

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 383/TT/2020

Coram:

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

Date of Order: 07.07.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing-up of transmission tariff of 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for the Combined Asset comprising of Asset-I: 1 x315 MVA, 400/220 kV Transformer at Nalagarh; Asset-II: 1x315 MVA, 400/220 kV Transformer at Abdullahpur; Asset III: 1x500 MVA, 400/220 kV Transformer at Amritsar; and Asset IV: 4x105 MVA, 400/220 kV Single Phase Transformers at Kishenpur associated with Augmentation of Transformation Capacity (Part-I) in Northern and Eastern Region.

And in the matter of:

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

.....Petitioner

Versus

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur-302005 (Rajasthan).
2. Ajmer Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
3. Jaipur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
4. Jodhpur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,

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Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).

5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171004 (Himachal Pradesh).
6. Punjab State Electricity Board,
Thermal Shed Tia, Near 22 Phatak,
Patiala-147001 (Punjab).
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula-134109 (Haryana).
8. Power Development Department,
Govt. of Jammu & Kashmir,
Mini Secretariat, Jammu.
9. Uttar Pradesh Power Corporation Ltd.,
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226001 (Uttar Pradesh).
10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi-110002.
11. BSES Yamuna Power Ltd.,
B-Block, Shakti Kiran Building (Near Karkadooma Courts),
Karkadooma 2nd Floor,
New Delhi-110092.
12. BSES Rajdhani Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi-110019.
13. Tata Power Delhi Distribution Ltd.,
NDPL House, Hudson Lines Kingsway Camp
Delhi-110009.
14. Chandigarh Administration,
Sector- 9, Chandigarh.
15. Uttarakhand Power Corporation Ltd.,
Urja Bhawan, Kanwali Road,
Dehradun (Uttarakhand).
16. North Central Railway,
Allahabad (Uttar Pradesh).



17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110002.

.....Respondent(s)

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

For Respondent: Shri R. B. Sharma, Advocate, BRPL
Shri Sachin Dubey, Advocate, BYPL

ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Ltd., a deemed transmission licensee, for truing up of transmission tariff of 2014-19 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 tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the Combined Asset comprising of the following transmission assets associated with Augmentation of Transformation Capacity (Part-I) in Northern and Eastern Region (hereinafter referred to as “the transmission project”):

Asset-I: 1x315 MVA, 400/220 kV Transformer at Nalagarh;

Asset-II: 1x315 MVA, 400/220 kV Transformer at Abdullahpur;

Asset III: 1x500 MVA, 400/220 kV Transformer at Amritsar; and

Asset-IV: 4x105 MVA, 400/220 kV Single Phase Transformers at Kishenpur.

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

“1) Approve the Additional Capitalisation expenditure incurred during 2014-19 tariff block and the adjustments as per para 6.

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 7.1 and 9.2 above.

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- 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 Hon'ble Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 5 and 6 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 beneficiaries in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 6) *Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the beneficiaries.*
- 7) *Allow the petitioner to 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 9.8 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 (I.A.) for the transmission project was accorded by the Board of Directors of the Petitioner company vide Memorandum Reference No. C/CP/Aug. of transf. capacity in NR & ER dated 2.7.2012 at an estimated cost of ₹9197.00 lakh, including an IDC of ₹290.00 lakh (based on April, 2012 price level).
- b) The scope of work covered under the transmission project is as follows:



Sub-stations:

- i. 1x315 MVA, 400/220 kV Transformer at Nalagarh Sub-station along with associated bays;
- ii. 1x315 MVA, 400/220 kV Transformer at Abdullapur Sub-station along with associated bays;
- iii. 1x500 MVA, 400/220 kV Transformer at Amritsar Sub-station along with associated bays and 3 numbers of 220 kV line bays; and
- iv. 4x105 MVA, 400/220 kV Single Phase Transformers at Kishenpur Sub-station along with associated bays.

c) As per I.A., the scheduled COD of the transmission assets was 1.3.2014 against which COD of Asset-I, Asset-II, Asset-III and Asset-IV was 1.11.2013, 1.11.2013, 1.10.2013 and 1.3.2014 respectively. There was no time over-run in the commissioning.

d) The Commission vide order dated 9.9.2013 in Petition No. 164/TT/2013 (Docket No. 95/2013) allowed the provisional tariff of Asset-I, Asset-II and Asset-III and vide order dated 12.3.2014 in Petition No. 164/TT/2013 in respect of Asset-IV from their respective anticipated COD to 31.3.2014 under Regulation 5(4) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations) subject to adjustment as provided under Regulation 5(3) of the 2009 Tariff Regulations.

e) The Commission vide order dated 2.11.2015 in Petition No. 164/TT/2013 confirmed the COD of Asset-I, Asset-II, Asset-III and Asset-IV as 1.11.2013, 1.11.2013, 1.10.2013 and 1.3.2014 respectively and allowed the transmission tariff in respect of the said transmission assets from their respective COD. Subsequently, the transmission tariff for 2009-14 period was trued-up and transmission tariff for 2014-19 period was allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017.



f) The Commission vide order dated 24.9.2018 in Petition No. 134/TT/2017 had worked out the effective COD for the Combined Asset as 6.12.2013.

4. The Respondents are distribution licensees, power departments, power utilities and transmission licensees, which are procuring transmission services from the Petitioner, mainly beneficiaries of Northern and 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 (the 2003 Act). No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. BSES Rajdhani Power Ltd. (BRPL), Respondent No. 12, has filed its reply vide affidavit dated 6.4.2021 in which it has raised issues namely additional capitalization, accrual IDC, recalculation of Initial Spares, deferred tax liability, Return on Equity (RoE), annual truing up of grossed-up rate on RoE, tax on transmission business, adoption of Indian Accounting Standard 101 (IND AS), applicability and recovery of GST, recovery of security expenses, Interest on Working Capital (IWC), recovery of application filing fee and publication expenses, appointment of association or forum in the proceedings before the Commission and annual truing-up of tariff by transmission licensee during 2019-24 period.

