

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 350/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 : 12.05.2021

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and truing up of transmission tariff of the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 of Special Energy Meters in the Southern Region.

And in the matter of:

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

.....Petitioner

Versus

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



5. Electricity Department,
Government of Pondicherry,
Pondicherry-605001
6. Eastern Power Distribution Company of Andhra Pradesh Ltd. (APEPDCL),
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam,
Andhra Pradesh
7. Southern Power Distribution Company of Andhra Pradesh Ltd. (APSPDCL),
Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta,
Tirupati-517501,
Chittoor District, Andhra Pradesh
8. Central Power Distribution Company of Andhra Pradesh Ltd. (APCPDCL),
Corporate Office, Mint Compound,
Hyderabad - 500063,
Telangana
9. Northern Power Distribution Company of Andhra Pradesh Ltd. (APNPDCL),
Opp. NIT Petrol Pump,
Chaitanyapuri, Kazipet,
Warangal-506004,
Telangana.
10. Bangalore Electricity Supply Company Ltd. (BESCOM),
Corporate Office, K. R. Circle,
Bangalore-560001,
Karnataka
11. Gulbarga Electricity Supply Company Ltd. (GESCOM),
Station Main Road, Gulburga,
Karnataka
12. Hubli Electricity Supply Company Ltd. (HESCOM),
Navanagar, PB Road,
Hubli, Karnataka.
13. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore-575001,
Karnataka
14. Chamundeswari Electricity Supply Corporation Ltd. (CESC),
927, L J Avenue
Ground Floor, New Kantharaj Urs Road,
Saraswatipuram, Mysore-570009,
Karnataka



15. Electricity Department,
Government of Goa,
Vidyuti Bhawan, Panaji,
Goa-403001

16. Transmission Corporation of Telangana Ltd.,
Vidhyut Sudha, Khairatabad,
Hyderabad-500082

17. Tamil Nadu Transmission Corporation,
NPKRR Maaligai, 800, Anna Salai,
Chennai-600002

.... Respondent(s)

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

For Respondent : None

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, for truing up of the tariff of the period from 1.4.2014 to 31.3.2019 under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff of the period from 1.4.2019 to 31.3.2024 under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) of Special Energy Meters (hereinafter referred to as “the transmission asset”) in the Southern Region.

2. The Petitioner has made the following prayers:

“1) 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 8 and 9 above.

2) 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.

3) 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 (I) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.

4) 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.

5) 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 9.6 above.

6) Allow the Petitioner to claim the capital spares at the end of tariff block as per actual,

7) 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 under:

a. The Petitioner had installed the Special Energy Meters in the Southern Region as agreed to in the 110th Southern Regional Electricity Board (SREB) meeting held on 23.2.1994. The total cost of installation was ₹263.03 lakh which was funded entirely through internal resources by the Petitioner. The tariff for the period from 1.4.1998, i.e. the date of commercial operation, to 31.3.2001 was approved by the Commission vide its order dated 26.7.2002 in Petition No. 78/2000. In the said order dated 26.7.2002, the Commission had allowed deployment of 100% equity for the purpose of tariff for the Special Energy Meters as the investment was small and the proposal was agreed to by the regional constituents at SREB Forum.



b. The transmission tariff for the period from 1.4.2001 to 31.3.2004 was approved *vide* order dated 12.6.2003 in Petition No. 42/2002; from 1.4.2004 to 31.3.2009 *vide* order dated 27.1.2006 and 16.4.2008 in Petition No. 136/2004; and for the period from 1.4.2009 to 31.3.2014 *vide* order dated 9.2.2011 in Petition No. 287/2010. The transmission tariff of the 2009-14 tariff period was trued-up and transmission tariff for the period from 1.4.2014 to 31.3.2019 was determined *vide* order dated 5.11.2015 in Petition No. 123/2014.

c. All the assets as per I.A. are covered in the instant petition.

4. The Respondents are distribution licensees and Power Departments, which are procuring transmission service from the Petitioner, mainly beneficiaries of the Southern Region.

5. The Petitioner has served the petition on the Respondents and notice of this petition has been published in the newspaper in accordance with Section 64 of the Electricity Act 2003. No comments/objections have been received from the general public in response to the aforesaid notice published in the newspaper in the Petitioner. Notice dated 14.1.2020 directing the respondents/beneficiaries to file their reply, if any, was also published on Commission's website. None of the Respondents have filed reply to the petition.

