

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 356/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: 31.05.2021

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and revision of transmission tariff of the 2004-09, 2009-14 tariff periods and truing up of transmission tariff of the 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2014 and determination of transmission tariff of the 2019-24 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 for LILO of one circuit of 132 kV D/C Siliguri-Rangit Transmission Line at Gangtok in Eastern Region.

And in the matter of:

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

.....Petitioner

Versus

1. Bihar State Power (Holding) Company Ltd.
(Formerly Bihar State Electricity Board-BSEB)
Vidyut Bhavan, Bailey Road, Patna-800001.
2. West Bengal State Electricity Distribution Company Ltd.
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lake City,
Calcutta -700091.
3. Grid Corporation of Orissa Ltd.
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 S.S. Raju, PGCIL
Shri B. Dash, PGCIL
Shri V.P. Rastogi, PGCIL
Shri A.K. Verma, PGCIL

For Respondent: Shri Manish Kumar Choudhary, Advocate, BSPHCL

ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Ltd. for revision of transmission tariff of the 2004-09 and 2009-14 tariff periods; truing up of the capital expenditure of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”); and for determination of transmission tariff of the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) of LILO of one circuit of 132 kV D/C Siliguri-Rangit Transmission Line at Gangtok (hereinafter referred to as “the transmission asset”) in Eastern Region.

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

- “1) Approve the revised Transmission Tariff for 2004-09 block and transmission tariff for 2009-14 block for the assets covered under this petition, as per para 8 above.*
- 2) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per Para 9 and 10 above.*



- 3) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9 and 10 above for respective block.*
- 4) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.*
- 5) *Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 6) *Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the respondents.*
- 7) *Allow the petitioner to 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”

3. **Backdrop of the case**

- a) The Investment Approval for the transmission asset was initially accorded by the Board of Directors (BOD) of the Petitioner's company vide letter dated 29.1.2002 at an estimated cost of ₹4079 lakh, which included IDC of ₹376 lakh. The Revised Cost Estimate (RCE) of the transmission scheme was accorded by the BOD of the Petitioner's company vide letter dated 17.1.2006 at an estimated cost of ₹4646 lakh, which included IDC of ₹197 lakh.



b) The transmission asset was put into commercial operation on 1.10.2005. The annual transmission charges for the transmission asset from COD to 31.3.2009 was approved vide orders dated 15.10.2007 and 2.4.2009 in Petition Nos. 12/2007 and 144/2008 respectively and same were subsequently revised vide order dated 2.7.2010 in Petition No. 318/2009 on account of additional capital expenditure (ACE) during 2008-09 based on admitted capital cost of ₹4250.93 lakh.

c) The transmission tariff for the transmission asset for the 2009-14 tariff period was allowed vide order dated 23.3.2011 in Petition No. 264/2010 based on admitted capital cost of ₹4250.93 lakh as on 31.3.2009 in accordance with the 2009 Tariff Regulations.

d) The transmission tariff of the 2009-14 tariff period was trued-up and transmission tariff for the 2014-19 tariff period was determined vide order dated 30.12.2015 in Petition No. 486/TT/2014.

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

f) APTEL in judgment dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters pertaining to generating stations of NTPC had considered 4(four) issues. The issues considered by APTEL and its decision 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 Nos. 94 and 96 of 2005 and order dated 24.1.2007 passed in Appeal Nos. 81 to 87, 89 to 93 of 2005, computation of loan has to be based on loan repayment on normative basis. Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis.
3(a)	O&M Expenses: Inadequate provision of employee costs as part of O&M Expenses due to variation in salary and wages	Commission's view upheld.
3(b)	O&M Expenses: Non-inclusion of incentives and ex-gratia payment to employees	Commission's view upheld.
4	Cost of spares for calculation of working capital	Commission's view upheld.

g) 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(nine) issues. The issues considered and the decision 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 Appeal 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.

h) 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.

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

j) The Hon'ble Supreme Court vide its judgement dated 10.4.2018, dismissed the said Civil Appeals filed against APTEL's said judgments. Thus, the order of the judgements of APTEL has attained finality.

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

l) The instant petition was heard on 24.3.2021 and in view of APTEL's judgments dated 22.1.2007 and 13.6.2007 and the order of Hon'ble Supreme



Court dated 10.4.2018, tariff is being revised. Period wise transmission tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods and suitable assumptions have been made at certain places and applied, which are indicated.

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 the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspaper by the Petitioner. Bihar State Power (Holding) Company Ltd. (BSPHCL), Respondent No. 1, has filed its reply vide affidavit dated 27.3.2021 and has raised the issues of Return on Equity, Interest on Loan, filing fee and the publication expenses and effect of GST. The Petitioner has submitted its rejoinder vide affidavit dated 8.4.2021.