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

7. Learned counsel for BRPL has submitted that the Petitioner has adopted the IND AS due to which tariff of the transmission asset has increased. He also submitted that in terms of Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Section 94(3) of the 2003 Act, some



consumer association may be asked to represent the consumer's interest in the present case. He further submitted that there is no provision for current tax liabilities (related to tax on transmission business) in the Balance Sheet and payment of tax in the Profit and Loss Accounts during the 2014-19 tariff period.

8. In response, the Petitioner has submitted that same issues have been raised by BRPL in a number of matters and the same being devoid of merit have been rejected by the Commission.

9. We have considered the submissions of the Petitioner, BRPL and BYPL (who adopted the submissions made on behalf of BRPL during the hearing). It has been placed before us that BRPL has been raising the same issues in several petitions despite clear findings of the Commission rejecting the contentions of BRPL. The aforesaid contentions of BRPL have been rejected by the Commission in several other petitions including Petition No.136/TT/2020. As BRPL has not challenged the findings, the same have attained finality. In view of these, the above said pleas raised by BRPL and BYPL are rejected.

10. We note that BRPL has been raising issues despite clear findings of the Commission on those issues. Therefore, in the instant petition we do not go into details of the contentions of BRPL and the clarifications given by the Petitioner on issues where the Commission has already given its findings. The issues which are specific to the instant petition and not dealt by the Commission earlier are considered in the relevant paragraphs of this order.

11. Having heard the representatives of the Petitioner, learned counsel for BRPL and BYPL (who adopted submissions made on behalf of BRPL) and having carefully perused the materials on record, we proceed to dispose of the petition.



12. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 28.1.2020, Petitioner's affidavit dated 24.11.2020 filed in compliance of Technical Validation letter and BRPL's reply vide affidavit dated 6.4.2021.

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

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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	377.26	422.89	432.22	437.71	443.24
Interest on Loan	150.36	190.73	210.41	208.56	219.30
RoE	420.46	473.46	483.65	489.79	497.32
IWC	51.47	55.65	57.57	58.85	60.48
O&M Expenses	536.67	554.47	572.90	591.89	611.54
Total	1536.22	1697.20	1756.75	1786.80	1831.88

14. The details of the trued-up IWC claimed by the Petitioner in respect of the Combined Asset for 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	44.72	46.21	47.74	49.32	50.96
Maintenance Spares	80.50	83.17	85.94	88.78	91.73
Receivables	256.04	282.87	292.79	297.80	305.31
Total Working Capital	381.26	412.25	426.47	435.90	448.00
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
IWC	51.47	55.65	57.57	58.85	60.48

Capital Cost

15. The Commission vide order dated 24.9.2018 in Petition No. 134/TT/2017 had allowed capital cost as on 31.3.2014 and projected Additional Capital Expenditure (ACE) for determination of tariff of 2014-19 period, which are as follows:



Admitted Capital Cost as on 31.3.2014	ACE					(₹ in lakh)
	2014-15	2015-16	2016-17	2017-18	2018-19	Admitted Capital Cost as on 31.3.2019
6452.83	1322.45	383.98	366.88	0.00	0.00	8526.14

16. The capital cost of the Combined Asset has been calculated in accordance with Regulation 9(3) of the 2014 Tariff Regulations. The Petitioner has claimed capital cost based on actual expenditure as follows:

Admitted Capital Cost as on 31.3.2014	ACE					(₹ in lakh)
	2014-15	2015-16	2016-17	2017-18	2018-19	Admitted Capital Cost as on 31.3.2019
6454.53*	1374.78 [#]	352.89 ^{\$}	0.00	207.85 ^{\$}	1.88	8391.93

* Deduction of ₹1.70 lakh is added back as the entire Initial Spares of ₹89.75 lakh deducted from ACE in 2014-19

Accrual IDC of ₹5.50 lakh added to ACE in 2014-15

\$ - Initial Spares of ₹89.75 lakh deducted from ACE in 2014-15 (₹0.2 lakh), ACE in 2015-16 (₹72.08 lakh) and ACE in 2017-18 (₹17.47 lakh)

Initial Spares

17. The Petitioner has worked out the Initial Spares for the transmission assets as follows:

Asset	Estimated Completion Cost (in ` lakh) (A)	Initial Spares claimed by Petitioner (in ` lakh) (B)	Ceiling (in %) (C)	Initial Spares worked out (in ` lakh)	Excess Initial Spares (in ` lakh) (E)=(B)-(D)
				(D) = [(A-B)*C / (100-C)]	
I	1717.83	76.67	2.50	42.08	34.59
II	1447.35	73.02	2.50	35.24	37.78
III	2281.95	73.97	2.50	56.61	17.36
IV	3029.05	75.75	2.50	75.73	0.02
Total	8476.18	299.41	2.50	209.66	89.75

18. The Petitioner has submitted that the Initial Spares included in the Auditor Certificate is as per actual cash expenditure incurred and the Initial Spares discharged after COD is considered as ACE in the respective years. The discharge of Initial Spares submitted by the Petitioner is as follows:



(₹ in lakh)

Asset	Initial Spares Claimed	Initial Spares Discharge					
		Up to COD	2013-14	2014-15	2015-16	2016-17	2017-18
I	76.67	13.47	30.30	14.92	17.97	0.00	0.00
II	73.02	11.28	13.37	42.70	5.67	0.00	0.00
III	73.97	15.47	13.29	23.00	22.21	0.00	0.00
IV	75.75	17.19	0.00	14.86	26.23	0.00	17.47
Total	299.41	57.41	56.96	95.48	72.08	0.00	17.47

19. BRPL has submitted that the Initial Spares which were earlier disallowed by the Commission cannot be re-calculated and claimed. BRPL has further submitted that Initial Spares have ceiling norms and cannot be claimed beyond cut-off date.

