

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 326/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: 31.08.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and revision of transmission tariff for 2004-09 and 2009-14 periods and truing up of transmission tariff of 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff for 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for transmission project consisting of **Asset-I:** Tala-Siliguri Transmission System and **Asset-II:** Remaining part of Tala-Siliguri Transmission System in the Eastern Region.

And in the matter of:

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

.....**Petitioner**

Vs.

1. Bihar State Power (Holding) Company Limited,
(Formerly Bihar State Electricity Board -BSEB),
Vidyut Bhavan, Bailey Road, Patna – 800001.
2. West Bengal State Electricity Distribution Company Limited,
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lake City,
Calcutta – 700091.
3. Grid Corporation of Orissa Limited,
Shahid Nagar, Bhubaneswar – 751007.



4. Jharkhand State Electricity Board,
In Front of Main Secretariat,
Doranda, Ranchi – 834002.
5. Damodar Valley Corporation,
DVC Tower, Maniktala,
Civic Centre, VIP Road, Calcutta – 700054.
6. Power Department,
Government of Sikkim, Gangtok – 737101.

...Respondent(s)

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

For Respondent: Shri Navin Prakash, Advocate, BSPCL

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for revision of transmission tariff of 2004-09 and 2009-14 periods; truing up of capital expenditure 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 tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) for the period from 1.4.2019 to 31.3.2024 in respect of the following transmission assets under “Tala-Siliguri Transmission System in the Eastern Region” (hereinafter referred to as “the transmission project”):

Asset-I: Tala – Siliguri Transmission System; and

Asset-II: Remaining part of Tala-Siliguri 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.

Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long term transmission customers /DICs 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 materialized directly without making any application before the commission as provided in the regulation.

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

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

6) Allow the petitioner to 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 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.

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

9) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is 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 Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner's Company *vide* Memorandum dated 17.7.2002 at an estimated cost of ₹23153.00 lakh, including IDC of ₹1789.00 lakh. Subsequently, the approval of the Revised Cost Estimate (RCE) was accorded by the Board of Directors of the Petitioner's Company *vide* Memorandum dated 20.10.2006 at an estimated cost of ₹28779.00 lakh, including IDC of ₹2377.00 lakh.

b. The scope of the work as per IA is as follows:

Asset-I consisting of the following:

(a) 400 kV D/C Tala-Siliguri Line-I (India portion)

(b) Tala Ckt. I & II Main & Tie bays at New Siliguri Sub-station

(c) 63 MVAR Bus Reactor alongwith associated bays New Purnea Sub-station

(d) 63 MVAR Bus Reactor-I at Siliguri

(e) 63 MVAR Bus Reactor-II at Siliguri

(f) LILO of 1 Ckt. of 400 kV Bongaigaon-Malda at New Siliguri Sub-station.

Asset-II (the remaining part of Tala-Siliguri Transmission System) consisting of 400 kV D/C Tala-Siliguri Line-II (India portion) and LILO of 400 kV Bongaigaon-Malda at New Purnea Sub-station.

c. The entire scope of the work as per IA is covered in the instant petition.

d. The transmission tariff was first approved for the period from COD to 31.3.2009 for the transmission assets *vide* order dated 23.5.2008 in Petition No. 136/2007. The transmission tariff was revised for the aforesaid period due to revision of Additional Capital Expenditure (ACE) for the transmission assets *vide* orders dated 29.1.2009 and 26.4.2010 in Petition No. 99/2008 and Petition No. 41/2010 respectively.



e. Transmission tariff for the transmission assets for the period from 1.4.2009 to 31.3.2014 was determined *vide* order dated 8.4.2011 in Petition No. 225/2010.

f. Transmission 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 30.12.2015 in Petition No. 435/TT/2014.

g. The Petitioner has sought revision of transmission tariff approved 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 in Appeal No. 81/2005 and batch matters and dated 13.6.2007 in Appeal No. 139/2006 and batch matters. The Petitioner has sought consequential revision of tariff allowed for 2009-14 tariff period and truing up of tariff of 2014-19 tariff period and determination of tariff for 2019-24 tariff period for transmission assets in the Eastern Region.

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

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 interest on loan.	In view of the order of the APTEL dated 14.11.2016 in Appeal No. 94 of 2005 and Appeal No. 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	Commission's view upheld



	of incentives and ex-gratia payment to employees	
4	Cost of spares for calculation of working capital	Commission's view upheld

i. APTEL in its judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters pertaining to generating stations of NTPC had considered 9 issues. The issues considered and the decisions of APTEL are given in the following table:

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	Commission to consider the issue afresh.
III	Treating depreciation available as deemed repayment of loan	Commission to make a fresh computation of outstanding loan.
IV	Admissibility of depreciation up to 90%	Commission to consider the issue afresh
V	Cost of Maintenance Spares	Commission to consider the issue afresh.
VI	Impact of de-capitalisation of the assets on cumulative repayment of Loan	The cumulative repayment of the loan proportionate to the assets decapitalized required to be reduced. Commission to act accordingly.
VII	Non-consideration of normative transit loss for coal import.	Commission to consider afresh the transit losses for coal imported from coal mines other than the dedicated ones.
VIII	Foreign Exchange Rate variation (FERV)	FERV has been kept as pass through to ensure that any liability or gain, if any, arising on account of any variation in foreign exchange rates is passed on to the beneficiary as held in order dated 4.10.2006 in Appeals No.135 to 140 of 2005. Commission to act accordingly.
IX	Computation of interest on loan 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. Commission shall re-compute the interest accordingly.

j. 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.



k. Based on the APTEL's judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and 13.6.2007 in Appeal No. 139 of 2007 and batch matters, the Petitioner has sought revision of tariff of its transmission assets for 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 to revive the same after the disposal of the Civil Appeals by the Hon'ble Supreme Court.