Re: Interest on Loan (IoL)

6. APTEL while dealing with the issue of computation of IoL, in judgment dated 22.1.2007, observed that IoL for the period from 1.4.1998 to 31.3.2001 shall be computed only on normative loan repayment as per its judgment dated 14.11.2006 in Appeal Nos.94 and 96 of 2005. APTEL vide its judgment dated 14.11.2006 had 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 order for the period 1.4.1998 to 31.3.2001. In view of the above, the interest allowed



for the 2004-09 tariff period is revised on the basis of the normative debt repayment methodology.

Re: Additional Capital Expenditure (ACE)

7. APTEL vide judgment dated 13.6.2007 in Appeal No. 139/2006 and others held that additional capitalisation after the date of commercial operation should also be considered for computation of maintenance spares. In view of the above, the maintenance spares to be considered for computation of working capital for the 2004-09 period are also required to be revised taking into consideration the ACE after the date of commercial operation.

Re: Depreciation

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

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



tariff allowed earlier and allowed in the instant order for the 2001-04, 2004-09 and 2009-14 tariff periods. Therefore, we direct that the Petitioner will neither claim nor pay any carrying cost from or to the beneficiaries for the difference, if any, in the tariff allowed earlier and the tariff being allowed in the instant order. Further, the said difference in tariff shall be recovered/ paid over a period of six months from the date of issue of this order.

10. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavit dated 20.8.2019, Petitioner’s affidavit dated 30.7.2020 filed in compliance of Technical Validation letter, BSPHCL’s reply vide affidavit dated 27.3.2021 and Petitioner’s rejoinder to BSPHCL’s reply filed vide affidavit dated 8.4.2021.

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

Revision of transmission charges allowed for the 2004-09 and 2009-14 Tariff Periods

2004-09 Period

12. The Commission vide order dated 15.10.2007, 2.4.2009 and 2.7.2010 in Petition No. 12/2007, Petition No. 144/2008 and Petition No. 318/2009 respectively had approved the following transmission charges for transmission asset for the 2004-09 tariff period:

Particulars	(₹ in lakh)			
	2005-06 (pro-rata 6 months)	2006-07	2007-08	2008-09
Depreciation	51.67	108.96	114.16	119.71
Interest on Loan	85.65	176.59	183.96	191.45



Particulars	2005-06 (pro-rata 6 months)	2006-07	2007-08	2008-09
Return on Equity	72.77	154.11	163.39	173.99
Advance against Depreciation	0.00	0.00	0.00	52.93
Interest on Working Capital	10.29	21.41	22.41	24.40
O&M Expenses	187.84	390.77	406.23	422.62
Total	408.21	851.84	890.14	985.10

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

(₹ in lakh)				
Particulars	2005-06 (pro-rata 6 months)	2006-07	2007-08	2008-09
Depreciation	51.67	108.96	114.16	119.71
Interest on Loan	86.50	184.00	196.55	205.16
Return on Equity	72.77	154.11	163.39	173.99
Advance against Depreciation	0.00	0.00	0.00	0.00
Interest on Working Capital	10.39	22.05	23.40	24.73
O&M Expenses	187.84	390.77	406.23	422.62
Total	409.17	859.89	903.73	946.21

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

- a) Admitted capital cost as on 1.10.2005 of ₹3337.51 lakh for the transmission asset.
- b) Weighted Average Rate of Interest on actual loan, Weighted Average Rate of Depreciation adopted from order dated 15.10.2007 in Petition No. 12/2007, order dated 2.4.2009 in Petition No. 144/2008, and order dated 2.7.2010 in Petition No. 318/2009.
- c) Rate of IWC and O&M Expenses as per order dated 15.10.2007 in Petition No. 12/2007.



15. There was ACE during 2004-09 period, which necessitates revision of the maintenance spares component for calculating IWC.