20. We have considered the submissions of the Petitioner and BRPL. As per APTEL's judgment dated 14.9.2019 in Appeal No. 74 of 2017, the Initial Spares are to be allowed as a percentage of the project cost as a whole as on the cut-off date. It is also observed that the Petitioner has considered the capital cost including ACE during 2014-19 tariff period instead of considering the capital cost as on cut-off date.

21. Regulation 3(29) of the 2009 Tariff Regulations defines "original project cost" as follows:

"3. Definitions ...

(29) 'original project cost' means the capital expenditure incurred by the generating company or the transmission licensee, as the case may be, within the original scope of the project up to the cut-off date as admitted by the Commission;"

22. All the assets covered in the transmission project have achieved COD during 2009-14 period and are AIS sub-stations. Regulation 8(iv) of the 2009 Tariff Regulations specifies the norms for the Initial Spares for the transmission systems as follows:

"(iv) Transmission system

(a) Transmission line - 0.75%

(b) Transmission Sub-station - 2.5%

(c) Series Compensation devices and HVDC Station - 3.5%"



23. Accordingly, the allowable limit for Initial Spares for the Transmission Sub-stations is 2.5%. The capital cost as on cut-off date and the claim of Initial Spares is considered as per Auditor Certificate submitted by the Petitioner. The Initial Spares allowed for the transmission assets are as follows:

Asset	Capital Cost as on cut-off date (₹ in lakh) (A)	Initial Spares claimed (₹ in lakh) (B)	Ceiling limit (in %) (C)	Initial Spares worked out (₹ in lakh)	Excess Initial Spares (₹ in lakh)	Initial Spares now allowed (₹ in lakh) (F=D)
				$D = [(A-B)*C/(100-C)]$	$E = D-B$	
I	1717.83	76.67	2.50	42.08	95.57	203.84
II	1447.35	73.02	2.50	35.24		
III	2281.95	73.97	2.50	56.61		
IV	2801.85	75.75	2.50	69.90		
Total	8248.98	299.41	2.50	203.84		

24. The Commission vide order dated 24.9.2018 in Petition No. 134/TT/2017, allowed ₹209.68 lakh as Initial Spares. However, pursuant to application of APTEL judgment dated 14.9.2019 in Appeal No. 74 of 2017 and as per the Petitioner's submission, the Initial Spares now allowed in this order are ₹203.84 lakh. The difference in the Initial Spares now allowed *vis-à-vis* the Initial Spares allowed *vide* order dated 24.9.2018 in Petition No. 134/TT/2017 is due to consideration of capital cost beyond the cut-off date in respect of Asset-IV by the Petitioner.

25. The Commission vide order dated 24.9.2018 in Petition No. 134/TT/2017 had deducted ₹1.70 lakh of excess Initial Spares from ACE of Asset-I in 2013-14. As the entire Excess Initial Spares of ₹95.57 lakh is now deducted from ACE in 2014-19 tariff period, the deduction of ₹1.70 lakhs of excess Initial Spares is added back to the capital cost as on 31.3.2014. Accordingly, the details of the capital cost as on 31.3.2014 now approved are as follows:



(₹ in lakh)

Capital Cost claimed in Auditor Certificate as on 31.3.2014 (A)	Excess Initial Spares (B)	Capital Cost allowed as on 31.3.2014 (C) = (A)+(B)
6452.83	1.70	6454.53

26. Accordingly, the discharge of Initial Spares considered after deduction of excess initial spares of ₹95.57 lakh is as follows:

(₹ in lakh)

Combined Asset	Initial Spares Discharge					
	Up to COD	2013-14	2014-15	2015-16	2016-17	2017-18
As claimed by the Petitioner	57.41	56.96	95.48	72.08	0.00	17.47
As approved now	57.41	56.96	89.47	0.00	0.00	0.00

Additional Capital Expenditure (ACE)

27. The Petitioner has claimed ACE as follows:

(₹ in lakh)

ACE				
2014-15	2015-16	2016-17	2017-18	2018-19
1374.78	352.89	0.00	207.85	1.88

28. The Petitioner has submitted that ACE incurred in 2014-15 and 2015-16 is claimed under Regulation 14(1)(i) (undischarged liabilities recognized to be payable at a future date) of the 2014 Tariff Regulations. ACE incurred in 2017-18 and 2018-19 is beyond the cut-off date and on account of any undischarged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date and is claimed under Regulation 14(3)(v) of the 2014 Tariff Regulations. The break-up of ACE claimed by the Petitioner is as follows:

(₹ in lakh)

Particulars	Regulation	ACE claimed		
		2014-15	2015-16	2016-17
Balance and retention payments for liabilities other than IDC	14(1)(i)	1057.33	352.89	0.00



Addition in Gross block	14(1)(ii)	311.95	0.00	0.00
IDC Discharged after COD	14(1)(i)	5.50	0.00	0.00
Total ACE		1374.78	352.89	0.00

(₹ in lakh)

Particulars	Regulation	ACE claimed	
		2017-18	2018-19
Balance and retention payments for liabilities other than IDC	14(3)(v)	207.85	1.88
Total ACE		207.85	1.88

29. Further, in response to the Technical Validation letter, the Petitioner vide affidavit dated 24.11.2020, has submitted package-wise break-up as follows:

Particulars	Year	ACE (₹ in lakh)	Vendor Name	Nature of Work	Balance and Retention/ Deferred work
Asset-I (COD:1.11.2013)	2014-15	221.07	M/s KEC	Sub-station	Balance and retention Payment
	2015-16	158.02	M/s KEC	Sub-station	Balance and retention Payment
Asset-II (COD:1.11.2013)	2014-15	255.89	M/s KEC	Sub-station	Balance and retention Payment
	2015-16	80.45	M/s KEC	Sub-station	Balance and retention Payment
Asset-III (COD:1.10.2013)	2014-15	504.04	M/s KEC	Sub-station	Balance and retention Payment
	2014-15	2.82	M/s KEC	PLCC	Balance and retention Payment
	2015-16	92.38	M/s KEC	Sub-station	Balance and retention Payment
	2015-16	1.86	M/s KEC	PLCC	Balance and retention Payment
Asset-IV (COD:1.3.2014)	2014-15	73.71	M/s CGL	Sub-station	Balance and retention Payment
		311.95	M/s CGL	Sub-station	Deferred work liability (Work has been completed before cut-off date)
	2015-16	92.26	M/s CGL	Sub-station	Balance and retention Payment
	2017-18	225.32	M/s CGL	Sub-station	Balance and retention Payment (Work has been completed before cut-off date)
	2018-19	1.88	M/s CGL	Substation	Balance and retention Payment



					(Work has been completed before cut-off date)
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30. BRPL has submitted that the accrual IDC included by the Petitioner as ACE may be rejected as there are no provisions of inclusion of accrual IDC in ACE under the 2014 Tariff Regulations.

31. We have considered the submissions made by the Petitioner and BRPL. It has been observed from the Auditor's Certificate in respect of Asset-IV that the undischarged IDC of ₹5.50 lakh as on 31.3.2014 has been included in ACE of 2014-15. Accordingly, the discharge of IDC of ₹5.50 lakh during 2014-15 has been considered as part of ACE of ₹1057.33 Lakh.

32. ACE claimed by the Petitioner has been allowed under Regulation 14(1)(i) and Regulation 14(3)(v) of the 2014 Tariff Regulations which pertain to undischarged liabilities recognized to be payable at a future date and undischarged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date respectively. Accordingly, ACE allowed for the 2014-19 period is as follows:

(₹ in lakh)

Particulars	Regulation	ACE claimed		
		2014-15	2015-16	2016-17
Balance and retention payments for liabilities including IDC	14(1)(i)	1057.53	424.97	0.00
Addition in Gross block	14(1)(ii)	311.95	0.00	0.00
Less: Excess initial spare		6.01	72.08	0.00
Total ACE		1363.47	352.89	0.00

(₹ in lakh)

Particulars	Regulation	ACE claimed	
		2017-18	2018-19
Balance and retention payments for liabilities other	14(3)(v)	225.32	1.88



than IDC			
Less: Excess initial spare		17.47	0.00
Total ACE		207.85	1.88

33. Accordingly, the capital cost allowed for 2014-19 tariff period is as follows:

Capital Cost allowed as on 31.3.2014	ACE allowed					(₹ in lakh)
	2014-15	2015-16	2016-17	2017-18	2018-19	Capital Cost allowed as on 31.3.2019
6454.53	1363.47	352.89	0.00	207.85	1.88	8380.62

Debt-Equity Ratio

34. The debt-equity ratio has been considered in accordance with Regulations 19(1), 19(3) and 19(5) 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 has been considered for the purpose of truing up of the tariff of the Combined Asset for 2014-19 tariff period. The details of the debt-equity ratio as on 1.4.2014 and 31.3.2019 considered for the purpose of determination of tariff for the 2014-19 period is as follows:

Particulars	Capital cost as on 1.4.2014 (₹ in lakh)	(in %)	Total cost as on 31.3.2019 (₹ in lakh)	(in %)
Debt	4518.17	70.00	5866.43	70.00
Equity	1936.36	30.00	2514.19	30.00
Total	6454.53	100.00	8380.62	100.00

Depreciation

35. The depreciation has been allowed out as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. Depreciation has been allowed considering capital expenditure as on 1.4.2014 and approved ACE during the 2014-19 tariff period. The Gross Block during 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD has been worked out



and placed at Annexure-I to this order after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations and depreciation allowed during 2014-19 period is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	6454.53	6454.53	6454.53	6454.53	6454.53
ACE	1363.47	352.89	0.00	207.85	1.88
Closing Gross Block	7818.00	6807.42	6454.53	6662.38	6456.41
Average Gross Block	7136.27	6630.98	6454.53	6558.46	6455.47
WAROD (in %)	5.28	5.28	5.28	5.28	5.28
Balance useful life of the asset (Year)	25	24	23	22	21
Lapsed useful life at the beginning of the year (Year)	0	1	2	3	4
Aggregate Depreciable Value	6422.64	5967.88	5809.08	5902.61	5809.92
Depreciation during the year	376.96	422.30	431.62	437.11	442.65
Cumulative Depreciation	470.84	893.14	1324.76	1761.87	2204.52
Remaining Aggregate Depreciable Value	5951.80	5074.74	4484.31	4140.74	3605.40

36. Accordingly, depreciation allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017, as claimed by the Petitioner in the instant petition and true-up depreciation in the instant order is as follows:

(₹ in lakh)

Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017	375.79	420.86	440.69	450.38	450.38
Claimed by the Petitioner in the instant petition	377.26	422.89	432.22	437.71	443.24
Approved after true-up in this order	376.96	422.30	431.62	437.11	442.65

Interest on Loan (IoL)

37. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and rate of interest. IoL has been calculated based on actual interest rate, in accordance with the Regulation 26 of the 2014 Tariff Regulations. The details



of trued-up IoL allowed in respect of the Combined Asset for 2014-19 tariff period is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	4518.17	5472.60	5719.62	5719.62	5865.12
Cumulative Repayments up to Previous Year	93.88	470.84	893.14	1324.76	1761.87
Net Loan-Opening	4424.29	5001.76	4826.48	4394.86	4103.24
Additions	954.43	247.02	0.00	145.50	1.32
Repayment during the year	376.96	422.30	431.62	437.11	442.65
Net Loan-Closing	5001.76	4826.48	4394.86	4103.24	3661.91
Average Loan	4713.02	4914.12	4610.67	4249.05	3882.58
Weighted Average Rate of Interest on Loan (in %)	3.1877	3.8754	4.5566	4.9010	5.6400
IoL	150.24	190.44	210.09	208.25	218.98

38. Accordingly, IoL allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017, claimed by the Petitioner in the instant petition and trued-up IoL in the instant order is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017	148.46	181.68	180.65	168.09	150.54
Claimed by the Petitioner in the instant petition	150.36	190.73	210.41	208.56	219.30
Approved after true-up in this order	150.24	190.44	210.09	208.25	218.98

Return on Equity (RoE)

39. The Petitioner has claimed RoE in respect of the Combined Asset in terms of Regulations 24 and 25 of the 2014 Tariff Regulations. The Petitioner has submitted that it is liable to pay income tax at Minimum Alternate Tax (MAT) rates and has claimed following effective tax rates for 2014-19 period:

Year	Claimed effective tax rate (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
2014-15	21.018	19.624



2015-16	21.382	19.715
2016-17	21.338	19.705
2017-18	21.337	19.705
2018-19	21.549	19.758

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

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

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

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

42. RoE is trued-up on the basis of the MAT rate applicable in the respective years and is allowed as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	1936.36	2345.40	2451.27	2451.27	2513.62
Additions	409.04	105.87	0.00	62.36	0.56
Closing Equity	2345.40	2451.27	2451.27	2513.62	2514.19
Average Equity	2140.88	2398.33	2451.27	2482.44	2513.90
RoE (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	20.961	21.342	21.342	21.342	21.549
Rate of RoE (in %)	19.610	19.705	19.705	19.705	19.758
Return on Equity	419.83	472.59	483.02	489.17	496.70



43. Accordingly, RoE allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)

Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017	418.53	468.73	490.82	501.61	501.61
Claimed by the Petitioner in the instant petition	420.46	473.46	483.65	489.79	497.32
Approved after true-up in this order	419.83	472.59	483.02	489.17	496.70

Operation & Maintenance Expenses (O&M Expenses)

44. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the Combined Asset. The total O&M Expenses in respect of the Combined Asset claimed by the Petitioner are as follows:

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Combined Asset					
400 kV Sub-station Bay					
1 number 400 kV Sub-station bay each at Nalagarh, Amritsar, Abdullahpur and Kishenpur					
O&M Expenses (₹ in lakh)	241.20	249.20	257.48	266.04	274.84
220 kV Sub-station Bay					
7 numbers 220 kV Sub-station bay each at Nalagarh, Abdullahpur and Kishenpur and 4 numbers 220 kV sub-station bay at Amritsar					
O&M Expenses (₹ in lakh)	295.47	305.27	315.42	325.85	336.70
Total O&M Expenses (₹ in lakh)	536.67	554.47	572.90	591.89	611.54

45. The Commission has considered the submissions made by the Petitioner and has allowed the same for 2014-19 tariff period as they are in line with the norms specified in the 2014 Tariff Regulations. The computation of O&M Expenses are as follows:



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Combined Asset					
400 kV Sub-station Bay					
1 number 400 kV Sub-station bay each at Nalagarh, Amritsar, Abdullahpur and Kishenpur	4	4	4	4	4
Norms (₹ lakh/bays)	60.3	62.3	64.37	66.51	68.71
O&M Expenses (₹ in lakh)	241.20	249.20	257.48	266.04	274.84
220 kV Sub-station Bay					
1 number 220 kV Sub-station bay each at Nalagarh, Abdullahpur and Kishenpur and 4 numbers 220 kV Sub-station bay at Amritsar	7	7	7	7	7
Norms (₹ lakh/bays)	42.21	43.61	45.06	46.55	48.1
O&M Expenses (₹ in lakh)	295.47	305.27	315.42	325.85	336.70
Total O&M Expenses (₹ in lakh)	536.67	554.47	572.90	591.89	611.54

46. Accordingly, O&M expenses allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017, claimed by the Petitioner in the instant petition and trued-up O&M Expenses in the instant order are as follows:

(₹ in lakh)

Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017	536.67	554.47	572.90	591.89	611.54
Claimed by the Petitioner in the instant petition	536.67	554.47	572.90	591.89	611.54
Approved after true-up in this order	536.67	554.47	572.90	591.89	611.54

Interest on Working Capital (IWC)

47. IWC for the 2014-19 tariff period has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and trued-up IWC allowed in respect of the Combined Asset is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses (O&M Expenses for 1 month)	44.72	46.21	47.74	49.32	50.96
Maintenance Spares (15% of O&M Expenses)	80.50	83.17	85.94	88.78	91.73



Receivables (Equivalent to 2 months of annual fixed cost)	255.86	282.57	292.53	297.54	305.05
Total Working Capital	381.08	411.95	426.21	435.65	447.74
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	51.45	55.61	57.54	58.81	60.45

48. Accordingly, IWC allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017, claimed by the Petitioner in the instant petition and trued-up IWC in the instant order is as follows:

(₹ in lakh)

Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017	51.35	55.29	57.25	58.48	59.16
Claimed by the Petitioner in the instant petition	51.47	55.65	57.57	58.85	60.48
Approved after true-up in this order	51.45	55.61	57.54	58.81	60.45

Approved Annual Fixed Charges of 2014-19 Tariff Period

49. The trued-up Annual Fixed Charges (AFC) approved in respect of the Combined Asset for 2014-19 period is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	376.96	422.30	431.62	437.11	442.65
Interest on Loan	150.24	190.44	210.09	208.25	218.98
Return on Equity	419.83	472.59	483.02	489.17	496.70
Interest on Working Capital	51.45	55.61	57.54	58.81	60.45
O&M Expenses	536.67	554.47	572.90	591.89	611.54
Total	1535.14	1695.41	1755.17	1785.22	1830.31

50. Accordingly, the Annual Transmission Charges allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017, trued-up AFC claimed by the Petitioner in the instant petition and trued-up AFC approved in the instant order in respect of the Combined Asset are as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 24.9.2018 in Petition No. 134/TT/2017	1530.80	1681.03	1742.31	1770.45	1773.23
Claimed by the Petitioner in the instant petition	1536.22	1697.20	1756.75	1786.80	1831.88
Approved after true-up in this order	1535.14	1695.41	1755.17	1785.22	1830.31

Determination of Annual Fixed Charges for 2019-24 Tariff Period

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	443.29	443.29	443.29	443.29	443.29
IoL	196.25	168.46	141.56	115.20	90.48
RoE	472.81	472.81	472.81	472.81	472.81
IWC	53.40	54.38	55.31	56.32	57.23
O&M Expenses	841.45	871.66	902.22	934.64	965.96
Total	2007.20	2010.60	2015.19	2022.26	2029.77

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	70.12	72.64	75.19	77.89	80.50
Maintenance Spares	126.22	130.75	135.33	140.20	144.89
Receivables	246.79	247.88	248.45	249.32	249.56
Total Working Capital	443.13	451.27	458.97	467.41	474.95
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
IWC	53.40	54.38	55.31	56.32	57.23

Capital Cost

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

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

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

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- (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."

54. The Petitioner has claimed capital cost of ₹8391.93 lakh as on 31.3.2019 in respect of the Combined Asset. The capital cost of ₹8380.62 lakh has been admitted for the Combined Asset as on 31.3.2019 in this order. Accordingly, the opening capital cost of ₹8380.62 lakh as on 1.4.2019 of the Combined Asset has been considered in accordance with Regulation 19 of the 2019 Tariff Regulations.



55. The Petitioner has not claimed any ACE during 2019-24 tariff period. 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 2019-24 tariff period	Total Capital Cost as on 31.3.2024
8380.62	0.00	8380.62

Debt-Equity Ratio

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

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

Provided that:

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

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

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

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

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



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

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

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

57. The details of the debt-equity considered for the purpose of computation of tariff for 2019-24 tariff period in respect of the Combined Asset is as follows:

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	5866.43	70.00	5866.43	70.00
Equity	2514.19	30.00	2514.19	30.00
Total	8380.62	100.00	8380.62	100.00

Depreciation

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

59. We have considered the submissions of the Petitioner. 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 calculation of WAROD for the 2019-24 tariff period is placed at Annexure-II. The depreciation allowed for the Combined Asset is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation					
Opening Gross Block	8380.62	8380.62	8380.62	8380.62	8380.62
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	8380.62	8380.62	8380.62	8380.62	8380.62
Average Gross Block	8380.62	8380.62	8380.62	8380.62	8380.62
Freehold Land	0.00	0.00	0.00	0.00	0.00
WAROD (in %)	5.28	5.28	5.28	5.28	5.28
Balance useful life of the asset at the beginning of the year (Year)	20	19	18	17	16
Lapsed useful life at the beginning of the year (Year)	5	6	7	8	9
Aggregate Depreciable Value	7542.56	7542.56	7542.56	7542.56	7542.56
Depreciation during the year	442.70	442.70	442.70	442.70	442.70
Cumulative Depreciation	2647.22	3089.92	3532.61	3975.31	4418.01
Remaining Aggregate Depreciable Value	4895.34	4452.64	4009.94	3567.25	3124.55

Interest on Loan (IoL)

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

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

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

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

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

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



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

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

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

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

61. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. In view of above, IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed in respect of the Combined Asset for 2019-24 tariff period is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	5866.43	5866.43	5866.43	5866.43	5866.43
Cumulative Repayments up to Previous Year	2204.52	2647.22	3089.92	3532.61	3975.31
Net Loan-Opening	3661.91	3219.21	2776.52	2333.82	1891.12
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	442.70	442.70	442.70	442.70	442.70
Net Loan-Closing	3219.21	2776.52	2333.82	1891.12	1448.42
Average Loan	3440.56	2997.87	2555.17	2112.47	1669.77
Weighted Average Rate of Interest on Loan (in %)	5.6953	5.6108	5.5314	5.4446	5.4093
Interest on Loan	195.95	168.21	141.34	115.02	90.32

Return on Equity (RoE)

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



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

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

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

Provided further that:

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

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

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

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

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

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

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

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



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

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

Illustration-

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

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

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

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

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

63. BRPL has submitted that the Petitioner should clarify whether it is grossing-up deferred tax amount while billing to beneficiaries and, if so, the same is required to be refunded to beneficiaries.

64. As regards BRPL’s contention regarding the deferred tax liability, it is observed that the Petitioner has considered the deferred tax liability only up to 31.3.2009 and has not considered deferred tax liability amount billed/ materialized while grossing up RoE.



65. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. Accordingly, MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which shall be trued-up with actual tax rate in accordance with Regulation 31 (3) of the 2019 Tariff Regulations. RoE allowed in respect of the Combined Asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	2514.19	2514.19	2514.19	2514.19	2514.19
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	2514.19	2514.19	2514.19	2514.19	2514.19
Average Equity	2514.19	2514.19	2514.19	2514.19	2514.19
RoE (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
Rate of RoE (in %)	18.782	18.782	18.782	18.782	18.782
RoE	472.21	472.21	472.21	472.21	472.21

Operation & Maintenance Expenses (O&M Expenses)

66. Regulations 35(3)(a) and 35(4) of the 2019 Tariff Regulations provide as follows:

“35. Operation and Maintenance Expenses:

...

(3) Transmission system: (a) The following normative operation and maintenance expenses shall be admissible for the transmission system:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867



Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
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 Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

Provided that the O&M expenses for the GIS bays shall be allowed as worked out by multiplying 0.70 of the O&M expenses of the normative O&M expenses for bays;

Provided further that:

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;
- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;
- iii. the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);
- iv. the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;
- v. the O&M expenses of ±800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme; and



vi. *the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.*

(b) *The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of sub-station bays, transformer capacity of the transformer (in MVA) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA and per km respectively.*

(c) *The Security Expenses and Capital Spares for transmission system shall be allowed separately after prudence check:*

Provided that the transmission licensee shall submit the assessment of the security requirement and estimated security expenses, the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification.

(4) Communication system: *The operation and maintenance expenses for the communication system shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up.”*

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
400 kV Sub-station Bay					
1 number 400 kV Sub-station bay each at Nalagarh, Amritsar, Abdullahpur and Kishenpur	4	4	4	4	4
Norms (₹ lakh/bays)	32.15	33.28	34.45	35.66	36.91
O&M Expenses (₹ in lakh)	128.60	133.12	137.80	142.64	147.64
220 kV Sub-station Bay					
1 number 220 kV Sub-station bay each at Nalagarh, Abdullahpur and Kishenpur and 4 number 220 kV Sub-station bay at Amritsar	7	7	7	7	7
Norms (₹ lakh/bays)	22.51	23.3	24.12	24.96	25.84
O&M Expenses (₹ in lakh)	157.57	163.10	168.84	174.72	180.88
400 kV ICT					
315 MVA ICT each at Nalagarh and Abdullahpur, 500 MVA ICT at Amritsar and 420 MVA ICT at Kishenpur	1550 MVA	1550 MVA	1550 MVA	1550 MVA	1550 MVA
Norms (₹ lakh/bays)	0.358	0.371	0.384	0.398	0.411



O&M Expenses (₹ in lakh)	554.90	575.05	595.20	616.90	637.05
PLCC					
O&M for PLCC (2% of ₹19.13 lakh)	0.38	0.38	0.38	0.38	0.38
Total O&M Expenses (₹ in lakh)	841.45	871.66	902.22	934.64	965.96

68. 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.

69. O&M Expenses allowed in respect of the Combined Asset for 2019-24 tariff period covered in the petition are as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
400 kV Sub-station Bay					
1 number 400 kV Sub-station bay each at Nalagarh, Amritsar, Abdullahpur and Kishenpur	4	4	4	4	4
Norms (₹ lakh/bays)	32.15	33.28	34.45	35.66	36.91
O&M Expenses (₹ in lakh)	128.60	133.12	137.80	142.64	147.64
220 kV Sub-station Bay					
1 number 220 kV Sub-station bay each at Nalagarh, Abdullahpur and Kishenpur and 4 numbers 220 kV Sub-station bay at Amritsar	7	7	7	7	7
Norms (₹ lakh/bays)	22.51	23.3	24.12	24.96	25.84
O&M Expenses (₹ in lakh)	157.57	163.10	168.84	174.72	180.88
400 kV ICT					



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
315 MVA ICT each at Nalagarh and Abdullahpur, 500 MVA ICT at Amritsar and 420 MVA ICT at Kishenpur	1550 MVA	1550 MVA	1550 MVA	1550 MVA	1550 MVA
Norms (₹ lakh/bays)	0.358	0.371	0.384	0.398	0.411
O&M Expenses (₹ in lakh)	554.90	575.05	595.20	616.90	637.05
Total O&M expenses (₹ in lakh)	841.07	871.27	901.84	934.26	965.57

Interest on Working Capital (IWC)

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

“34. Interest on Working Capital

(1) ...