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

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

n. Accordingly, the Petitioner has sought revision of transmission tariff approved for 2004-09 tariff period on account of change in IoL and IWC to the extent of revision in IoL and in Maintenance Spares in terms of the APTEL's judgements dated 22.1.2007 and 13.6.2007.

o. The instant petition was heard on 6.4.2021 and in view of APTEL's judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters along with judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters and the order of Hon'ble Supreme Court dated 10.4.2018, transmission tariff is being revised. Although, period-wise transmission tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods, suitable assumptions at certain places, if required, are being applied, which are indicated.

p. The dates of commercial operation of the transmission assets are as follows:



Asset	COD
Asset-I	1.10.2005
Asset-II	1.5.2006
Combined Asset-I and Asset-II	1.5.2006 (Combined Notional COD)

q. The capital cost of ₹11971.32 and ₹14244.23 lakh for Asset-I and Asset-II as on 1.10.2005 and 1.5.2006 respectively, has been approved by the Commission vide order dated 23.5.2008 in Petition No. 137/2007. The tariff from 1.4.2004 was worked out based on the admitted capital cost as stated above. Accordingly, tariff is being revised for 2004-09 and 2009-14 periods in terms of the APTEL's judgement 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.

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

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

6. This order is issued considering the submissions made by the Petitioner in the petition vide affidavits dated 14.9.2019 and 30.7.2020.

7. The hearing in this matter was held on 6.4.2021 through video conference and order was reserved.

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



Re: Interest on Loan (IoL)

9. APTEL while dealing with the issue of computation of IoL, in judgement 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 No. 94 of 2005 and Appeal No. 96 of 2005. APTEL *vide* its judgement dated 14.11.2006 in Appeal No. 94 of 2005 and Appeal No. 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 Commission is required to adopt normative debt repayment methodology for working out IoL liability for the period from 1.4.1998 to 31.3.2001. In view of the judgement of APTEL, interest allowed for 2004-09 period is to be revised on the basis of the normative debt repayment methodology.

Re: Additional Capital Expenditure (ACE)

10. APTEL in its judgement dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters held that ACE after COD should also be considered for computation of maintenance spares. In view of the judgement of APTEL, maintenance spares to be considered for computation of working capital for 2004-09 period are also required to be revised taking into consideration ACE after COD.

Re: Depreciation

11. As regards depreciation, APTEL in its judgement dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters 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. Accordingly, the outstanding loan allowed for the transmission assets for 2004-09 period is revised in the instant order.



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

13. The revision of transmission tariff allowed for 2004-09 period necessitates the revision of transmission tariff allowed for 2009-14 period, which is also being done in the present order. The implementation of the directions of APTEL in judgements 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 the case of the Petitioner awaiting the outcome of the Civil Appeals filed before the Hon'ble Supreme Court. Taking into consideration the facts of the case and keeping in view the interest of the consumers, we are of the view that the beneficiaries should not be burdened with the carrying cost for the difference in the tariff allowed earlier and allowed in the instant order for 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.

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

2004-09 Period

14. The Commission approved the transmission charges for 2004-09 period *vide* order dated 23.5.2008 in Petition No. 136/2007 for Asset-I and Asset-II.. The transmission charges for 2004-09 period were further revised by the Commission *vide* orders dated 29.1.2009 in Petition No. 99/2008 and dated 26.4.2010 in Petition No. 41/2010 for Asset-I and Asset-II on account of ACE during 2007-08 and 2008-09



period. The transmission charges allowed in respect of the transmission assets are as follows:

(₹ in lakh)				
Particulars	2005-06 (Pro-rata 6 months)	2006-07	2007-08	2008-09
Asset-I				
Depreciation	179.40	374.52	389.73	392.27
Interest on Loan	299.28	608.49	609.11	572.05
Return on Equity	240.22	499.30	518.78	522.93
Advance against Depreciation	0.00	0.00	73.38	345.80
Interest on Working Capital	22.04	45.49	48.42	53.74
O&M Expenses	126.66	263.56	273.89	285.04
Total	867.60	1791.36	1913.32	2171.82

(₹ in lakh)			
Particulars	2006-07 (Pro-rata 11 months)	2007-08	2008-09
Asset-II			
Depreciation	344.57	388.47	392.19
Interest on Loan	737.21	807.37	772.97
Return on Equity	437.47	497.79	503.87
Advance against Depreciation	0.00	69.17	344.45
Interest on Working Capital	44.98	51.93	57.46
O&M Expenses	190.23	215.5	224.42
Total	1754.46	2030.22	2295.35