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

(₹ in lakh)

Particulars	2005-06 (pro-rata 6 months)	2006-07	2007-08	2008-09
Depreciation	51.67	108.96	114.16	119.71
Interest on Loan	86.55	183.97	196.52	205.05
Return on Equity	72.77	154.11	163.39	173.99
Advance against Depreciation	0.00	0.00	0.00	0.00
Interest on Working Capital	10.39	21.95	23.29	24.61
O&M Expenses	187.84	390.77	406.23	422.62
Total	409.21	859.75	903.60	945.99

17. AFC allowed earlier for the 2004-09 period vide orders dated 15.10.2007, 2.4.2009 and 2.7.2010 in Petition No. 12/2007, Petition No. 144/2008 and Petition No. 318/2009 respectively, revised AFC claimed in the instant petition and the revised AFC allowed in the instant order is as follows:

(₹ in lakh)

Particulars	2005-06 (pro-rata 6 months)	2006-07	2007-08	2008-09
AFC allowed vide order dated order dated 15.10.2007 in Petition No. 12/2007, order dated 2.4.2009 in Petition No. 144/2008, and order dated 2.7.2010 in Petition No. 318/2009	408.21	851.84	890.14	985.10
AFC claimed by the Petitioner in the instant petition	409.17	859.89	903.73	946.21
AFC approved in the instant order	409.21	859.75	903.60	945.99

2009-14 Period

18. The Commission vide order dated 23.3.2011 in Petition No. 264/2010 had approved the tariff for the transmission asset for the 2009-14 tariff period which was



trued-up vide order dated 30.12.2015 in Petition No. 486/TT/2014. The trued-up tariff approved vide order dated 30.12.2015 is as follows:

Particulars	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	212.94	215.77	217.50	217.50	217.50
Interest on Loan	183.59	171.57	158.03	142.07	126.09
Return on Equity	237.30	249.45	251.92	251.92	254.95
Interest on Working Capital	29.64	30.64	31.44	32.16	33.00
O&M Expenses	328.47	347.25	367.10	388.15	410.33
Total	991.94	1014.68	1025.99	1031.80	1041.88

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

Particulars	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	212.94	215.77	217.50	217.50	217.50
Interest on Loan	196.84	184.90	171.42	155.52	139.60
Return on Equity	237.30	249.45	251.92	251.92	254.95
Interest on Working Capital	29.92	30.92	31.72	32.44	33.28
O&M Expenses	328.47	347.25	367.10	388.15	410.33
Total	1005.47	1028.29	1039.66	1045.53	1055.66

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

- a) Admitted capital cost of ₹4250.93 lakh as on 1.4.2009.
- b) Weighted Average Rate of Interest on actual loan and Weighted Average Rate of Depreciation considered from order dated 30.12.2015 in Petition No. 486/TT/2014.
- c) Actual ACE of ₹41.73 lakh for 2009-10 and ₹76.77 lakh for 2010-11 that was approved by the Commission vide order dated 30.12.2015 in Petition No. 486/TT/2014.

21. In view of the above, the revised transmission charges allowed for the transmission asset for the 2009-14 tariff period is as follows.



(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	212.94	215.77	217.50	217.50	217.50
Interest on Loan	196.85	184.90	171.43	155.52	139.60
Return on Equity	237.30	249.45	251.92	251.92	254.95
Interest on Working Capital	29.92	30.92	31.72	32.44	33.28
O&M Expenses	328.47	347.25	367.10	388.15	410.33
Total	1005.47	1028.29	1039.66	1045.52	1055.66

22. AFC allowed for the 2009-14 tariff period vide order dated 30.12.2015 in Petition No. 486/TT/2014, the revised AFC claimed in the instant petition and AFC approved in the instant order are as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
AFC allowed vide order dated 30.12.2015 in Petition No. 486/TT/2014	991.94	1014.68	1025.99	1031.80	1041.88
AFC claimed by the Petitioner in the instant petition	1005.47	1028.29	1039.66	1045.53	1055.66
AFC approved in the instant order	1005.47	1028.29	1039.66	1045.52	1055.66

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

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

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	217.50	217.50	217.50	217.50	76.63
Interest on Loan	123.76	108.08	92.70	78.16	70.77
Return on Equity	255.14	256.31	256.18	256.18	256.87
Interest on Working Capital	34.59	34.95	35.31	35.71	33.08
O&M Expenses	377.65	390.17	403.11	416.47	430.42
Total	1008.64	1007.01	1004.80	1004.02	867.77

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



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	31.47	32.51	33.59	34.71	35.87
Maintenance Spares	56.65	58.53	60.47	62.47	64.56
Receivables	168.11	167.84	167.47	167.34	144.63
Total Working Capital	256.23	258.88	261.53	264.52	245.06
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	34.59	34.95	35.31	35.71	33.08

Capital Cost

25. The Commission vide order dated 30.12.2015 in Petition No. 486/TT/2014 had allowed capital cost as on 31.3.2014 of ₹4369.43 lakh and capital cost as on 31.3.2019 of ₹4424.92 lakh including projected ACE of ₹55.49 lakh for determination of transmission tariff of the 2014-19 tariff period. The capital cost of the transmission asset, which is an existing asset, has been calculated in accordance with Regulation 9(3) of the 2014 Tariff Regulations and it is as follows:

