The Petitioner has claimed the revised transmission charges for the transmission asset for the 2009-14 tariff period in this petition as follows:



(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	12.13	12.13	12.13	12.13	12.13
Interest on Loan	8.41	7.69	6.79	5.71	4.47
Return on Equity	38.83	40.25	40.29	40.29	40.77
O&M Expenses	52.40	55.40	58.57	61.92	65.46
Interest on Working Capital	3.86	4.02	4.16	4.31	4.47
Total	115.63	119.49	121.94	124.36	127.30

24. We have considered the submissions of the Petitioner. The revised transmission tariff is allowed for the transmission asset on the basis of the following:

- Admitted capital cost as on 1.4.2009 of ₹456.66 lakh for the transmission asset;
- Weighted Average Rate of Interest on actual loan and WAROD adopted from order dated 7.10.2015 in Petition No. 152/2014.

25. In view of the above, the revised transmission charges approved for the transmission asset for the 2009-14 tariff period are as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	12.13	12.13	12.13	12.13	12.13
Interest on Loan	8.31	7.58	6.68	5.61	4.37
Return on Equity	38.83	40.25	40.29	40.29	40.77
O&M Expenses	52.40	55.40	58.57	61.92	65.46
Interest on Working Capital	3.86	4.02	4.16	4.31	4.47
Total	115.52	119.38	121.82	124.25	127.20

26. AFC allowed for the 2009-14 tariff period vide order dated 7.10.2015 in Petition No. 152/TT/2014, the revised AFC claimed in the instant petition and AFC approved in the instant order are as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014	115.40	119.26	121.70	124.12	127.08
Claimed by the Petitioner in the instant petition	115.63	119.49	121.94	124.36	127.30
Approved in the instant order	115.52	119.38	121.82	124.25	127.20



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

27. The details of the trued-up transmission charges claimed by the Petitioner in respect of the transmission asset for the 2014-19 tariff period are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	12.13	12.13	12.13	12.13	12.13
Interest on Loan	3.42	2.37	1.32	0.39	0.00
Return on Equity	40.80	40.99	40.97	40.97	41.08
O&M Expenses	60.30	62.30	64.37	66.51	68.71
Interest on Working Capital	4.63	4.72	4.81	4.91	5.02
Total	121.28	122.51	123.60	124.90	126.94

28. The details of the trued-up IWC claimed by the Petitioner in respect of the transmission asset for the 2014-19 tariff period are as follows:

Particular	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	5.03	5.19	5.36	5.54	5.73
Maintenance Spares	9.05	9.35	9.66	9.98	10.31
Receivables	20.21	20.42	20.60	20.82	21.16
Total Working Capital	34.29	34.96	35.62	36.34	37.20
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	4.63	4.72	4.81	4.91	5.02

Capital Cost

29. The Commission vide order dated 7.10.2015 in Petition No. 152/TT/2014 had allowed capital cost of ₹456.66 lakh as on 1.4.2014 as well as on 1.4.2019 since the Petitioner did not claim ACE during the 2014-19 tariff period. The capital cost of the transmission asset has been calculated in accordance with Regulation 9(3) and it is as follows:

(₹ in lakh)		
Admitted Capital Cost (as on 1.4.2014)	Admitted Net ACE during 2014-19	Admitted Capital Cost (as on 31.3.2019)
456.66	0.00	456.66



30. The Petitioner has not claimed any ACE in the instant petition. Accordingly, the admitted capital cost as on 1.4.2014 of ₹456.66 lakh has been considered for working out the trued-up tariff for the 2014-19 tariff period. The details of the capital cost allowed in the instant order are as follows:

(₹ in lakh)		
Capital Cost (as on 1.4.2014)	ACE (2014-19)	Capital Cost (as on 31.3.2019)
456.66	0.00	456.66

Debt-Equity Ratio

31. 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 details of the debt-equity ratio as on 1.4.2014 and 31.3.2019 for the transmission asset is as follows:

Funding	Capital Cost (as on 1.4.2014) (₹ in lakh)	(in %)	Total Capital Cost (as on 31.3.2019) (₹ in lakh)	(in %)
Debt	248.74	54.47	248.74	54.47
Equity	207.92	45.53	207.92	45.53
Total	456.66	100.00	456.66	100.00