15. The Petitioner has claimed the following revised transmission charges in respect of the transmission assets for 2004-09 tariff period in the instant petition:

(₹ in lakh)				
Particulars	2005-06 (Pro-rata 6 months)	2006-07	2007-08	2008-09
Asset-I				
Depreciation	179.40	374.52	389.73	392.27
Interest on Loan	302.27	632.02	642.25	603.40
Return on Equity	240.22	499.30	518.78	522.93
Advance against Depreciation	0.00	0.00	0.00	5.09
Interest on Working Capital	22.13	46.84	49.23	50.07
O&M Expenses	126.66	263.56	273.89	285.04
Total	870.69	1816.25	1873.88	1858.80



Particulars	(₹ in lakh)		
	2006-07 (Pro-rata 11 months)	2007-08	2008-09
Asset-II			
Depreciation	344.57	388.47	392.19
Interest on Loan	746.14	827.06	791.51
Return on Equity	437.47	497.79	503.87
Advance against Depreciation	0.00	0.00	170.91
Interest on Working Capital	45.50	52.10	56.01
O&M Expenses	190.23	215.50	224.42
Total	1763.91	1980.92	2138.91

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

- a) The admitted capital cost of ₹11971.32 lakh for Asset-I as on 1.10.2005 and ₹14244.23 lakh for Asset-II as on 1.5.2006 has been approved by the Commission *vide* order dated 23.5.2008 in Petition No. 136/2007.
- b) Weighted Average Rate of Interest on actual loan considered *vide* orders dated 23.5.2008, 29.1.2009 and 26.4.2010 in Petition No. 136/2007, Petition No. 99/2008 and Petition No. 41/2010 respectively.
- c) Weighted Average Rate of Depreciation, Rate of Interest for Working Capital and O&M Expenses as per orders dated 23.5.2008, 29.1.2009 and 26.4.2010 in Petition No. 136/2007, Petition No.99/2008 and Petition No.41/2010 respectively.
- d) With respect to calculation of IoL for 2005-06 in respect of Asset-I, moratorium period was availed by the Petitioner and no actual repayment of loan was done. The Commission *vide* order dated 23.5.2008 in Petition No. 136/2007 has considered depreciation provided during 2005-06 period as loan repayment. Therefore, depreciation provided during 2005-06 period in respect of Asset-I has been considered as loan repayment in accordance with Regulation 56(i)(f) of the 2004 Tariff Regulations. The relevant extract of Regulation 56(i)(f) of the 2004 Tariff Regulations is as follows:

“56 (i) Interest on Loan Capital

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



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

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

(₹ in lakh)				
Particulars	2005-06 (Pro-rata 6 months)	2006-07	2007-08	2008-09
Asset – I				
Depreciation	179.40	374.52	389.73	392.27
Interest on Loan	299.28	619.22	630.25	591.73
Return on Equity	240.22	499.30	518.78	522.93
Advance against Depreciation	0.00	0.00	0.00	158.48
Interest on Working Capital	22.08	46.25	48.62	52.11
O&M Expenses	126.66	263.56	273.89	285.04
Total	867.64	1802.85	1861.27	2002.56

(₹ in lakh)			
Particulars	2006-07 (Pro-rata 11 months)	2007-08	2008-09
Asset-II			
Depreciation	344.57	388.47	392.19
Interest on Loan	746.27	826.92	791.51
Return on Equity	437.47	497.79	503.87
Advance against Depreciation	0.00	0.00	170.91
Interest on Working Capital	45.48	52.02	55.93
O&M Expenses	190.23	215.50	224.42
Total	1764.02	1980.69	2138.82

18. AFC allowed earlier for 2004-09 tariff period *vide* orders dated 23.5.2008, 29.1.2009 and 26.4.2010 in Petition No. 136/2007, Petition No.99/2008 and Petition No.41/2010 respectively, the revised AFC claimed in the instant petition and AFC allowed in the instant order are as follows:



(₹ in lakh)

Particulars	Asset-I				Asset-II		
	2005-06 (Pro-rata 6 months)	2006-07	2007-08	2008-09	2006-07 (Pro-rata 11 months)	2007-08	2008-09
AFC approved <i>vide</i> orders dated 23.5.2008, 29.1.2009 and 26.4.2010 in Petition No. 136/2007, Petition No.99/2008 & Petition No.41/2010, respectively	867.60	1791.36	1913.32	2171.82	1754.46	2030.22	2295.35
AFC claimed by the Petitioner in the instant petition	870.69	1816.25	1873.88	1858.80	1763.91	1980.92	2138.91
AFC approved in the instant order	867.64	1802.85	1861.27	2002.56	1764.02	1980.69	2138.82

2009-14 Period

19. The Commission *vide* order dated 8.4.2011 in Petition No. 225/2010 approved the tariff in respect of the Combined Asset for 2009-14 period and *vide* order dated 30.12.2015 in Petition No. 435/TT/2014 trued up the transmission tariff allowed for 2009-14 tariff period and the same is as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1499.82	1501.14	1502.16	1502.16	1502.16
Interest on Loan	1242.02	1135.57	1027.59	918.65	809.82
Return on Equity	1371.98	1423.74	1426.24	1426.24	1443.43
Interest on Working Capital	123.27	124.31	124.40	124.53	125.15
O&M Expenses	750.31	793.29	838.70	886.65	937.24
Total	4987.40	4978.05	4919.09	4858.23	4817.79