(₹ in lakh)

Admitted Capital Cost as on 31.3.2014	Admitted ACE during 2014-19	Admitted Capital Cost as on 31.3.2019
4369.43	55.49	4424.92

26. The Petitioner has not claimed any ACE in the instant petition. Accordingly, the approved capital cost as on 31.3.2014 has been considered as approved vide order dated 30.12.2015 in Petition No. 486/TT/2014. The details of the approved capital cost in the instant order are as follows:

(₹ in lakh)

Capital Cost as on 31.3.2014	ACE during 2014-19	Capital Cost as on 31.3.2019
4369.43	0.00	4369.43

Debt-Equity Ratio

27. 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 transmission



tariff for the period ending on 31.3.2014 shall be considered. Accordingly, the details of the debt-equity ratio as on 1.4.2014 and 31.3.2019 for the transmission asset is as follows:

Funding	Capital Cost as on 1.4.2014 (₹ in lakh)	(%)	Total Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	3069.34	70.25	3069.34	70.25
Equity	1300.09	29.75	1300.09	29.75
Total	4369.43	100.00	4369.43	100.00

Depreciation

28. The Gross Block during the tariff period 2014-19 has been depreciated at weighted average of depreciation (WAROD). WAROD at Annexure has been worked out after taking into account the depreciation rates of assets as specified in the 2014 Tariff Regulations. The transmission asset has completed 12 years of life as on 31.3.2018. Therefore, the remaining depreciable value as on 31.3.2018 has been spread across the balance useful life of 19 years in accordance with Regulation 33(5) of the 2019 Tariff Regulations and trued up depreciation allowed is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	4369.43	4369.43	4369.43	4369.43	4369.43
ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	4369.43	4369.43	4369.43	4369.43	4369.43
Average Gross Block	4369.43	4369.43	4369.43	4369.43	4369.43
Freehold land	86.51	86.51	86.51	86.51	86.51
Weighted Average Rate of Depreciation (%)	4.98	4.98	4.98	4.98	1.854
Depreciable Value	3854.63	3854.63	3854.63	3854.63	3854.63
Balance useful life of the asset (Year)	23.00	22.00	21.00	20.00	19.00
Lapsed life (Year)	8.00	9.00	10.00	11.00	12.00
Depreciation during the year	217.50	217.50	217.50	217.50	79.42
Cumulative depreciation at the end of the year	1693.21	1910.71	2128.21	2345.71	2425.13
Remaining Depreciable Value at the end of the year	2161.42	1943.92	1726.42	1508.92	1429.50



29. The details of depreciation approved vide order dated 30.12.2015 in Petition No. 486/TT/2014, depreciation claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 486/TT/2014	218.97	220.43	220.43	220.43	78.72
Claimed by the Petitioner in the instant petition	217.50	217.50	217.50	217.50	76.63
Allowed after true-up in this order	217.50	217.50	217.50	217.50	79.42

Interest on Loan (IoL)

30. The Petitioner has claimed the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. BSPHCL has submitted that the 2014 Tariff Regulations do not permit change in rate of interest due to floating rate of interest.

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

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Loan					
Gross Normative Loan	3069.34	3069.34	3069.34	3069.34	3069.34
Cumulative Repayments up to Previous Year	1351.94	1569.44	1786.95	2004.45	2221.95
Net Loan-Opening	1717.40	1499.90	1282.39	1064.89	847.39
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	217.50	217.50	217.50	217.50	75.45
Net Loan-Closing	1499.90	1282.39	1064.89	847.39	771.95
Average Loan	1608.65	1391.15	1173.64	956.14	809.67
Weighted Average Rate of Interest on Loan (%)	7.6936	7.7688	7.8982	8.1745	8.7474



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Loan	123.76	108.08	92.70	78.16	70.82

32. The details of IoL approved vide order dated 30.12.2015 in Petition No. 486/TT/2014, IoL claimed by the Petitioner in the instant petition and true-up in the instant order is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 486/TT/2014	111.61	97.14	81.35	66.17	57.73
Claimed by the Petitioner in the instant petition	123.76	108.08	92.70	78.16	70.77
Allowed after true-up in this order	123.76	108.08	92.70	78.16	70.82

Return on Equity (RoE)