Depreciation

32. Depreciation has been allowed as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. The transmission asset has already completed 12 years of life before as on 1.4.2014. Therefore, depreciation has been calculated based on the remaining depreciable value to be recovered over the balance useful life. The trued-up depreciation for the 2014-19 tariff period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation					
Opening Gross Block	456.66	456.66	456.66	456.66	456.66



ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	456.66	456.66	456.66	456.66	456.66
Average Gross Block	456.66	456.66	456.66	456.66	456.66
Freehold Land	0.00	0.00	0.00	0.00	0.00
Weighted average rate of Depreciation (WAROD)(in %)	2.66	2.66	2.66	2.66	2.66
Balance useful life of the asset (Year)	8	7	6	5	4
Lapsed life of the asset (Year)	17	18	19	20	21
Depreciable Value	410.99	410.99	410.99	410.99	410.99
Depreciation during the year	12.13	12.13	12.13	12.13	12.13
Cumulative Depreciation	326.10	338.23	350.35	362.48	374.61
Remaining Depreciable Value	84.90	72.77	60.64	48.51	36.38

33. The details of depreciation allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014	12.13	12.13	12.13	12.13	12.13
Claimed by the Petitioner in the instant petition	12.13	12.13	12.13	12.13	12.13
Approved after true-up in this order	12.13	12.13	12.13	12.13	12.13

Interest on Loan

34. The Petitioner has claimed the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. We have considered the submissions of the Petitioner. IoL has been calculated based on actual interest rate submitted by the Petitioner in accordance with Regulation 26 of the 2014 Tariff Regulations. The trued-up IoL allowed in respect of the transmission asset is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	248.74	248.74	248.74	248.74	248.74



Cumulative Repayments up to Previous Year	204.46	216.59	228.72	240.84	248.74
Net Loan-Opening	44.28	32.15	20.03	7.90	0.00
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	12.13	12.13	12.13	7.90	0.00
Net Loan-Closing	32.15	20.03	7.90	0.00	0.00
Average Loan	38.22	26.09	13.96	3.95	0.00
Weighted Average Rate of Interest on Loan (in %)	8.6801	8.6801	8.6801	8.6801	8.6801
Interest on Loan	3.32	2.26	1.21	0.34	0.00

35. The details of IoL allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014	3.20	2.14	1.09	0.28	0.00
Claimed by the Petitioner in the instant petition	3.42	2.37	1.32	0.39	0.00
Approved after true-up in this order	3.32	2.26	1.21	0.34	0.00

Return on Equity

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

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

37. MPPMCL has submitted that the Petitioner has grossed-up RoE on the basis of actual taxes paid during 2016-17 and 2017-18 and has not placed on record the



assessment orders for 2016-17 and 2017-18. For 2018-19, the Petitioner has grossed-up RoE and has not claimed the effective tax rate based on actual taxes paid for 2018-19 period. MPPMCL has submitted that the Petitioner's Income Tax Assessment Orders for Financial Years 2016-17, 2017-18 and 2018-19 have not been finalized. MPPMCL has further submitted that the Petitioner has neither submitted copy of assessment orders for 2014-15 and 2015-16 periods nor audited accounts in respect of actual taxes paid for 2016-17 and 2017-18 periods and in the absence of these essential documents, it is not possible to scrutinize the claim of the Petitioner in a proper way.

38. In response, the Petitioner has submitted that the assessment orders for years 2014-15, 2015-16 and 2016-17 have been issued by the Income Tax Department and Income Tax returns for years 2017-18 and 2018-19 have been filed. The Petitioner has further submitted that the assessment order for the years 2014-15 and 2015-16 was submitted in response to technical validation letter in Petition No. 20/TT/2020 and a copy of the assessment order for the year 2016-17 has been filed in the instant petition along with the rejoinder.

39. We have considered the submissions of the Petitioner and MPPMCL. The Commission vide order dated 2.2.2021 in Petition No. 312/TT/2020 has already dealt with the above issue of MPPMCL observing that the Petitioner has submitted assessment orders issued by the Income Tax Department for the years 2014-15, 2015-16 and 2016-17 and Income Tax Returns have been filed by the Petitioner for the years 2017-18 and 2018-19. The Commission in the said order further observed that the Petitioner has submitted the documents as pointed out by MPPMCL. In view



of our finding given in the order dated 2.2.2021 in Petition No. 312/TT/2020, no fresh consideration on this issue is required.