20. The Petitioner has claimed the following revised transmission charges in respect of the Combined Asset for 2009-14 tariff period in the instant petition:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1499.82	1501.14	1502.16	1502.16	1502.16
Interest on Loan	1290.06	1183.70	1075.77	966.90	858.15
Return on Equity	1371.98	1423.74	1426.24	1426.24	1443.43
Interest on Working Capital	124.27	125.31	125.41	125.54	126.16
O&M Expenses	750.31	793.29	838.70	886.65	937.24
Total	5036.44	5027.19	4968.28	4907.49	4867.14

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21. We have considered the Petitioner's claim. Tariff is allowed in respect of the Combined Asset on the basis of following:

- a) Admitted capital cost of ₹28365.34 lakh as on 1.4.2009;
- b) Weighted Average Rates of Interest on actual loan considered as per order dated 30.12.2015 in Petition No. 435/TT/2014;
- c) Weighted Average Rates of Depreciation as per order dated 30.12.2015 in Petition No. 435/TT/2014;
- d) Actual ACE of ₹50.07 lakh during 2009-14 tariff period which was approved by the Commission *vide* order dated 30.12.2015 in Petition No. 435/TT/2014.

22. In view of above, the revised transmission charges allowed in respect of the Combined Asset for 2009-14 tariff period is as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1499.82	1501.14	1502.16	1502.16	1502.16
Interest on Loan	1278.84	1172.46	1064.52	955.63	846.86
Return on Equity	1371.98	1423.74	1426.24	1426.24	1443.43
Interest on Working Capital	124.04	125.08	125.17	125.30	125.92
O&M Expenses	750.31	793.29	838.70	886.65	937.24
Total	5024.99	5015.71	4956.79	4895.98	4855.62

23. AFC allowed for 2009-14 tariff period *vide* order dated 30.12.2015 in Petition No. 435/TT/2014, the revised AFC claimed in the instant petition and AFC allowed in the instant order is as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
AFC allowed <i>vide</i> order dated 30.12.2015 in Petition No. 435/TT/2014	4987.40	4978.05	4919.09	4858.23	4817.79
AFC claimed by the Petitioner in the instant petition	5036.44	5027.19	4968.28	4907.49	4867.14
AFC approved in the instant order	5024.99	5015.71	4956.79	4895.98	4855.62



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

24. The details of trued-up annual fixed charges claimed by the Petitioner in respect of the Combined Asset for 2014-19 period is as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1502.15	1502.15	1502.15	1502.15	1502.15
Interest on Loan	749.63	641.52	534.32	430.00	336.28
Return on Equity	1444.50	1451.12	1450.39	1450.39	1454.29
Interest on Working Capital	132.56	131.80	130.94	130.23	129.89
O&M Expenses	859.40	888.05	917.48	947.96	979.37
Total	4688.24	4614.64	4535.28	4460.73	4401.98

25. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the Combined Asset for 2014-19 tariff period is as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	71.62	74.00	76.46	79.00	81.61
Maintenance Spares	128.91	133.21	137.62	142.19	146.91
Receivables	781.37	769.11	755.88	743.46	733.66
Total Working Capital	981.90	976.32	969.96	964.65	962.18
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	132.56	131.80	130.94	130.23	129.89

Capital Cost

26. The Petitioner has claimed the capital cost of ₹28415.41 lakh as on 31.3.2014 in respect of the Combined Asset as admitted by the Commission *vide* order dated 30.12.2015 in Petition No. 435/TT/2014 as the opening capital cost as on 1.4.2014 for determination of tariff. The same capital cost has been considered to work out the trued up tariff for 2014-19 tariff period in accordance with Regulation 9(3) of the 2014 Tariff Regulations.

Additional Capital Expenditure (ACE)

27. The Commission *vide* order dated 30.12.2015 in Petition No. 435/TT/2014 did not allow ACE in respect of the Combined Asset for 2014-19 period. The Petitioner



has not claimed any ACE for 2014-19 tariff period. Accordingly, the capital cost allowed for 2014-19 tariff period is as follows:

(₹ in lakh)		
Capital cost allowed as on 1.4.2014	Actual ACE 2014-2019	Capital Cost allowed as on 31.3.2019
28415.41	0.00	28415.41

Debt-Equity ratio

28. 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, debt-equity ratio allowed by the Commission for determination of tariff for the period ending on 31.3.2014 shall be considered. Accordingly, debt-equity ratio for the period ending on 31.3.2014 has been considered for the purpose of truing up of the tariff of the Combined Asset for 2014-19 period. The details of debt-equity ratio as on 1.4.2014 and 31.3.2019 in respect of the Combined Asset are as follows:

Particulars	Capital Cost as on 1.4.2014 (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	21054.91	74.10	21054.91	74.10
Equity	7360.50	25.90	7360.50	25.90
Total	28415.41	100.00	28415.41	100.00