6. This order is issued considering the submissions made in the Petition and affidavits dated 31.7.2019 and 11.9.2020.

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

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



9. The Petitioner has submitted that no revision of transmission tariff for the 2001-04 and 2004-09 tariff periods is sought 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 (as per APTEL's Judgments dated 22.1.2007 and 13.6.2007 in Appeal No. 81/2005 and Appeal No. 139/2006, respectively) and consequent revised transmission tariff for the 2009-14 tariff period because there is no ACE incurred after COD and as there is no impact on maintenance spares. Further, the project is funded entirely through equity and there is no impact on IoL.

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

10. The details of the trued up transmission charges claimed by the Petitioner in respect of the transmission asset are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	51.62	51.86	51.83	51.83	51.97
Interest on Working Capital	1.19	1.19	1.19	1.19	1.20
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	52.81	53.05	53.02	53.02	53.17

11. The details of the trued up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission asset are as follows:

(₹ in lakh)

Particular	2014-15	2015-16	2016-17	2017-18	2018-19
O & M Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Receivables	8.80	8.84	8.84	8.84	8.86
Total Working Capital	8.80	8.84	8.84	8.84	8.86
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	1.19	1.19	1.19	1.19	1.20



Capital Cost

12. The capital cost of the existing project has been calculated in accordance with Regulation 9(3) of 2014 Tariff Regulations.

13. The Commission vide order 5.11.2015 in Petition No. 123/TT/2014 had allowed capital cost of ₹263.03 lakh as on 1.4.2014 and capital cost of ₹263.03 lakh as on 1.4.2019. The Petitioner has not claimed any ACE during 2014-19 tariff period for transmission assets and accordingly claimed the same capital cost of ₹263.03 lakh. The details of the capital cost as on 1.4.2014 and as on 31.3.2019 considered for the transmission asset is as follows:

(₹ in lakh)		
Admitted Capital Cost as on 1.4.2014	Admitted ACE during 2014-19	Admitted Capital Cost as on 31.3.2019
263.03	0.00	263.03

Debt-Equity ratio

14. 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 debt-equity ratio considered for the purpose of determination of tariff of the 2014-19 tariff period has been considered for the purpose of truing up of the tariff of the transmission asset of the 2014-19 tariff period. The details of the debt-equity ratio as on 1.4.2014 and 31.3.2019 of the transmission asset is as follows:

Particulars	Capital Cost as on 1.4.2014 (₹ in lakh)	(%)	Total Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	0.00	0.00	0.00	0.00
Equity	263.03	100.00	263.03	100.00
Total	263.03	100.00	263.03	100.00



Depreciation

15. The transmission asset has been fully depreciated in 2009-10. Therefore, the Petitioner has not claimed depreciation for the transmission asset for the 2014-19 tariff period.

Interest on Loan (IoL)

16. The Petitioner has not claimed any interest on loan as the entire cost has been met through internal resources, i.e., equity.

Return on Equity (RoE)

17. 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 they are liable to pay income tax at MAT rates and has claimed following effective tax rates for the 2014-19 tariff period:

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

18. We have considered the submissions of the Petitioner. 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 given in the table below. The relevant portion of the order dated 27.4.2020 is as follows:

“26. We are conscious that the entities covered under MAT regime are paying Income Tax as per MAT rate notified for respective financial year under IT Act, 1961, which is levied on the book profit of the entity computed as per the Section 115JB of the IT Act, 1961. The Section 115JB(2) defines book profit as net profit in the statement of Profit & Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying income tax on income computed under Section 115JB of the IT Act, 1961 as per the MAT rates of the respective financial year, the notified MAT rate for respective financial year shall be considered as effective tax rate for the purpose of grossing up of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the



provisions of the 2014 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax authorities shall be considered on actual payment. However, penalty (for default on the part of the Assessee) if any imposed shall not be taken into account for the purpose of grossing up of rate of return on equity. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long-term transmission customers / DICs as the case may be on year to year basis.

27. Accordingly, following effective tax rates based on notified MAT rates are considered for the purpose of grossing up of rate of return on equity:

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

”

19. The MAT rates considered for the purpose of grossing up of the 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 [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

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

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	263.03	263.03	263.03	263.03	263.03
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	263.03	263.03	263.03	263.03	263.03
Average Equity	263.03	263.03	263.03	263.03	263.03
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	51.58	51.83	51.83	51.83	51.97

21. The details of RoE approved vide order dated 5.11.2015 in Petition No. 123/TT/2014 , RoE claimed by the Petitioner in the instant petition and as trued-up in the instant order are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 5.11.2015 in Petition No. 123/TT/2014	51.58	51.58	51.58	51.58	51.58
Claimed by the Petitioner in the instant petition	51.62	51.86	51.83	51.83	51.97
Allowed after true-up in this order	51.58	51.83	51.83	51.83	51.97

Operation & Maintenance Expenses (O&M Expenses)

22. The Petitioner has not claimed any O&M Expenses for the transmission asset. Accordingly, we have not granted any O&M Expense for the transmission asset.

