

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 406/TT/2020

Coram:

Shri P. K. Pujari, Chairperson

Shri I. S. Jha, Member

Shri Arun Goyal, Member

Date of Order : 08.02.2021

In the Matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing up of transmission tariff of the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for "Transmission System associated with Sasan Ultra Mega Power Project (UMPP)" covered in the Commission's order dated 31.1.2019 in Petition No. 123/TT/2018 and covered in Commission's order dated 30.3.2016 in Petition No. 370/TT/2014.

And in the Matter of:

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

.....Petitioner

Vs

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



5. Maharashtra State Electricity Transmission Co. Ltd.,
Prakashganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East)
Mumbai - 400051.
6. Gujarat Urja Vikas Nigam Ltd.,
Sardar Patel Vidyut Bhawan,
Racecourse Road,
Vadodara - 390007.
7. Electricity Department,
Government of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel,
Goa - 403001.
8. Electricity Department,
Administration of Daman & Diu,
Daman - 396210.
9. Electricity Department,
Administration of Dadra Nagar Haveli,
U.T., Silvassa - 396 230
10. Chhattisgarh State Power Transmission Co. Ltd.,
Office of the Executive Director (C&P),
State Load Despatch Building,
Dangania, Raipur - 492013.
11. Chhattisgarh State Power Distribution Co. Ltd.,
P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh - 492013.
12. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur - 302 005.
13. Ajmer Vidyut Vitran Nigam Ltd.,
400 KV, GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur (Rajasthan)
14. Jaipur Vidyut Vitran Nigam Ltd.,
400 kV, GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur (Rajasthan)
15. Jodhpur Vidyut Vitran Nigam Ltd.,
400 kV, GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur (Rajasthan)
16. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building-II,
Shimla - 171004.



17. Punjab State Electricity Board,
The Mall,
Patiala - 147001.
18. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula (Haryana)-134109.
19. Power Development Department,
Govt. of Jammu & Kashmir,
Mini Secretariat, Jammu.
20. Uttar Pradesh Power Corporation Ltd.,
(Formerly Uttar Pradesh State Electricity Board)
Shakti Bhawan, 14, Ashok Marg,
Lucknow - 226001.
21. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi - 110002.
22. BSES Yamuna Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi
23. BSES Rajdhani Power Ltd.,
BSES Bhawan, Behind Nehru Place,
New Delhi -110019.
24. North Delhi Power Ltd.,
Power Trading & Load Dispatch Group
Cennet Building, Adjacent to 66/11 kV Pitampura-3
Grid Building, Near PP Jewellers
Pitampura, New Delhi - 110034
25. Chandigarh Administration,
Sector - 9, Chandigarh.
26. Uttarakhand Power Corporation Ltd.,
Urja Bhawan, Kanwali Road,
Dehradun.
27. North Central Railway,
Allahabad.
28. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi - 110002.

...Respondents



For Petitioner : Shri A. K. Verma, PGCIL
Shri S. S. Raju, PGCIL
Shri B. Dash, PGCIL
Shri Z. Hassan, PGCIL
Shri V. Srinivas, PGCIL

For Respondent : Shri R. B. Sharma, Advocate, BRPL

ORDER

The instant petition has been filed by Power Grid Corporation of India Ltd. (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, for trueing-up of tariff of the 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as the “2014 Tariff Regulations”) and for determination of tariff of the 2019-24 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the “Transmission System associated with Sasan Ultra Mega Power Project (UMPP)” (hereinafter referred to as the “transmission project”).

2. The Petitioner has made the following prayers:

“1) Allow the addcap for 2014-19 and 2019-24 tariff block as claimed as per Para 5 and 7 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 6 and 7 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 Hon’ble Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 6 and 7 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 6.6 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 beneficiaries, if GST is levied at any time in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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

Background

3. The brief facts of the case are as under:

a. The investment approval for the transmission project was accorded by Board of Directors of the Petitioner company vide Memorandum No. C/CP/Sasan dated 10.12.2008 at an estimated cost of ₹703188 lakh including IDC of ₹76782 lakh (based on 2nd quarter, 2008 price level.) Subsequently, RCE was approved vide Memorandum No. C/CP/RCE SASAN UMPP dated 21.3.2017 at an estimated cost of ₹565475 lakh including IDC of ₹39289 lakh.

b. The Commission vide order dated 30.3.2016 in Petition No. 370/TT/2014, directed the Petitioner to submit WRLDC certificate of trial operation in respect of Asset-2 at the time of truing-up. The Petitioner in the instant petition has submitted RLDC charging certificate. Accordingly, the COD of the Asset-2 has been considered as 1.4.2014.

c. All the assets covered in the instant transmission project, except for the Asset-2 i.e. 400 kV, 63 MVAR bus reactor at Indore sub-station, achieved COD in the 2009-14 tariff period. The bus reactor at Indore sub-station was put into commercial operation on 1.4.2014, i.e. in the 2014-19 tariff period. The tariff allowed for the 2009-14 tariff period was trued up and tariff for the 2014-19 tariff



period was allowed for the assets which achieved COD in the 2009-14 tariff period vide order dated 31.1.2019 in Petition No.123/TT/2018 and the tariff for the bus reactor at Indore sub-station for the 2014-19 tariff period was approved vide order dated 30.3.2016 in Petition No. 370/TT/2014. The Petitioner has combined all the assets that were put into commercial operation during the 2009-14 tariff period into one asset, viz- Combined Asset-1 and the Bus Reactor at Indore Sub-station covered in Petition No.370/TT/2014 is christened as Asset-2 and the Petitioner has prayed for truing up of the tariff of the 2014-19 tariff period and grant of tariff for the 2019-24 tariff period. The details of assets covered under the instant petition are as under:

| Commission's order dated 31.1.2019 in Petition No. 123/TT/2018 | | Asset No. in the instant Petition | COD |
|---|---|--|--|
| Assets | Description | | |
| Asset-A | 3x110 MVA, 1-Phase 765 kV Shunt Reactor including Surge Arrestor and NGR at Sasaram Sub-station | Combined Asset-1 | 1.4.2012 |
| Asset-B1 | 765 kV, 3X500MVA ICT-II along with associated bays of 765 kV & 400 kV at Gwalior Sub-station | | 1.4.2013 |
| Asset-B2 | Up-gradation of existing Gwalior- Agra Ckt II T/L at 765 kV level along with associated bays at Agra Sub-station & Gwalior Sub-station | | 1.4.2013 |
| Asset-B3 | 765 kV, 4 X 500MVA ICT-I at along with associated bays of 765 kV & 400 kV at Gwalior Sub-station | | 1.4.2013 |
| Asset-B4 | 765 kV, 3 X 333MVA ICT-II along with associated bays of 765 kV & 400 kV at Bina Sub-station | | 1.4.2013 |
| Asset-B5 | Upgradation of existing Bina - Gwalior Ckt 1 Transmission Line at 765 kV level along with associated bays at Bina Sub-station & Gwalior Sub-station | | 1.4.2013 |
| Asset-B6 | Upgradation of existing Gwalior- Agra Ckt 1 Transmission Line at 765 kV level along with associated bays at Agra Sub-station & Gwalior Sub-station | | 1.4.2013 |
| Asset-C1 | LILO of 400 kV D/C Vindhyaachal-Jabalpur Ckt 3&4 TL at Sasan | | 1.4.2012 |
| Asset-C2 | 765 kV S/C Sasan-Satna Ckt-1 TL (as per original scheme) with bays at Satna | | 1.1.2013 |
| Asset-C3 | 765 kV S/C Satna-Bina Ckt-1 TL (initially charged at 400 kV level, upgraded to 765 kV at a later date) with bays at Satna & Bina Sub-station (under contingency plan for power evacuation of NTPC-VSTPP-4 Generation Project) | | 1.2.2012/ 1.12.2012 (up-gradation) |
| Asset-C4 | 765 kV S/C Bina-Indore TL (initially charged at 400 kV level) with bays at Bina Sub-station (Bypassing Indore(new-POWERGRID) Sub-station {under contingency plan for power evacuation of NTPC-VSTPP-4 Generation Project}) | | 1.4.2012 |
| Asset-C5 | 400 D/C (quad) Indore(new)-Indore (MPPTCL)TL with one line bay#1 at Indore (MPPTCL) SS Bypassing Indore (New POWERGRID) Sub-station for interconnection with Bina-Indore Line {under contingency plan for power | | 1.4.2012 |



| | | |
|-----------------|--|-----------|
| | evacuation of NTPC-VSTPP-4 Generation Project} | |
| Asset-C6 | 400 kV Line bay-2 at Indore (MPPTCL) Sub-station | 1.7.2013 |
| Asset-D1 | 765 kV, 4 X 333 MVA ICT-I at Bina along with associated bays of 765 kV & 400 kV | 1.9.2012 |
| Asset-D2 | 765 kV, 3 X 333 MVA ICT-II at Satna along with associated bays of 765 kV & 400 kV | 1.9.2012 |
| Asset-D3 | 400 kV D/C Bina-Bina (MPPTCL) Ckt 3 TL along with associated bays at Bina (MPPTCL) Sub-station | 1.3.2013 |
| Asset-D4 | 400 kV D/C Bina-Bina (MPPTCL) Ckt 4 TL along with associated bays at Bina (MPPTCL) Sub-station | 1.6.2013 |
| Asset-D5 | Up-gradation of existing Bina-Gwalior Ckt 2 TL at 765 kV level along with associated bays at Bina Sub-station & Gwalior Sub-station | 1.4.2013 |
| Asset-E1 | 765 kV S/C Satna-Bina Ckt-2 TL along with associated bays at Satna & Bina Sub-station | 1.7.2012 |
| Asset-E2 | 765 kV, 3 X 80 MVAR Bus Reactor at Satna | 1.7.2012 |
| Asset-E3 | 765 kV, 4 X 333 MVA ICT-1 at Satna along with associated bays of 765 kV & 400 kV | 1.7.2012 |
| Asset-E4 | Upgradation of existing Seoni-Bina TL at 765 kV level along with associated bays at Seoni Sub-station & Bina Sub-station | 1.7.2012 |
| Asset-F1 | Sasaram - Fatehpur 765 kV S/C line –II | 1.6.2013 |
| Asset-F2 | Fatehpur - Agra 765 kV S/C line –II | 1.11.2013 |
| Asset-F3 | One no. 765 kV Line bay for 765 kV S/C Sasaram Fatehpur Line-II along with 330 MVAR non switchable line reactor under bus reactor operation mode at Fatehpur | 1.6.2013 |
| Asset-F4 | One no. 765 kV Line bay for 765 kV S/C Fatehpur-Agra Line–II along with 240 MVAR switchable line reactor under bus reactor operation mode at Agra | 1.11.2013 |
| Asset-F5 | One no. 765 kV Line bay for 765 kV S/C Fatehpur-Agra Line–II along with 330 MVAR non switchable line reactor under bus reactor operation mode at Fatehpur | 1.11.2013 |
| Asset-F6 | 240 MVAR Bus Reactor at Agra | 1.12.2012 |
| Asset-G1 | 765 kV Bay Extension at 765 kV Satna Sub-station along with 3*80MVAR Line Reactor in Sasan-2 Line Bay (to be used as Bus Reactor) of 765 kV S/C Sasan-Satna Ckt#2 under interim contingency scheme | 1.4.2013 |
| Asset-G2 | 765 kV S/C Sasan-Satna Ckt-2 Transmission Line Portion only along with PLCC Equipment at both ends only | 1.5.2013 |
| Asset-G3 | 765 kV, 3 X 80 MVAR (240MVAR) Bus Reactor along with associated bays of 765 kV at BINA Sub-station | 1.1.2014 |
| Asset-G4 | 765 kV 240MVAR (3 X 80 MVAR) Bus Reactor at Gwalior along with associated bays of 765 kV | 1.2.2014 |
| Asset-G5 | 765 kV, 4 X 80 MVAR Bus Reactor at Indore | 1.11.2013 |
| Asset-G6 | 765/400 kV, Indore Sub-station (New) including (i) Bay extension at Indore to facilitate Charging of Bina (PG) - Indore (PG) Tr. Line at 765 kV level (initially charged at 400 kV on 1.4.2012) along with 3 X 80 MVAR Line Reactor at Indore Sub-station, (ii) Bay Extension at Indore (PG) for direct connection of Indore (MPPTCL) - Indore (PG) 400 kV D/C Tr. Line (initially made direct interconnection under interim contingency scheme) | 1.7.2013 |



| | | | |
|---|---|---------|-----------|
| Asset-G7 | 765/400 kV ICT-2 (3 X 500MVA) at Indore along with 765kV & 400kV bays | | 1.7.2013 |
| Asset-G8 | 765/400 kV ICT-1 (4 X 500MVA) at Indore along with 765 kV & 400 kV bays | | 1.10.2013 |
| Commission's order dated 30.3.2016 in Petition No. 370/TT/2014 | | | |
| Asset | 400 kV, 63 MVAR Bus Reactor at Indore Sub-station | Asset-2 | 1.4.2014 |

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments/ objections have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No.1 has filed its reply vide affidavit dated 27.5.2020 and has raised issue of Return on Equity, Initial Spares and effect of GST. BSES Rajdhani Power Ltd. (BRPL), Respondent No. 23, has filed its reply vide affidavit dated 15.6.2020 and has raised the issues of adoption of Indian Accounting Standard 101, computation of income tax, Return on Equity (RoE), Deferred Tax Liability, recovery of tax on truing-up exercise of RoE, applicability and recovery of GST, Interest on Working Capital (IWC), recovery of security expenses, passing of tax benefits to consumers and recovery of application filing fee and the expenses. The Petitioner vide affidavit dated 6.7.2020 has filed reply to the ROP dated 16.6.2020 and vide affidavits dated 10.6.2020 and 6.7.2020 has filed rejoinder to the reply of MPPMCL and BRPL respectively. The issues raised by Respondents and the clarifications given by the Petitioner are dealt in the relevant portions of this order.



6. The hearing in this matter was held on 16.6.2020 through video conference and the order was reserved.

7. This order is issued considering the submissions made by the Petitioner in the Petition dated 27.1.2020, MPPMCL's reply dated 27.5.2020 and PGCIL's rejoinder dated 10.6.2020 to MPPMCL's reply, BRPL's reply dated 15.6.2020 and PGCIL's rejoinder dated 6.7.2020 to BRPL's reply and PGCIL's reply dated 6.7.2020 to queries raised vide RoP of hearing dated 16.6.2020.

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

9. BRPL has submitted that representation of consumer's interest and their participation in the tariff determination proceedings is an integral part of the hearing. Referring to Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, BRPL has submitted that some Association, Forum or body Corporate recognized by the Commission may be asked to represent the interest of consumers during hearings of the instant petition. BRPL has further submitted that one of the said agencies may be instructed to represent the consumers interest in the instant case and the same is also provided for in section 94(3) of the Electricity Act, 2003.

10. We have considered the above submissions of the BRPL. In terms of Regulations 3(6) and (8) of Central Electricity Regulatory Commission (Procedure for Making of Application for Determination of Tariff, Publication of Application and Other Related Matters) Regulations, 2004, the Petitioner has published Notice in the newspapers and vide affidavit dated 5.2.2020 has submitted that it has carried out the publication of the present tariff application in the newspapers in English in "The



Pioneer”, Delhi edition on 10.1.2020 and in Hindi in “Dainik Bhaskar”, Delhi edition on 10.1.2020. Further, the instant petition has been uploaded on the Petitioner’s website. The notice published in newspapers contained a statement that the application made for determination of tariff is posted on the website of the applicant and the address of the website has also been given. The said notice contained a statement that “suggestions or objections, if any, on the tariff proposals for determination of tariff may be filed by any person including the beneficiary in the Office of the Secretary, Central Electricity Regulatory Commission with a copy to the applicant within 30 days of publication of the notice. No suggestions/ objections were received by the Commission before listing of the present petition for hearing.

11. In view of the facts and circumstances of the present case, no pressing need is felt for engagement of any agency to represent the interest of consumers as pursuant to the publications and posting the tariff application on website, no suggestions/ objections have been received. Accordingly, the submissions of BRPL for engaging any agency for consumer’s interest in the present petition is rejected.

12. BRPL has submitted that the Petitioner has opted for deemed cost exemption as per para D7 AA of IND AS 101 ‘First time Adoption’ of Indian Accounting Standard which is resulting in mere increase of tariff. The adoption of Indian Accounting Standard is for the purposes of the Companies Act, 2013 and not for the purposes of the Tariff Regulations which provides its own procedure for computation of tariff. BRPL has in detail explained as to how the adoption of Indian Accounting Standard has increased the tariff in Petition No. 470/TT/2020. It has further contended that the submissions of the Petitioner are against the established practice of the 2014 Tariff Regulations and are liable to be rejected.



13. In response, the Petitioner vide affidavit dated 6.7.2020 has submitted that on opting deemed cost exemption as per Para D7 AA of IND AS 101 'First-time Adoption of Indian Accounting Standards', Gross Block less Accumulated Depreciation as on 1.4.2015 is considered as deemed cost as on the date of transition i.e. 1.4.2015 in the books of account. As such, in case of assets put into commercial operation on or before 1.4.2015, the accumulated depreciation as on 1.4.2015 is added back to the deemed Capital Cost as per books/ Gross Block amount. There has been no change in the capital cost or Additional Capital Expenditure (ACE) considered for claiming transmission tariff on account of adoption of IND AS. For the purpose of computation of tariff, the actual capital cost and ACE had been claimed/ considered. Thus, there is no impact in tariff at all on account of adoption of IND AS. The said treatment only relates to the "Gross Block amount as per Books" which is required to be reported in certain Tariff Forms (Eg: Form 4A, Form 5) as per the formats prescribed by the Commission. The Petitioner has further submitted that true-up of transmission tariff for the 2014-19 tariff period block is being carried out on account of actual ACE during 2014-19 tariff block, change in MAT rate and change in floating rate of interest during 2014-19. All of these things were subject to true-up even as per the order of Commission in Petition No. 123/TT/2018 and 370/TT/2014. It is on account of the above-mentioned reasons that the tariff determined by Commission has changed and not due to 'First-time Adoption of Indian Accounting Standards'. As regard BRPL's contention that adoption of IND AS has resulted in increase in tariff claimed by ₹43.27 lakh in Petition No. 470/TT/2020 in 2014-19 tariff period, the Petitioner has submitted that the subject petition was filed for true-up of 2014-19 transmission tariff for transmission system associated with URI HEP (4X120 MW) in Northern Region. The Petitioner claimed tariff on capital cost of ₹22956.61 lakh as on 31.3.2014 as admitted by Commission in its order dated 31.3.2016 in Petition No 190/TT/2014. Further, no



additional capital expenditure was claimed during 2014-19 period. Thus, the difference in tariff of ₹43.27 lakh claimed in the said true-up petition is only on account change in interest rate and effective tax rates. No additional/ inflated tariff has been claimed due to implementation of IND AS. Therefore, the contention of BRPL is misleading and is liable to be rejected.

14. BRPL had raised the same issue in Petition No.136/TT/2020 wherein it made identical submissions and the Petitioner had also submitted identical clarifications. The Commission after considering the submissions of BRPL and the Petitioner and made the following observations in order dated 24.1.2021 in Petition No. 136/TT/2020:

“35. We have considered the submissions of the Petitioner and BRPL. BRPL has contended that the new accounting standards adopted would result in higher tariffs. The Petitioner in response has clarified that the new standards adopted by it would not have any impact on the tariff to be determined by the Commission. The new accounting standards have been adopted by the Petitioner as per the requirement under the Companies Act, 2013. BRPL has merely stated adoption of new accounting standards would lead to higher tariff and has not stated how it would lead to higher tariff. The tariff is determined for the transmission assets owned by the Petitioner on the basis of the applicable tariff regulations, in the instant case the 2014 Tariff Regulations and 2019 Tariff Regulations. As the tariff is determined on the basis of the tariff regulations, we are of the view that the adoption of the new accounting standards by the Petitioner would not have any impact on the tariff that is determined purely on the basis of the applicable tariff regulations.”

As we have already rejected BRPL submissions on the issue, we do not want to go into this issue again.