Depreciation

29. The Gross Block during 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD has been worked out and placed as Annexure-I after taking into account the depreciation rates of Combined Asset as specified in the 2014 Tariff Regulations. Accordingly, depreciation allowed during 2014-19 tariff period is as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation					
Opening Gross Block	28415.41	28415.41	28415.41	28415.41	28415.41



Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	28415.41	28415.41	28415.41	28415.41	28415.41
Average Gross Block	28415.41	28415.41	28415.41	28415.41	28415.41
Weighted average rate of Depreciation (WAROD) (%)	5.29	5.29	5.29	5.29	5.29
Balance useful life of the asset (Year)	26	25	24	23	22
Lapsed life of the asset (Year)	7	8	9	10	11
Aggregated Depreciable Value	25573.87	25573.87	25573.87	25573.87	25573.87
Depreciation during the year	1502.16	1502.16	1502.16	1502.16	1502.16
Cumulative Depreciation at the end of the year	11800.16	13302.31	14804.47	16306.63	17808.79
Aggregate Depreciable Value at the end of the year	13773.71	12271.55	10769.40	9267.24	7765.08

30. The details of depreciation approved *vide* order dated 30.12.2015 in Petition No. 435/TT/2014, depreciation claimed by the Petitioner in the instant petition and as trued up in the instant order is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order 30.12.2015 in Petition No. 435/TT/2014	1502.16	1502.16	1502.16	1502.16	1502.16
Claimed by the Petitioner in the instant petition	1502.15	1502.15	1502.15	1502.15	1502.15
Allowed after true-up in this order	1502.16	1502.16	1502.16	1502.16	1502.16

Interest on Loan (IoL)

31. Learned counsel for BSPHCL has orally submitted that the 2014 Tariff Regulations do not permit for consideration of floating rate of interest and thus floating rate of interest shall not be allowed.

32. The Petitioner has claimed the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. Accordingly, IoL has been calculated based on actual interest rate submitted by the Petitioner in accordance with Regulation 26 of



the 2014 Tariff Regulations. IoL allowed in respect of the Combined Asset for 2014-19 tariff period is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	21054.91	21054.91	21054.91	21054.91	21054.91
Cumulative Repayments up to Previous Year	10298.00	11800.16	13302.31	14804.47	16306.63
Net Loan-Opening	10756.92	9254.76	7752.60	6250.44	4748.28
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	1502.16	1502.16	1502.16	1502.16	1502.16
Net Loan-Closing	9254.76	7752.60	6250.44	4748.28	3246.12
Average Loan	10005.84	8503.68	7001.52	5499.36	3997.20
Weighted Average Rate of Interest on Loan (%)	7.3788	7.4103	7.4679	7.6069	8.1020
Interest on Loan	738.31	630.15	522.87	418.33	323.85

33. The details of IoL approved *vide* order dated 30.12.2015 in Petition No. 435/TT/2014, IoL claimed by the Petitioner in the instant petition and as trued up in the instant order is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order 30.12.2015 in Petition No. 435/TT/2014	701.17	592.85	485.27	380.04	283.07
Claimed by the Petitioner in the instant petition	749.63	641.52	534.32	430.00	336.28
Allowed after true-up in this order	738.31	630.15	522.87	418.33	323.85

Return on Equity (RoE)

34. The Petitioner has claimed RoE for the Combined Asset in terms of Regulations 24 and 25 of the 2014 Tariff Regulations.

35. Learned counsel for BSPHCL has orally submitted that grossing up of rate of RoE as per Regulation 25(3) of the 2014 Tariff Regulations should be computed on the basis of actual tax and not on effective tax rate.



36. We have considered the submissions of the Petitioner and BSPHCL. 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 tariff period:

Year	Claimed effective tax rate (in %)	Grossed up RoE [(Base Rate)/(1-t)] (in %)
2014-15	21.018	19.625
2015-16	21.382	19.715
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

37. 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 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

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

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	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



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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	7360.50	7360.50	7360.50	7360.50	7360.50
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	7360.50	7360.50	7360.50	7360.50	7360.50
Average Equity	7360.50	7360.50	7360.50	7360.50	7360.50
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	1443.39	1450.39	1450.39	1450.39	1454.29

40. The details of RoE approved vide order dated 30.12.2015 in Petition No. 435/TT/2014, RoE claimed by the Petitioner in the instant petition and as trued up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 435/TT/2014	1443.43	1443.43	1443.43	1443.43	1443.43
Claimed by the Petitioner in the instant petition	1444.50	1451.12	1450.39	1450.39	1454.29
Allowed after true-up in this order	1443.39	1450.39	1450.39	1450.39	1454.29

Operation & Maintenance Expenses (O&M Expenses)

41. The O&M Expenses claimed by the Petitioner are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
11 Numbers 400 kV bay: Tala Bay-I, II, III, IV, Bongaigaon Bay, New Purnea Bay, Siliguri 63 MVAR Bus reactor I and II Bay, Malda II Bay, New Siliguri II Bay, Purnea 63 MVAR Bus Reactor Bay					
400 kV D/C Tala-Siliguri Line (277.364 km D/C (Twin Conductor))					
Claimed by the Petitioner in the instant petition	859.40	888.05	917.48	947.95	979.37



42. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. The norms specified in respect of the elements covered in the Combined 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
D/C (Twin/Triple Conductor) TL	₹0.707 lakh/km	₹0.731 lakh/km	₹0.755 lakh/km	₹0.780 lakh/km	₹0.806 lakh/km
400 kV Sub-station	₹60.30 lakh/ bay	₹ 62.30 lakh/ bay	₹64.37 lakh/ bay	₹66.51 lakh/ bay	₹68.71 lakh/ bay

43. We have considered the submissions of the Petitioner. The O&M Expenses allowed under Regulation 29(3) of the 2014 Tariff Regulations are as follows:

Details	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
11 Numbers 400 kV Sub-station Bays	663.30	685.30	708.07	731.61	755.81
400 kV D/C Tala-Siliguri Line (277.364 km D/C (Twin/Triple Conductor))	196.10	202.75	209.41	216.34	223.56
Total	859.40	888.05	917.48	947.95	979.37

44. The details of O&M Expenses approved *vide* order dated 30.12.2015 in Petition No. 435/TT/2014, O&M Expenses claimed by the Petitioner in the instant petition and as trued up in the instant order are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 30.12.2015 in Petition No. 435/TT/2014	859.40	888.05	917.48	947.95	979.37
Claimed by the Petitioner in the instant petition	859.40	888.05	917.48	947.96	979.37
Allowed after true-up in this order	859.40	888.05	917.48	947.95	979.37

Interest on Working Capital (IWC)

45. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and is allowed for the transmission assets as follows:



i. Maintenance spares:

Maintenance spares have been worked out based on 15% of Operation and Maintenance Expenses.

ii. O & M Expenses:

O&M Expenses have been considered for one month of the allowed O&M Expenses.

iii. Receivables:

The receivables have been worked out on the basis of 2 months of annual transmission charges as worked out above.

iv. Rate of interest on working capital:

Rate of interest on working capital is considered on normative basis in accordance with Clause (3) of Regulation 28 of the 2014 Tariff Regulations.

46. Accordingly, the trued-up IWC allowed for the Combined Asset is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
WC for O&M Expenses (O&M Expenses for One month)	71.62	74.00	76.46	79.00	81.61
WC for Maintenance Spares (15% of O & M Expenses)	128.91	133.21	137.62	142.19	146.90
WC for Receivables (Equivalent to Two months of annual fixed cost)	779.26	767.05	753.93	741.46	731.55
Total Working Capital	979.78	974.26	968.01	962.65	960.06
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	132.27	131.52	130.68	129.96	129.61

47. The details of IWC approved *vide* order dated 30.12.2015 in Petition No. 435/TT/2014, IWC claimed by the Petitioner in the instant petition and as trued up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 30.12.2015 in Petition No. 435/TT/2014	131.41	130.50	129.65	128.91	128.42
Claimed by the Petitioner in the	132.56	131.80	130.94	130.23	129.89



instant petition					
Allowed after true-up in this order	132.27	131.52	130.68	129.96	129.61

Approved Annual Fixed Charges for 2014-19 Tariff Period

48. The trued up annual fixed charges in respect of the Combined Asset for 2014-19 tariff period are as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1502.16	1502.16	1502.16	1502.16	1502.16
Interest on Loan	738.31	630.15	522.87	418.33	323.85
Return on Equity	1443.39	1450.39	1450.39	1450.39	1454.29
Interest on Working Capital	132.27	131.52	130.68	129.96	129.61
O & M Expenses	859.40	888.05	917.48	947.95	979.37
Total	4675.53	4602.27	4523.57	4448.79	4389.27

49. Accordingly, Annual Transmission Charges approved vide order dated 30.12.2015 in Petition No. 435/TT/2014, as claimed by the Petitioner in the instant petition and as approved after truing up in the instant order is as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 435/TT/2014	4637.56	4556.99	4477.99	4402.49	4336.44
Claimed by the Petitioner in the instant petition	4688.24	4614.64	4535.28	4460.73	4401.98
Allowed after true-up in this order	4675.53	4602.27	4523.57	4448.79	4389.27

50. The Annual Transmission Charges in respect of the Combined Asset approved after truing up are at variance in comparison to what was approved vide order dated 30.12.2015 in Petition No. 435/TT/2014. This is mainly due to change in cumulative depreciation and repayment as on 1.4.2014 on account of revision of tariff for earlier tariff periods, change in MAT rates for grossing up of RoE and subsequent variation in receivables.



DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

51. The Petitioner has claimed the following transmission charges in respect of the Combined Asset for 2019-24 tariff period:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	377.08	377.08	377.07	377.08	377.07
Interest on Loan	292.56	265.32	244.46	206.94	169.42
Return on Equity	1454.29	1454.29	1454.29	1454.29	1454.29
Interest on Working Capital	58.15	58.77	59.41	59.82	60.15
O&M Expenses	601.48	622.51	644.26	666.73	689.91
Total	2783.56	2777.97	2779.49	2764.86	2750.84

52. The details of IWC claimed by the Petitioner in respect of the Combined Asset for 2019-24 period are as follows:

Particular	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	50.12	51.88	53.69	55.56	57.49
Maintenance Spares	90.22	93.38	96.64	100.01	103.49
Receivables	342.24	342.49	342.68	340.87	338.22
Total Working Capital	482.58	487.75	493.01	496.44	499.20
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	58.15	58.77	59.41	59.82	60.15

Capital Cost

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

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

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

(a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*

(b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*

(c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*

(d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*



- (e) Capitalised Initial Spares subject to the ceiling rates in accordance with these regulations;
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

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

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

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



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

(a) The assets forming part of the project, but not in use, as declared in the tariff petition;

(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be decapitalised only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.