Interest on Working Capital (IWC)

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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Working Capital					
O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Receivables (Equivalent to 2 months of annual fixed cost)	8.79	8.84	8.84	8.84	8.86
Total Working Capital	8.79	8.84	8.84	8.84	8.86
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest of Working Capital	1.19	1.19	1.19	1.19	1.20

24. The details of IWC approved vide order dated 5.11.2015 in Petition No. 123/TT/2014, IWC 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
Approved <i>vide</i> order dated 5.11.2015 in Petition No. 123/TT/2014	1.19	1.19	1.19	1.19	1.19
Claimed by the Petitioner in the instant petition	1.19	1.19	1.19	1.19	1.20
Allowed after true-up in this order	1.19	1.19	1.19	1.19	1.20

Approved Annual Fixed Charges for the 2014-19 Tariff Period

25. The trued up annual fixed charges 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	0.00	0.00	0.00	0.00	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	51.58	51.83	51.83	51.83	51.97
Interest on Working Capital	1.19	1.19	1.19	1.19	1.20
O & M Expenses	0.00	0.00	0.00	0.00	0.00
Total	52.77	53.02	53.02	53.02	53.17

26. Accordingly, the Annual Transmission Charges approved *vide* order dated 5.11.2015 in Petition No. 123/TT/2014, claimed by the Petitioner in the instant petition and approved after truing up in the instant order as follows :

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 5.11.2015 in Petition No. 123/TT/2014	52.77	52.77	52.77	52.77	52.77
Claimed by the Petitioner in the instant petition	52.81	53.05	53.02	53.02	53.17
Allowed after true-up in this order	52.77	53.02	53.02	53.02	53.17

Determination of Annual Fixed Charges of the 2019-24 Tariff Period

27. The Petitioner has claimed the following transmission charges for the 2019-24 tariff period:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	0.00	0.00	0.00	0.00	0.00



Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	51.97	51.97	51.97	51.97	15.59
Interest on Working Capital	1.01	1.01	1.01	1.01	0.46
O&M Expenses	5.26	5.26	5.26	5.26	5.26
Total	58.24	58.25	58.25	58.25	21.32

28. The Petitioner has claimed the following IWC for the transmission asset for the 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	0.44	0.44	0.44	0.44	0.44
Maintenance Spares	0.79	0.79	0.79	0.79	0.79
Receivables	7.16	7.18	7.18	7.18	2.62
Total Working Capital	8.39	8.41	8.41	8.41	3.85
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	1.01	1.01	1.01	1.01	0.46

Capital Cost

29. Regulation 19 of the 2019 Tariff Regulations provide 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.”

30. The Petitioner has claimed capital cost of ₹263.03 lakh as on 31.3.2019 for the transmission asset and the same has been worked out 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.

Adjustment in Equity

31. Regulation 18(3) of the 2019 Tariff Regulations provides as under:

“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;.....”

32. The Petitioner has claimed adjustment in equity of ₹184.12 lakh as per Regulation 18(3) of the 2019 Tariff Regulations.

33. We have considered the submission of the Petitioner. The transmission asset was put into commercial operation on 1.4.1998. The project is funded entirely through internal resources, i.e., equity. The Weighted Average Life for the transmission asset was determined as 25 years. Thus, the transmission asset shall complete its useful life on 31.3.2023. 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 equity deployed.

34. The transmission asset has been funded entirely through internal resources, i.e., equity. Therefore, as per proviso to Regulation 18(3) of the 2019 Tariff Regulations, equity from 2023-24 onwards has been restricted to 30%. The transmission asset has been fully depreciated in 2009-10. Accordingly, the capital cost for the 2019-24 tariff period is allowed as follows:

Particulars	Value
Closing equity as on 31.3.2019** (₹ in lakh)	263.03
Closing equity as on 31.3.2020** (₹ in lakh)	263.03
Closing equity as on 31.3.2021** (₹ in lakh)	263.03
Closing equity as on 31.3.2022** (₹ in lakh)	263.03
Closing equity as on 31.3.2023** (₹ in lakh)	263.03
%age of Equity deployed as on 31.3.2023	100%
Opening equity as on 1.4.2023*** (₹ in lakh)	78.91
Net reduction in equity (₹ in lakh)	184.12

**Represents 100% of Gross Block of ₹ 263.03 lakh

***Represents 30% of Gross Block of ₹ 263.03 lakh

35. Accordingly, the capital cost as on 1.4.2019 and as on 31.3.2024 considered for the tariff determination of the 2019-24 tariff period is as follows:

Capital Cost as on 1.4.2019	ACE	Adjustment in Equity	Capital Cost as on 31.3.2024
	2019-24	2023-24	
263.03	0.00	184.12	78.91

Debt-Equity ratio

36. 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.”

37. As decided above, the equity from 2023-24 onwards is restricted to 30% and accordingly, the Debt-Equity considered for the purpose of computation of tariff for the 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	0.00	0.00	0.00
Equity	263.03	100.00	78.91
			184.12**
Total	263.03	100.00	263.03

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

Depreciation

38. The transmission asset has been fully depreciated in 2009-10.

Interest on Loan (IoL)

39. The Petitioner has not claimed any interest on loan as the entire cost has been met through internal resources, i.e. equity.

Return on Equity (RoE)

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

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

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

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

Provided further that:

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

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

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



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

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

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

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

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

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

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

Illustration-

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

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

(ii) In case of a generating company (ii) 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.”

41. As observed above, equity from 2023-24 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 is as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	263.03	263.03	263.03	263.03	78.91**
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	263.03	263.03	263.03	263.03	78.91
Average Equity	263.03	263.03	263.03	263.03	78.91
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	49.40	49.40	49.40	49.40	14.82

**Equity in excess of 30% removed

Operation & Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)

Name of the Asset	2019-20	2020-21	2021-22	2022-23	2023-24
O&M for PLCC (2% of ₹263.03 lakh)	5.26	5.26	5.26	5.26	5.26
Total O&M expenses	5.26	5.26	5.26	5.26	5.26

43. The norms specified under 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
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) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs	1,696	1,756	1,817	1,881	1,947



Lakh) (2500 MW)					
±800 kV, Bishwanath-Agra HVDC bipole heme (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 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.

(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.”*



44. We have considered the submission of the Petitioner. 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. The relevant portions of the order dated 24.1.2021 in Petition No. 126/TT/2020 are extracted hereunder:

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

“105. In our view, granting of O&M Expenses for PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations under the communication system head would tantamount to granting O&M Expenses twice for PLCC equipment as PLCC equipment has already been considered as part of the sub-station. Therefore, the Petitioner's prayer for grant of O&M Expenses for the PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations is rejected.

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



claim of O&M Expenses for PLCC as part of the sub-station at the time of truing up of the tariff allowed for 2019-24 period in respective petitions.”

Therefore, the Petitioner’s claim for separate O&M Expenses for PLCC @2% is not allowed. Hence, the O&M Expenses approved for the 2019-24 period is Nil.

Interest on Working Capital (IWC)

45. Regulation 34(1)(c), Regulation 34(3), Regulation 34(4) and Regulation 3(7) of the 2019 Tariff Regulations specifies as under:

“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;”

46. The Petitioner has submitted that it has computed IWC for the 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%.



47. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points). The components of the working capital and interest allowed thereon are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Receivables (Equivalent to 2 months of annual transmission charges)	6.17	6.18	6.18	6.18	1.85
Total Working Capital	6.17	6.18	6.18	6.18	1.85
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on Working Capital	0.74	0.69	0.69	0.69	0.21

Annual Fixed Charges of the 2019-24 Tariff Period

48. The transmission charges 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
Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	49.40	49.40	49.40	49.40	14.82
Interest on Working Capital	0.74	0.69	0.69	0.69	0.21
O & M Expenses	0.00	0.00	0.00	0.00	0.00
Total	50.15	50.10	50.10	50.10	15.03

Filing Fee and the Publication Expenses

49. 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

50. 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 Regulations 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Security Expenses

51. The Petitioner has submitted that security expenses for 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. The Petitioner has requested to consider the actual security expenses incurred during 2018-19 for claiming estimated security expenses for 2019-20 which shall be subject to true up at the end of the year based on the actuals. The Petitioner has submitted that similar petition for security expenses for 2020-21, 2021-22, 2022-23 and 2023-24 shall be filed on a yearly basis on the basis of the actual expenses of previous year subject to true up at the end of the year on actual expenses. The Petitioner has submitted that the difference, if any, between the estimated security expenses and actual security expenses as per the audited accounts may be allowed to be recovered from the beneficiaries on a yearly basis.

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



Goods and Services Tax

53. The Petitioner has submitted that, if GST is levied at any rate and at any point of time in future on 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

54. 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.

Capital Spares

55. 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

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

57. To summarise:



(a) The trued-up Annual Fixed Charges approved for the transmission asset for the 2014-19 tariff period are:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges	52.77	53.02	53.02	53.02	53.17

(b) The Annual Fixed Charges allowed for the transmission asset for the 2019-24 tariff period are:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	50.15	50.10	50.10	50.10	15.03

59. This order disposes of Petition No. 350/TT/2019 in terms of the above discussion and findings.

sd/-
(Pravas Kumar Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson