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

15. The Petitioner has claimed the following trued-up tariff for the Combined Asset-1 and Asset-2 for the period from 1.4.2014 to 31.3.2019:

| (₹ in lakh) | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Combined Asset-1 | | | | | |
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Depreciation | 27883.22 | 28468.81 | 28612.35 | 28609.72 | 28545.59 |
| Interest on Loan | 26707.29 | 24987.60 | 23106.51 | 20833.21 | 18635.95 |
| Return on Equity | 31171.74 | 32004.96 | 32235.75 | 32295.83 | 32317.87 |
| Interest on Working Capital | 2285.39 | 2288.90 | 2264.82 | 2224.91 | 2184.73 |



| | | | | | |
|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| O&M Expenses | 5635.61 | 5824.46 | 6016.28 | 6217.09 | 6422.90 |
| Total | 93683.25 | 93574.73 | 92235.71 | 90180.76 | 88107.04 |

(₹ in lakh)

| Asset-2 | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Depreciation | 24.00 | 28.57 | 28.57 | 28.57 | 28.57 |
| Interest on Loan | 9.02 | 13.67 | 14.44 | 14.13 | 14.32 |
| Return on Equity | 26.76 | 32.01 | 31.99 | 31.99 | 32.08 |
| Interest on Working Capital | 4.71 | 5.15 | 5.28 | 5.39 | 5.52 |
| O&M Expenses | 60.30 | 62.30 | 64.37 | 66.51 | 68.71 |
| Total | 124.79 | 141.70 | 144.65 | 146.59 | 149.20 |

16. The Petitioner has claimed the trued-up Interest on Working Capital (IWC) for the Combined Asset-1 and Asset-2 for the period from 1.4.2014 to 31.3.2019 as under:

(₹ in lakh)

| Combined Asset-1 | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Maintenance Spares | 845.34 | 873.67 | 902.44 | 932.56 | 963.44 |
| O&M expenses | 469.63 | 485.37 | 501.36 | 518.09 | 535.24 |
| Receivables | 15613.88 | 15595.79 | 15372.62 | 15030.13 | 14684.51 |
| Total | 16928.85 | 16954.83 | 16776.42 | 16480.78 | 16183.19 |
| Rate of Interest | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% |
| Interest on Working Capital | 2285.39 | 2288.90 | 2264.82 | 2224.91 | 2184.73 |

(₹ in lakh)

| Asset-2 | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Maintenance Spares | 9.05 | 9.35 | 9.66 | 9.98 | 10.31 |
| O&M expenses | 5.03 | 5.19 | 5.36 | 5.54 | 5.73 |
| Receivables | 20.80 | 23.62 | 24.11 | 24.43 | 24.87 |
| Total | 34.88 | 38.16 | 39.13 | 39.95 | 40.91 |
| Rate of Interest | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% |
| Interest on Working Capital | 4.71 | 5.15 | 5.28 | 5.39 | 5.52 |

17. The Petitioner has submitted that Asset-A (part of Combined Asset-1), i.e. “3X110 MVA, 765 kV Shunt Reactors at Sasaram Sub-station” which was put into commercial operation on 1.4.2012 was shifted to Varanasi Sub-station. The Petitioner has submitted that the reactors were decapitalised w.e.f. 18.4.2017 from Sasaram Sub-station and were recapitalised on 19.4.2017 in Varanasi GIS Sub-station under



“Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A2” project. Accordingly, ₹2724.23 lakh (Gross Block of Bus reactor) has been removed from gross block of Combined Asset-1 during 2017-18. The Petitioner vide its rejoinder affidavit dated 6.7.2020 has further submitted that the actual date of de-capitalisation of the Reactors at Sasaram was 5.3.2016.

18. BRPL has submitted that the reactors at Sasaram Sub-station are “not in use” and, therefore, the capital cost of the reactors should be excluded and should not be considered for the purpose of computation of tariff as per Regulation 9(6)(a) of the 2014 Tariff Regulations.

19. In response, the Petitioner while reiterating the submissions made in the petition, has made the following submissions:

(a) The reactors were installed as midpoint reactor on 765 kV S/C Gaya-Fatehpur Line at Sasaram (approx. 450 km) to provide reactive power. The utilization of these reactors at Sasaram sub-station under SASAN UMPP project has already been approved by the Commission vide order dated 21.7.2014 in Petition No. 217/TT/2012. The aforesaid reactors were not required at Sasaram sub-station after readiness of LILO of 765 kV S/C Gaya-Fatehpur Line at Varanasi, on 1.4.2016. Accordingly, the Reactors were shifted from Sasaram sub-station and executed as bus reactor at Varanasi sub-station w.e.f. 19.4.2017 under “Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A2” project.