(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and

(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”

54. The Petitioner has claimed capital cost of ₹28415.41 lakh as on 31.3.2019 for the Combined Asset. The same capital cost has been admitted 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.

55. The Petitioner has not claimed any ACE for 2019-24 tariff period in respect of the transmission assets.

Debt-Equity ratio

56. 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.”

57. Debt-equity ratio for 2019-24 tariff period is allowed as per Regulation 18(3) of the 2019 Tariff Regulations. Debt-equity considered for the purpose of computation of tariff for 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	21054.91	74.10	21054.91	74.10
Equity	7360.50	25.90	7360.50	25.90
Total	28415.41	100.00	28415.41	100.00

Depreciation

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

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

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

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

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

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

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

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

Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system as the case



may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

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

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

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

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

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

59. Depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The transmission assets have completed 12 years of useful life as on 1.4.2019. Accordingly, depreciation has been calculated based on the remaining depreciable value (up to 90% of existing gross block of assets) to be recovered over the balance useful life. Depreciation allowed in respect of the Combined Asset is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	28415.41	28415.41	28415.41	28415.41	28415.41
Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	28415.41	28415.41	28415.41	28415.41	28415.41
Average Gross Block	28415.41	28415.41	28415.41	28415.41	28415.41
Weighted average rate of	1.30	1.30	1.30	1.30	1.30



Depreciation (WAROD)					
Balance useful life of the asset (Year)	21	20	19	18	17
Lapsed life of the asset (Year)	12	13	14	15	16
Aggregated Depreciable Value	25573.87	25573.87	25573.87	25573.87	25573.87
Depreciation during the year	369.77	369.77	369.77	369.77	369.77
Cumulative Depreciation at the end of the year	18178.56	18548.32	18918.09	19287.85	19657.62
Aggregate Depreciable Value at the end of the year	7395.31	7025.55	6655.78	6286.02	5916.25

Interest on Loan (IoL)

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

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

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

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

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

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

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

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

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



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

61. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during 2019-24 tariff period will be adjusted. As the actual loan is completely repaid during 2021-22, the weighted average interest on loan as on 31.3.2022 is considered for the remaining tariff period in accordance with Regulation 32(5) of the 2019 Tariff Regulations. Accordingly, the floating rate of interest, if any, shall be considered at the time of truing up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations IoL has been allowed as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	28415.41	28415.41	28415.41	28415.41	28415.41
ACE	0.00	0.00	0.00	0.00	0.00
Gross Normative Loan	21054.91	21054.91	21054.91	21054.91	21054.91
Cumulative Repayments up to Previous Year	17808.79	18178.56	18548.32	18918.09	19287.85
Net Loan-Opening	3246.12	2876.35	2506.59	2136.82	1767.06
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	369.77	369.77	369.77	369.77	369.77
Net Loan-Closing	2876.35	2506.59	2136.82	1767.06	1397.29
Average Loan	3061.24	2691.47	2321.70	1951.94	1582.17
Weighted Average Rate of Interest on Loan (%)	9.1112	9.3622	9.9500	9.9500	9.9500
Interest on Loan	278.91	251.98	231.01	194.22	157.43

Return on Equity (RoE)

62. Regulation 30 and Regulation 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.”

63. The Petitioner has submitted that MAT rate is applicable to it. Accordingly, 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 in respect of the Combined Asset is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	7360.50	7360.50	7360.50	7360.50	7360.50
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	7360.50	7360.50	7360.50	7360.50	7360.50
Average Equity	7360.50	7360.50	7360.50	7360.50	7360.50
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	1382.45	1382.45	1382.45	1382.45	1382.45



Operation & Maintenance Expenses (O&M Expenses)

64. The O&M Expenses claimed by the Petitioner in respect of the Combined Asset for 2019-24 tariff period are as follows:

(₹ in lakh)					
Details	2019-20	2020-21	2021-22	2022-23	2023-24
11 Numbers 400 kV Sub-station Bays	353.65	366.08	378.95	392.26	406.01
400 kV D/C Tala-Siliguri Line (277.364 km D/C (Twin/Triple Conductor))	244.35	252.95	261.83	270.99	280.42
O&M Expenses for PLCC @2% project cost	3.48	3.48	3.48	3.48	3.48
Total	601.48	622.51	644.26	666.73	689.91

65. The norms specified under Regulation 35(3)(a) and Regulation 35(4) of the 2019 Tariff Regulations provide 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



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	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)	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.”*

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

67. The O&M Expenses have been worked out as per the as per the norms specified in the 2019 Tariff Regulations and the same are as follows:



(₹ in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses					
11 Numbers 400 kV Sub-station Bays					
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
Total	353.65	366.08	378.95	392.26	406.01
400 kV D/C Tala-Siliguri Line (277.364 km D/C (Twin/Triple Conductor))					
Norms (₹ lakh/km)	0.881	0.912	0.944	0.977	1.011
Total	244.36	252.96	261.83	270.98	280.42
Total O&M Expenses allowed (₹ in lakh)	598.01	619.04	640.78	663.24	686.43

Interest on Working Capital (IWC)

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

“34. Interest on Working Capital

(1)...