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

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

38. BSPHCL has submitted that Regulation 25(3) of the 2014 Tariff Regulations provides that the transmission licensee shall true up the grossed up rate of RoE 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 2014-15 to 2018-19 on actual gross income of any financial year. It is submitted that penalty shall not be claimed by the transmission licensee and any under recovery or over



recovery of grossed up rate of RoE after true up shall be recovered or refunded to beneficiaries or the long-term transmission customers on year-to-year basis. It is the statutory duty cast upon the petitioner to carry out the true up exercise on year-to-year basis strictly in accordance with Regulation 25(3) of the 2014 Tariff Regulations. The Petitioner has to mandatorily provide all the details while filing the petition for true up. However, the petition is silent about it, which shows that the mandatory exercise has not been done by the Petitioner and no details to that effect have been given in the petition. It is submitted that no profit and loss account duly certified by Auditor has been placed on record and no specific averment to the effect that actual tax has been only paid on the income from transmission business and not from all business/sources. Therefore, the Petitioner has not trued-up the transmission tariff for each year during the 2014-19 tariff period as mandated in Regulation 25(3) of the 2014 Tariff Regulations.

39. In response, the Petitioner has submitted that the Commission has granted trued-up tariff of the 2014-19 tariff period vide orders dated 18.4.2020 in Petition No. 247/TT/2019, dated. 27.4.2020 in Petition No. 274/TT/2019, dated 23.04.2020 in Petition No. 245/TT/2019, dated 16.04.2020 in Petition No. 307/TT/2019 and in many other orders issued thereafter for transmission assets under the respective petitions, where effective tax rate based (for tariff block 2014-19) on notified MAT rates are considered for grossing-up of rate of ROE. Accordingly, the tariff for each year of the 2014-19 tariff period is being considered by the Commission on effective tax percentage to arrive at grossed up ROE. Therefore, it has submitted that grossed up ROE (in %) and effective tax rate for the 2014-19 tariff period has already been determined by the Commission. The Petitioner has requested to allow it to claim the



differential tariff on account of the trued-up ROE based on effective tax rate calculated and Income-tax assessment/re-assessment for the 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 on receipt of the respective assessment orders. The Petitioner has further submitted that income tax assessment for the year 2017-18 and 2018-19 has not yet been completed.

40. We have considered the submissions of the Petitioner and BSPHCL. As regards BSPHCL’s contention that the grossed up rate of RoE is not based on the MAT rates approved by the Income Tax Authorities, it is observed that the effective rate of tax considered by the Petitioner for 2014-15, 2015-16 and 2016-17 are based on Assessment Orders issued by Income Tax authorities and the effective rate of tax considered for 2017-18 and 2018-19 are based on the Income Tax returns filed for the purpose of grossing up the RoE rate of respective years. 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:

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

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



Year	Notified MAT rates (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

42. 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 Regulation 25(3) of the 2014 Tariff Regulations. 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
Return on Equity					
Opening Equity	1300.09	1300.09	1300.09	1300.09	1300.09
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	1300.09	1300.09	1300.09	1300.09	1300.09
Average Equity	1300.09	1300.09	1300.09	1300.09	1300.09
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	254.95	256.18	256.18	256.18	256.87

43. The details of RoE approved vide order dated 30.12.2015 in Petition No. 486/TT/2014, RoE claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved <i>vide</i> order dated 30.12.2015 in Petition No.	256.59	258.22	258.22	258.22	258.22



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
486/TT/2014					
Claimed by the Petitioner in the instant petition	255.14	256.31	256.18	256.18	256.87
Allowed after true-up in this order	254.95	256.18	256.18	256.18	256.87

Operation & Maintenance Expenses (O&M Expenses)

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

O&M Expenses					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Bays (Number)					
132 kV & below	12	12	12	12	12
Transmission Line Rangit-Siliguri at Gangtok					
D/C Single Conductor (km)	52.300	52.300	52.300	52.300	52.300
Total O&M Expenses (₹ in lakh)	377.65	390.17	403.11	416.47	430.42

45. 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 transmission assets are as follows:

Element	Unit of Measurement	Norms for 2014-15	Norms for 2015-16	Norms for 2016-17	Norms for 2017-18	Norms for 2018-19
D/C (Single Conductor)	₹ lakh/km	0.303	0.313	0.324	0.334	0.346
132 kV & below Sub-station	₹ lakh/ bay	30.15	31.15	32.18	33.25	34.36

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

(₹ in lakh)					
Details	2014-15	2015-16	2016-17	2017-18	2018-19
12 Number of 132 kV & below Sub-station bays	361.80	373.80	386.16	399.00	412.32
52.300 km D/C (Single Conductor) Transmission Line	15.85	16.37	16.95	17.47	18.10
Total	377.65	390.17	403.11	416.47	430.42



47. The details of O&M Expenses approved vide order dated 30.12.2015 in Petition No. 486/TT/2014, claimed by the Petitioner in the instant petition and 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. 486/TT/2014	377.65	390.17	403.11	416.47	430.42
Claimed by the Petitioner in the instant petition	377.65	390.17	403.11	416.47	430.42
Allowed after true-up in this order	377.65	390.17	403.11	416.47	430.42

Interest on Working Capital (IWC)

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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O & M Expenses (O & M Expenses for 1 month)	31.47	32.51	33.59	34.71	35.87
Maintenance Spares (15% of O & M Expenses)	56.65	58.53	60.47	62.47	64.56
Receivables (Equivalent to 2 months of annual fixed cost)	168.07	167.81	167.47	167.34	145.08
Total Working Capital	256.19	258.85	261.52	264.51	245.51
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest of Working Capital	34.59	34.95	35.31	35.71	33.14

49. The details of IWC approved vide order dated 30.12.2015 in Petition No. 486/TT/2014, IWC claimed by the Petitioner in the instant petition and trued-up in the instant order are shown in the table below:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 486/TT/2014	34.38	34.81	35.16	35.55	32.86
Claimed by the Petitioner in the instant petition	34.59	34.95	35.31	35.71	33.08
Allowed after true-up in this order	34.59	34.95	35.31	35.71	33.14



Approved Annual Fixed Charges for the 2014-19 Tariff Period

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

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	217.50	217.50	217.50	217.50	79.42
Interest on Loan	123.76	108.08	92.70	78.16	70.65
Return on Equity	254.95	256.18	256.18	256.18	256.87
Interest on Working Capital	34.59	34.95	35.31	35.71	33.14
O&M Expenses	377.65	390.17	403.11	416.47	430.42
Total	1008.44	1006.87	1004.79	1004.02	870.50

51. Accordingly, the Annual Transmission Charges approved vide order dated 30.12.2015 in Petition No. 486/TT/2014, claimed by the Petitioner in the instant petition and approved after truing up in the instant order is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 486/TT/2014	999.18	1000.76	998.26	996.84	857.94
Claimed by the Petitioner in the instant petition	1008.64	1007.01	1004.80	1004.02	867.77
Allowed after true-up in this order	1008.44	1006.87	1004.79	1004.02	870.50

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

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	76.63	76.63	76.63	76.63	76.63
Interest on Loan	68.00	61.39	54.63	47.31	39.75
Return on Equity	256.87	256.87	256.87	256.87	256.87
Interest on Working Capital	16.43	16.72	17.00	17.28	17.54
O&M Expenses	238.51	246.86	255.52	264.40	273.70
Total	656.44	658.47	660.65	662.49	664.49



53. The details of IWC claimed by the Petitioner for the 2019-24 period are as follows:

Particular	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	19.88	20.57	21.29	22.03	22.81
Maintenance Spares	35.78	37.03	38.33	39.66	41.06
Receivables	80.71	81.18	81.45	81.68	81.70
Total Working Capital	136.37	138.78	141.07	143.37	145.57
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	16.43	16.72	17.00	17.28	17.54

Capital Cost

54. 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.”

55. The Petitioner has claimed capital cost of ₹4369.43 lakh as on 31.3.2019 for the transmission asset. The same has been worked out by the Commission as on 31.3.2019 and considered as the opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

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

(₹ in lakh)

Total Capital Cost as on 1.4.2019	ACE for the 2019-24 period	Total Capital Cost as on 31.3.2024
4369.43	0.00	4369.43

Debt-Equity Ratio

57. 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.”

58. 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	3069.34	70.25	3069.34	70.25
Equity	1300.09	29.75	1300.09	29.75
Total	4369.43	100.00	4369.43	100.00



Depreciation

59. Regulations 33(1), 33(2) and 33(5) of the 2019 Tariff Regulations provides as follows:

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

"(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."

60. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The transmission asset has completed 12 years of life as on 31.3.2018 and the annual depreciation from 2018-19 and onwards is ₹75.45 lakh. The depreciation allowed for the instant asset for the 2019-24 period is as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation					
Opening Gross Block	4369.43	4369.43	4369.43	4369.43	4369.43



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	4369.43	4369.43	4369.43	4369.43	4369.43
Average Gross Block	4369.43	4369.43	4369.43	4369.43	4369.43
Freehold land	86.51	86.51	86.51	86.51	86.51
Weighted average rate of Depreciation (WAROD) (%)	1.854	1.854	1.854	1.854	1.854
Balance useful life of the asset (Year)	18	17	16	15	14
Lapsed life (Year)	13	14	15	16	17
Depreciable Value	3854.63	3854.63	3854.63	3854.63	3854.63
Depreciation during the year	79.42	79.42	79.42	79.42	79.42
Cumulative Depreciation at the end of the year	2504.55	2583.96	2663.38	2742.80	2822.21
Remaining Depreciable Value at the end of the year	1350.08	1270.67	1191.25	1111.83	1032.42

Interest on Loan (IoL)

61. 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.”