40. The Commission in order dated 27.4.2020 in Petition No. 274/TT/2019 has arrived at the effective tax rate for the Petitioner based on the notified MAT rates and the same is as follows:

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

41. The MAT rates considered in order dated 27.4.2020 for the purpose of grossing up of rate of RoE for truing up of the tariff of the 2014-19 tariff period, in terms of the provisions of the 2014 Tariff Regulations, is considered in the instant case which is as follows:

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

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

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	207.92	207.92	207.92	207.92	207.92
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	207.92	207.92	207.92	207.92	207.92



Average Equity	207.92	207.92	207.92	207.92	207.92
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (in %)	19.610	19.705	19.705	19.705	19.758
Return on Equity	40.77	40.97	40.97	40.97	41.08

43. The details of RoE allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014	40.77	40.77	40.77	40.77	40.77
Claimed by the Petitioner in the instant petition	40.80	40.99	40.97	40.97	41.08
Approved after true-up in this order	40.77	40.97	40.97	40.97	41.08

Operation & Maintenance Expenses (O&M Expenses)

44. The total O&M Expenses claimed by the Petitioner for the transmission asset are as follows:

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
60.30	62.30	64.37	66.51	68.71

45. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission asset. The norms specified in respect of the elements covered in the transmission asset are as follows:

Element	Norms for 2014-15	Norms for 2015-16	Norms for 2016-17	Norms for 2017-18	Norms for 2018-19
400 kV Sub-station	₹60.30 lakh/bay	₹62.30 lakh/bay	₹64.37 lakh/bay	₹66.51 lakh/bay	₹68.71 lakh/bay

46. The O&M Expenses are allowed for the transmission asset as per the norms specified in Regulation 29(3) of the 2014 Tariff Regulations and are as follows:



(₹ in lakh)

Details	2014-15	2015-16	2016-17	2017-18	2018-19
Sub-station Bays					
1 Number 50 MVAR Bus Reactor bay at 400 kV Chandrapur Sub-station	60.30	62.30	64.37	66.51	68.71
Total	60.30	62.30	64.37	66.51	68.71

47. The details of O&M Expenses allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014	60.30	62.30	64.37	66.51	68.71
Claimed by the Petitioner in the instant petition	60.30	62.30	64.37	66.51	68.71
Approved after true-up in this order	60.30	62.30	64.37	66.51	68.71

Interest on Working Capital

48. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and the trued-up IWC approved for the transmission asset for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Working Capital					
WC for O&M Expenses (O&M Expenses for 1 month)	5.03	5.19	5.36	5.54	5.73
WC for Maintenance Spares (15% of O&M Expenses)	9.05	9.35	9.66	9.98	10.31
WC for Receivables (Equivalent to 2 months of annual fixed cost)	20.19	20.40	20.58	20.81	21.16
Total Working Capital	34.26	34.93	35.60	36.33	37.19
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	4.63	4.72	4.81	4.90	5.02



49. The details of IWC allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014	4.62	4.71	4.80	4.90	5.01
Claimed by the Petitioner in the instant petition	4.63	4.72	4.81	4.91	5.02
Approved after true-up in this order	4.63	4.72	4.81	4.90	5.02

Approved Annual Fixed Charges for the 2014-19 Tariff Period

50. The trued-up AFC approved for the transmission asset for the 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	12.13	12.13	12.13	12.13	12.13
Interest on Loan	3.32	2.26	1.21	0.34	0.00
Return on Equity	40.77	40.97	40.97	40.97	41.08
O&M Expenses	60.30	62.30	64.37	66.51	68.71
Interest on Working Capital	4.63	4.72	4.81	4.90	5.02
Total	121.14	122.38	123.49	124.86	126.94

51. Accordingly, the Annual Transmission Charges allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014, claimed by the Petitioner in the instant petition 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
Allowed vide order dated 7.10.2015 in Petition No. 152/TT/2014	121.02	122.05	123.16	124.59	126.63
Claimed by the Petitioner in the instant petition	121.28	122.51	123.60	124.91	126.94
Approved after true-up in this order	121.14	122.38	123.49	124.86	126.94



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

52. The Petitioner has claimed the transmission charges for the 2019-24 tariff period in respect of the transmission asset as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	12.12	12.13	12.12	0.00	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	39.05	39.05	39.05	25.73	25.73
O&M Expenses	32.15	33.28	34.45	35.66	36.91
Interest on Working Capital	2.17	2.22	2.28	1.94	2.00
Total	85.49	86.68	87.90	63.33	64.64

53. The details of IWC claimed by the Petitioner for the 2019-24 tariff period in respect of the transmission asset are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	2.68	2.77	2.87	2.97	3.08
Maintenance Spares	4.82	4.99	5.17	5.35	5.54
Receivables	10.51	10.69	10.84	7.81	7.95
Total Working Capital	18.01	18.45	18.88	16.13	16.57
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	2.17	2.22	2.28	1.94	2.00

Capital Cost

54. 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.”*

55. The Petitioner has claimed capital cost of ₹456.66 lakh as on 31.3.2019 for the transmission asset. The same has been worked out by the Commission as on 31.3.2019 and considered as the opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

56. The Petitioner has not projected any ACE during the 2019-24 tariff period for the transmission asset. Accordingly, the capital cost considered for the 2019-24 tariff period is as follows:



(₹ in lakh)		
Capital Cost (as on 1.4.2019)	ACE (2019-24)	Capital Cost (as on 31.3.2024)
456.66	0.00	456.66

Adjustment in Equity

57. 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;.....”

58. The transmission asset was put under commercial operation on 1.4.1997. The Weighted Average Life (WAL) for the transmission asset was determined as 25 years. Thus, the transmission asset shall complete its useful life on 31.3.2022. 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, then the equity shall be restricted to 30% of the total capital deployed.

59. The debt-equity ratio as on 31.3.2019 is 54.47:45.53 i.e. the equity deployed is more than 30%. Therefore, as per proviso to Regulation 18(3) of the 2019 Tariff Regulations, equity from 2022-23 onwards has been restricted to 30%. Depreciation has been fully recovered upto 90% of the capital cost by the year 2021-22 and the loan has already been re-paid prior to the 2019-24 period. Accordingly, the capital cost for the 2019-24 tariff period is allowed as follows:



(₹ in lakh)	
Particulars	Amount
Closing equity as on 31.3.2020	207.92
Closing equity as on 31.3.2021	207.92
Closing equity as on 31.3.2022** (a)	207.92
Equity in excess of 30% (b)	70.92
Equity admissible as on 1.4.2022*** (a) – (b)	137.00

**Represents 45.53% of Gross Block of ₹456.66 lakh

***Represents 30% of Gross Block of ₹456.66 lakh

Debt-Equity Ratio

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

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

Provided that:

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

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

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

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

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019, if the equity actually deployed as on 1.4.2019 is more than 30% of



the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

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

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

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

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

Debt-Equity for Capital Cost as on 1.4.2019

(₹ in lakh)		
Funding	Capital Cost (as on 1.4.2019) (₹ in lakh)	(in %)
Debt	248.74	54.47
Equity	207.92	45.53
Total	456.66	100.00

Debt-Equity for Capital Cost as on 31.3.2024

(₹ in lakh)	
Funding	Capital Cost (as on 31.3.2024)
Debt	248.74
Equity	207.92**
Total	456.66

**Equity to be serviced as on 31.3.2023 is ₹137.00 lakh (₹207.92 lakh - ₹70.92 lakh i.e. Equity in excess of 30% reduced as discussed in Para. 65 above)



Depreciation

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

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

*"(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."

63. The transmission asset has already completed more than 12 years before 1.4.2019. Accordingly, depreciation has been calculated based on the remaining depreciable value (upto 90% of existing gross block of assets) to be recovered over the balance useful life upto 31.3.2022 and thereafter no depreciation is allowed. The depreciation allowed for the transmission asset for the 2019-24 period is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	456.66	456.66	456.66	456.66	456.66
ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	456.66	456.66	456.66	456.66	456.66
Average Gross Block	456.66	456.66	456.66	456.66	456.66
Freehold Land	0.00	0.00	0.00	0.00	0.00
Weighted average rate of Depreciation (WAROD) (in %)	2.66	2.66	2.66	0.00	0.00
Balance useful life of the Asset at the beginning of the year (Year)	3	2	1	0	0
Lapsed life at the beginning of the year (Year)	22	23	24	25	26
Depreciable Value	410.99	410.99	410.99	410.99	410.99
Depreciation during the year	12.13	12.13	12.13	0.00	0.00
Cumulative Depreciation at the end of the year	386.74	398.87	410.99	410.99	410.99
Remaining Depreciable Value at the end of the year	24.26	12.13	0.00	0.00	0.00

Interest on Loan

64. The Petitioner has not claimed any IoL in respect of the transmission asset during 2019-24 tariff period.

Return on Equity

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

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

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

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

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under



commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

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

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

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

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

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

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

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

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

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.”

66. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. As observed, equity from 2022-23 onwards has been restricted to 30% as per 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 asset for the 2019-24 tariff period is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	207.92	207.92	207.92	207.92	137.00
Adjustment of equity	0.00	0.00	0.00	70.92	0.00
Net Opening Capital	207.92	207.92	207.92	137.00	137.00
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	207.92	207.92	207.92	137.00	137.00
Average Equity	207.92	207.92	207.92	137.00	137.00
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
Return on Equity	39.05	39.05	39.05	25.73	25.73



Operation & Maintenance Expenses

67. The O&M Expenses claimed by the Petitioner for the transmission asset for the 2019-24 tariff period are as follows:

(₹ in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
32.15	33.28	34.45	35.66	36.91

68. Regulation 35(3)(a) of the 2019 Tariff Regulations provides 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
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for HVDC stations					
<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 year

(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.”

69. We have considered the submissions of the Petitioner. The O&M Expenses allowed are as follows:

	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses					
1 Number 50 MVAR Bus Reactor bay at 400 kV Chandrapur Sub-station					
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
Total O&M expenses allowed (₹ in lakh)	32.15	33.28	34.45	35.66	36.91

Interest on Working Capital

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

“34. Interest on Working Capital

(1) The working capital shall cover:

.....

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

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



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

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

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

“3.Definitions ...

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

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

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
WC O&M Expenses (O&M Expenses for 1 month)	2.68	2.77	2.87	2.97	3.08
WC for Maintenance Spares (15% of O&M Expenses)	4.82	4.99	5.17	5.35	5.54
WC for Receivables (Equivalent to 45 days of annual transmission charges)	10.51	10.67	10.80	7.78	7.92
Total Working Capital	18.01	18.43	18.84	16.10	16.53
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	2.17	2.07	1.98	1.69	1.74



Annual Fixed Charges of the 2019-24 Tariff Period

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	12.13	12.13	12.13	0.00	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	39.05	39.05	39.05	25.73	25.73
O&M Expenses	32.15	33.28	34.45	35.66	36.91
Interest on Working Capital	2.17	2.07	1.98	1.69	1.74
Total	85.50	86.53	87.61	63.08	64.38

Filing Fee and the Publication Expenses

73. 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

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

Goods and Services Tax

75. 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.

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

Security Expenses

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

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

Capital Spares

79. 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

80. During the tariff periods 2001-04, 2004-09 and 2009-14 (upto to 30.6.2011), the transmission charges for inter-State transmission systems were being shared in accordance with the Tariff Regulations for the respective tariff periods. With effect from 1.7.2011, sharing of transmission charges for inter-state transmission systems is governed by the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2010. With effect from 1.11.2020, sharing of transmission charges is governed by Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2020 (in short, “the 2020 Sharing Regulations”). Accordingly, the liabilities of the DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2)(b) of the 2020 Sharing Regulations. For subsequent period, the billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

81. To summarise:

- a) The revised AFC approved for the transmission asset for the 2001-04 tariff period in terms of the APTEL’s judgments are as follows:

(₹ in lakh)		
2001-02	2002-03	2003-04
74.83	74.77	74.74

- b) The revised AFC approved for the transmission asset for the 2004-09 tariff period in terms of the APTEL’s judgments are as follows:



(₹ in lakh)				
2004-05	2005-06	2006-07	2007-08	2008-09
86.45	86.77	87.08	87.35	87.62

- c) The consequential revision of AFC approved for the transmission asset for the 2009-14 tariff period are as follows:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
115.52	119.38	121.82	124.25	127.20

- d) The trued-up AFC approved for the transmission asset for the 2014-19 tariff period are as follows:

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
121.14	122.38	123.49	124.86	126.94

- e) AFC allowed for the transmission asset for the 2019-24 tariff period in this order are as follows:

(₹ in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
85.50	86.53	87.61	63.08	64.38

82. This order disposes of Petition No. 322/TT/2020 in terms of the above discussions and findings.

sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson