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

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

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

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

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

“3. Definitions - *In these regulations, unless the context otherwise requires:-*

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

71. The Petitioner has submitted that it has computed IWC for the 2019-24 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%. IWC is worked out in



accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, whereas, rate of IWC for 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)	70.09	72.61	75.15	77.86	80.46
Maintenance Spares (15% of O&M Expenses)	126.16	130.69	135.28	140.14	144.84
Receivables (Equivalent to 45 days of annual transmission charges)	246.55	247.20	247.76	248.63	248.87
Total Working Capital	442.80	450.50	458.19	466.63	474.17
Rate of Interest (in %)	12.05	11.25	11.25	11.25	11.25
IWC	53.36	50.68	51.55	52.50	53.34

Annual Fixed Charges of 2019-24 Tariff Period

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	442.70	442.70	442.70	442.70	442.70
IoL	195.95	168.21	141.34	115.02	90.32
RoE	472.21	472.21	472.21	472.21	472.21
IWC	53.36	50.68	51.55	52.50	53.34
O&M Expenses	841.07	871.27	901.84	934.26	965.57
Total	2005.29	2005.07	2009.64	2016.68	2024.15

Filing Fee and the Publication Expenses

73. The Petitioner has sought reimbursement of fee paid by it for filing the Petition and publication expenses. BRPL has objected to the claim of filing fee, submitting that the same is at the discretion of the Commission under Regulation 70(1) of the 2019 Tariff Regulations, but exercise of such discretion is a judicial discretion in the



adjudication of tariff for which no justification has been filed by the Petitioner. BRPL also referred to the Commission's order dated 11.9.2008 in Petition No. 129 of 2005 where it declined the claim of Central Power Sector undertakings for allowing the reimbursement of the application filing fee.

74. We have considered the submissions of the Petitioner and BRPL. Regulation 70(1) of the 2019 Tariff Regulations provides for reimbursement of filing fees and publication expenses paid by the Petitioner. Accordingly, the Petitioner is 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

75. The Petitioner has claimed reimbursement of licence fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for 2019-24 tariff period. The Petitioner has also claimed recovery of RLDC fee and charges in accordance with Regulations 70(3) of the 2019 Tariff Regulations for 2019-24 tariff period. We allowed the Petitioner's claims of licence fee and RLDC fee and charges in terms of 2019 Tariff Regulations.

Goods and Services Tax

76. 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.



77. BRPL has submitted that the demand of the Petitioner is premature and need not be considered at this juncture.

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

Security Expenses

79. The Petitioner has submitted that security expenses for the Combined 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.

80. BRPL has submitted that the approach adopted by the Petitioner towards claim of security expenses does not warrant the need for revision in IWC as the same is being claimed in advance. BRPL also submitted that the Petitioner should clarify the provision of the Tariff Regulations under which such a claim has been made.

81. We have considered the submissions of the Petitioner and BRPL. We are of the view that the Petitioner should claim security expenses for all the Combined 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.

Capital Spares

82. 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

83. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by provisions of the 2010 Sharing Regulations. With effect from 1.11.2020, sharing is governed by the 2020 Sharing Regulations. Accordingly, the liabilities of the DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and shall be recovered from the concerned DICs through Bill 2 under Regulation 15(2)(b) of 2020 Sharing Regulations. For subsequent period, the billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

84. To summarise:

- a) The trued-up AFC approved in respect of the Combined Asset for 2014-19 period are:

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
1535.14	1695.41	1755.17	1785.22	1830.31



b) AFC allowed in respect of the Combined Asset for 2019-24 tariff period in this order are:

(₹ in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
2005.29	2005.07	2009.64	2016.68	2024.15

85. Annexure-I and Annexure-II attached hereinafter shall form part of the instant order.

86. This order disposes of Petition No. 383/TT/2020 in terms of above discussions and findings.

sd/-
(Pravas Kumar Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P.K. Pujari)
Chairperson



Annexure-I

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/CO D (₹ in lakh)	ACE (₹ in lakh)						Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)						
		2014-15	2015-16	2016-17	2017-18	2018-19	Total			2014-15	2015-16	2016-17	2017-18	2018-19		
Land - Freehold	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Land - Leasehold	-	-	-	-	-	-	-	-	3.34%	-	-	-	-	-		
Building Civil Works & Colony	-	-	-	-	-	-	-	-	3.34%	-	-	-	-	-		
Transmission Line	-	-	-	-	-	-	-	-	5.28%	-	-	-	-	-		
Sub Station	6440.08	1360.65	351.03	-	207.85	1.88	1921.41	8361.49	5.28%	375.96	421.15	430.41	435.90	441.44		
PLCC	14.45	2.82	1.86	-	-	-	4.68	19.13	6.33%	1.00	1.15	1.21	1.21	1.21		
IT Equipment (Incl. Software)	-	-	-	-	-	-	-	-	5.28%	-	-	-	-	-		
Total	6454.53	1363.47	352.89	-	207.85	1.88	1926.09	8380.62		376.96	422.30	431.62	437.11	442.65		
										Average Gross Block (₹ in lakh)		7136.27	6630.98	6454.53	6558.46	6455.47
										Weighted Average Rate of Depreciation		5.28%	5.28%	5.28%	5.28%	5.28%



Annexure-II

2019-24 Capital Expenditure	Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Projected ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)				
		2019-20	Total			2019-20	2020-21	2021-22	2022-23	2023-24
Land - Freehold	-	-	-	-	-	-	-	-	-	-
Land - Leasehold	-	-	-	-	3.34%	-	-	-	-	-
Building Civil Works & Colony	-	-	-	-	3.34%	-	-	-	-	-
Transmission Line	-	-	-	-	5.28%	-	-	-	-	-
Sub Station	8361.49	-	-	8361.49	5.28%	441.49	441.49	441.49	441.49	441.49
PLCC	19.13	-	-	19.13	6.33%	1.21	1.21	1.21	1.21	1.21
IT Equipment (Incl. Software)	-	-	-	-	15.00%	-	-	-	-	-
Total	8380.62	-	-	8380.62		442.70	442.70	442.70	442.70	442.70
Average Gross Block (₹ in lakh)						8380.62	8380.62	8380.62	8380.62	8380.62
Weighted Average Rate of Depreciation						5.28%	5.28%	5.28%	5.28%	5.28%