62. BSPHCL has submitted that IoL may be calculated as specified in Regulation 32 of the 2019 Tariff Regulations only. Nothing in the Regulations permit the change in interest rate due to floating rate of interest applicable, if any, to be adjusted/ claimed over the tariff period directly from/ with the beneficiaries. In response, the Petitioner has submitted that IoL has been calculated on the basis of interest rates prevailing as on 1.4.2019 for respective loans. The change in interest rate due to floating rate of interest applicable, if any, for the project needs to be claimed / adjusted over the tariff period directly from / with the beneficiaries.

63. We have considered the submissions made by the Petitioner and BSPHCL. 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. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL approved 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
Gross Normative Loan	3069.34	3069.34	3069.34	3069.34	3069.34
Cumulative Repayments up to Previous Year	2297.39	2372.84	2448.29	2523.73	2599.18
Net Loan-Opening	771.95	696.50	621.05	545.61	470.16
Additions	0.00	0.00	0.00	0.00	0.00



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Repayment during the year	75.45	75.45	75.45	75.45	75.45
Net Loan-Closing	696.50	621.05	545.61	470.16	394.72
Average Loan	734.22	658.78	583.33	507.89	432.44
Weighted Average Rate of Interest on Loan (%)	9.2837	9.3603	9.4316	9.4141	9.3300
Interest on Loan	68.16	61.66	55.02	47.81	40.35

Return on Equity (RoE)

64. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations provides 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.”

65. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. BSPHCL has submitted that the contentions raised earlier in the 2014-19 tariff may be considered for the 2019-24 tariff period as well. BSPHCL has further submitted that there is no rationale to the MAT rates considered by the Petitioner. In response, the Petitioner has submitted that at the time of filing the petition, RoE was calculated at the then existing rate of MAT as the Petitioner is liable to pay income tax at MAT rate. However, there was a change in the MAT rate vide the taxation laws (Amendment) Ordinance 2019 published in the Gazette dated 20.9.2019. Therefore, RoE may be calculated @18.782% after grossing up the RoE with MAT rate of 17.472% (Base Rate 15% + Surcharge 12% + Cess 4%) based on the formula given at Regulation 31(2) of the 2019 Tariff Regulations for the 2019-24 period. As per Regulation 31(3) of the 2019 Tariff Regulations, the grossed up rate of RoE at the end of every financial year shall be trued up 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 I.T. authorities pertaining to the 2019-24 tariff period 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 RoE 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. The Petitioner has further submitted that adjustment due to any additional tax demand including interest duly adjusted for any refund of tax including interest



received from the I.T. authorities shall be recoverable/ adjustable during the 2019-24 tariff period on year to year basis on receipt of Income Tax assessment order.

66. We have considered the submissions of the Petitioner and BSPHCL. The MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which shall be trued-up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the transmission asset for the 2019-24 tariff period is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	1300.09	1300.09	1300.09	1300.09	1300.09
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	1300.09	1300.09	1300.09	1300.09	1300.09
Average Equity	1300.09	1300.09	1300.09	1300.09	1300.09
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	244.18	244.18	244.18	244.18	244.18

Operation & Maintenance Expenses (O&M Expenses)

67. The O&M expenses claimed by the Petitioner for the various elements included in the transmission asset for the 2019-24 tariff period are as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses					
Bays (Number)					
132 kV & below	12	12	12	12	12
Transformers (Number)					
132 kV & below (50 MVA)	2	2	2	2	2
Transmission Line (Rangit Siliguri at Gangtok)					
D/C Single Conductor (km)	52.300	52.300	52.300	52.300	52.300
Communication System					
Original project cost / Asset related to the communication system (₹ in lakh)	66.35	66.35	66.35	66.35	66.35
Total O&M Expenses (₹ in lakh)	238.51	246.86	255.52	264.40	273.70

68. Regulation 35(3)(a) and 33(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	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole	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.”*

69. 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.