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

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

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

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

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

“3.Definitions ...

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



69. The Petitioner has submitted that it has computed IWC for 2019-24 tariff 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%.

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
WC for O&M Expenses (O&M Expenses for One month)	49.83	51.59	53.40	55.27	57.20
WC for Maintenance Spares (15% of O&M Expenses)	89.70	92.86	96.12	99.49	102.96
WC for Receivables (Equivalent to 45 days of annual transmission charges)	330.21	329.99	330.16	328.44	325.91
Total Working Capital	469.75	474.43	479.68	483.20	486.08
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on Working Capital	56.60	53.37	53.96	54.36	54.68

Annual Fixed Charges of 2019-24 Tariff Period

71. The transmission charges allowed in respect of the Combined Asset for 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	369.77	369.77	369.77	369.77	369.77
Interest on Loan	278.91	251.98	231.01	194.22	157.43
Return on Equity	1382.45	1382.45	1382.45	1382.45	1382.45
Interest on Working Capital	56.60	53.37	53.96	54.36	54.68
O & M Expenses	598.01	619.04	640.78	663.24	686.43
Total	2685.74	2676.61	2677.97	2664.04	2650.75



Filing Fee and the Publication Expenses

72. Learned counsel for BSPHCL has orally submitted that filling fee and publication expenses to be recovered from the beneficiaries is the discretionary power of the Commission and this power may not be exercised in favour of the Petitioner. It has also been submitted on behalf of BSPHCL that as recovery of statutory charges is applicable only to generating companies and not transmission companies and thus the same shall not be allowed.

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

Licence Fee & RLDC Fees and Charges

74. The Petitioner has sought reimbursement of licence fee and RLDC fee and charges separately from the Respondents. 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

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 service at present, we are of the view that the Petitioner's prayer is premature.

Security Expenses

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

78. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses on projected basis for 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The said petition has already been disposed of by the Commission vide order dated 3.8.2021. 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 2004-09 and 2009-14 (up to 30.6.2011), the transmission charges for inter-State transmission systems were being shared in



accordance with the tariff regulations for the respective tariff periods. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the provisions of the 2010 Sharing Regulations. However, with effect from 1.11.2020, sharing of transmission charges is governed by the 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 the 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 Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection and disbursement of transmission charges for subsequent period shall be recovered in terms of the provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

81. To summarise:

- a. The revised AFC allowed in respect of the transmission assets as per the APTEL’s judgements are as follows:

(₹ in lakh)

Asset-I				Asset-II		
2005-06	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
867.64	1802.85	1861.27	2002.56	1764.02	1980.69	2138.82

- b. The consequential revision of AFC allowed in respect of the transmission assets for 2009-14 tariff period are as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
AFC	5024.99	5015.71	4956.79	4895.98	4855.62



c. The trued-up AFC allowed in respect of the transmission assets for 2014-19 tariff period are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	4675.53	4602.27	4523.57	4448.79	4389.27

d. AFC allowed in respect of the transmission assets for 2019-24 tariff period in this order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	2685.74	2676.61	2677.97	2664.04	2650.75

82. The Annexure-1 given hereinafter shall form part of the order.

83. This order disposes of Petition No. 326/TT/2019 in terms of the above findings and discussions.

sd/-
(Pravas Kumar Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



Annexure-I

Summary Sheet														
Name of the Company:		PGCIL												
Name of the Element:		Tala – Siliguri Transmission System												
Effective COD		01/05/2006												
Petition No.:		326/TT/2019												
Period		2014-19 True-up												
ANNEXURE-1														
2014-19 Capital Expenditure	Combined Admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Projected Additional Capitalization (₹ in lakh)					Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)					
		2014-15	2015-16	2016-17	2017-18	2018-19			2014-15	2015-16	2016-17	2017-18	2018-19	
Building Civil Works & Colony	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00	
Transmission Line	23302.90	0.00	0.00	0.00	0.00	0.00	23302.90	5.28%	1230.39	1230.39	1230.39	1230.39	1230.39	
Sub Station	4938.66	0.00	0.00	0.00	0.00	0.00	4938.66	5.28%	260.76	260.76	260.76	260.76	260.76	
PLCC	173.85	0.00	0.00	0.00	0.00	0.00	173.85	6.33%	11.00	11.00	11.00	11.00	11.00	
Total	28415.41	0.00	0.00	0.00	0.00	0.00	28415.41	Total	1,502.16	1,502.16	1502.16	1502.16	1502.16	
									Average Gross Block (₹ in lakh)	28415.41	28415.41	28415.41	28415.41	28415.41
									Weighted Average Rate of Depreciation	5.29%	5.29%	5.29%	5.29%	5.29%