70. The O&M Expenses allowed for the transmission asset is as follows:

Details	2019-20	2020-21	2021-22	2022-23	2023-24
12 Numbers 132 kV & below Sub-station bays	192.96	199.68	206.76	213.96	221.52
2 Numbers 50 MVA Transformers	24.50	25.40	26.30	27.20	28.20
52.300 km D/C (Single Conductor) Transmission Line	19.72	20.45	21.13	21.91	22.65
Total	237.18	245.53	254.19	263.07	272.37

Interest on Working Capital (IWC)

71. 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;”

72. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner



has considered the rate of IWC as 12.05%. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. 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 allowed thereon is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O & M Expenses (O & M Expenses for 1 month)	19.76	20.46	21.18	21.92	22.70
Maintenance Spares (15% of O & M Expenses)	35.58	36.83	38.13	39.46	40.85
Receivables (Equivalent to 45 days of annual transmission cost)	79.25	79.55	79.78	79.98	79.97
Total Working Capital	134.60	136.84	139.10	141.36	143.52
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on Working Capital	16.22	15.39	15.65	15.90	16.15

Annual Fixed Charges of the 2019-24 Tariff Period

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	79.42	79.42	79.42	79.42	79.42
Interest on Loan	67.61	60.73	53.71	46.13	38.31
Return on Equity	244.18	244.18	244.18	244.18	244.18
Interest on Working Capital	16.22	15.39	15.65	15.90	16.15
O & M Expenses	237.18	245.53	254.19	263.07	272.37
Total	644.61	645.26	647.14	648.71	650.42

Filing Fee and the Publication Expenses

74. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. BSPHCL has submitted that grant of filing fee and expenses incurred is in the discretion of the Commission and need not necessarily be allowed in all cases. In response, the Petitioner has submitted that the Commission



has allowed the recovery of petition filing fee and publication of notices from the beneficiaries on pro-rata basis in the order dated 28.3.2016 in Petition No. 137/TT/2015.

75. We have considered the submissions of the Petitioner and BSPHCL. 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

76. 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.

Goods and Services Tax

77. BSPHCL has submitted that Regulation 56 of the 2019 Tariff Regulations contemplates recovery of statutory charges by generating company and not by transmission licensee. In response, 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. In response, the Petitioner has submitted that the prayer of GST is anticipatory in nature.



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

Security Expenses

79. 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. 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.

80. We have considered the submissions of the Petitioner. We are of the view that the Petitioner should claim security expenses for all the transmission assets in one petition. It is observed that the Petitioner has already filed 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.



Capital Spares

81. 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

82. 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.

83. To summarise:

(a) The revised Annual Fixed Charges allowed for the transmission asset of the 2004-09 tariff period are:

(₹ in lakh)			
2005-06 (pro-rata 6 months)	2006-07	2007-08	2008-09
409.21	859.75	903.60	945.99

(b) The consequential revision of Annual Fixed Charges allowed for the transmission asset of the 2009-14 tariff period are:

(₹ in lakh)				
2009-10	2010-11	2012-13	2013-14	2014-15
1005.47	1028.29	1039.66	1045.52	1055.66

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



(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
1008.44	1006.87	1004.79	1004.02	870.50

(d) The Annual Fixed Charges allowed for the transmission asset of the 2019-24 tariff period in this order are:

(₹ in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
644.61	645.26	647.14	648.71	650.42

84. The Annexure given hereinafter forms part of the order.

85. This order disposes of Petition No. 356/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



Annexure

2014-19		ACE (₹ in lakh)		Depreciation as per Regulations				
Capital Cost	Capital Cost as on 1.4.2014 / COD (₹ in lakh)	2014-19	Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depn.	2014-15	2015-16	2016-17	2017-18
Land - Freehold	86.51	-	86.51	-	-	-	-	-
Land - Leasehold	-	-	-	3.34%	-	-	-	-
Building Civil Works & Colony	481.11	0.00	481.11	3.34%	16.07	16.07	16.07	16.07
Transmission Line	2260.24	0.00	2260.24	5.28%	119.34	119.34	119.34	119.34
Sub Station	1475.22	0.00	1475.22	5.28%	77.89	77.89	77.89	77.89
PLCC	66.35	0.00	66.35	6.33%	4.20	4.20	4.20	4.20
IT Equipment (Incl. Software)	0.00	0.00	0.00	5.28%	0.00	0.00	0.00	0.00
Total	4369.43	0.00	4369.43	Total	217.50	217.50	217.50	217.50
Average Gross Block (₹ in lakh)					4369.43	4369.43	4369.43	4369.43
Weighted Average Rate of Depreciation					4.98%	4.98%	4.98%	4.98%

The transmission asset has completed 12 years of life as on 31.3.2018, the remaining depreciable value of ₹1508.92 lakh as on 31.3.2018 has been spread across the balance useful life of 19 years in accordance with Regulation 27(5) of the 2014 Tariff Regulations. The annual depreciation from the year 2018-19 and onwards is ₹79.42 lakh.