(b) The shifting of instant reactor was not discussed in SCMs as well as RPC Meetings and was decided based on planning by CTU. However, the Commission sought the concurrence of RPC. Hence, it was brought up for the post facto approval of RPC in 34th, 38th TCC and 41st NRPC meeting. As regards BRPL’s contention that de-capitalization date of the bus reactor at Sasaram would be the date when the reactors were removed from service at Sasaram is incorrect, as the Commission vide order dated 20.7.2018 in Petition



No. 116/TT/2017 has clarified that discontinuation of tariff of shifted asset in original project shall not be later than COD of the shifted asset in another project in case of shifting of assets from one project to another project.

20. We have considered the submissions of the Petitioner and BRPL. The 3x110 MVAR, 765 kV shunt reactors at Sasaram sub-station, which achieved COD on 1.4.2012, were originally used as mid-point reactors at Sasaram sub-station and were covered under the "Transmission System associated with Sasan Ultra Mega Power Project (UMPP)". Its tariff from COD to 31.3.2014 was approved by the Commission vide order dated 21.7.2014 in Petition No. 217/TT/2012. As per the Petitioner, the instant shunt reactors were not required at Sasaram sub-station after readiness of LILO of 765 kV S/C Gaya-Fatehpur Line at Varanasi on 1.4.2016, they were shifted to Varanasi GIS sub-station and installed as 330 MVAR bus reactor at Varanasi sub-station on 19.4.2017.

21. It is observed that the Petitioner has claimed transmission tariff for the shifted reactors w.e.f. 19.4.2017 in Petition No. 33/TT/2019 under "Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A2" project. It is further observed that the Petitioner has de-capitalised the cost of shifted reactors in the instant petition on 18.4.2017 and has claimed re-capitalisation of the reactors in Petition No. 33/TT/2019 w.e.f. from 19.4.2017. However, the reactors were actually removed from service on 5.3.2016 from Sasaram sub-station and recapitalised in Varanasi sub-station on 19.4.2017. Accordingly, the instant reactors were "not in use" from 5.3.2016 to 18.4.2017. As per Regulation 9(6)(a) of the 2014 Tariff Regulations, the capital cost of the assets forming part of the project but "not in use" should be excluded from the capital cost. The Regulation 9(6) of 2014 Tariff Regulations provides as under:



“6. The following shall be excluded or removed from the capital cost of the existing and new project:

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

(b) Decapitalisation of Asset;

(c) In case of hydro generating station 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 two stage transparent process of bidding; and

(d) the proportionate cost of land which is being used for generating power from generating station based on renewable energy:

Provided that 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 shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation;”.

22. In a similar case of decapitalisation of 40% FSC from Lucknow sub-station and recapitalisation in Sohawal sub-station, the Commission in order dated 28.9.2017 in Petition No.195/TT/2016, held that the assets that are shifted from one transmission system to another should be decapitalised in the books of accounts of the transmission system where the asset was originally put into commercial operation and capitalised in the books of accounts of the transmission system where it is transferred and seek fresh determination of tariff from the date of capitalisation under the transmission system where the asset is transferred. The relevant portion of order dated 28.9.2017 in Petition No. 195/TT/2016 is as under:

“6. The tariff of “40% FSC at Lucknow Sub-station” was allowed since 1.6.2007 and it has completed 10 years of its useful life. It is a case of inter-unit transfer. Since the proposed shifting of FSC from Lucknow to Sohawal is of permanent nature and as it involves two different schemes covered under different Investment Approvals, there will be a mismatch of recovery of the cost of the “40% FSC” over the 25 years. In order to address this issue, the Commission in the past has decided that in case of inter-unit transfer, the assets shall be de-capitalised in the books of accounts of the transmission system where the asset was originally commissioned and capitalised in the books of accounts of the transmission system where it is transferred. In the instant case, the 40% FSC has been transferred from Lucknow to Sohawal end. Therefore, the said assets need to be de-capitalised from the books of accounts of the assets at Lucknow and capitalised in the books of account of assets at Sohawal. The petitioner is directed to carry out the decapitalisation and corresponding capitalisation of the assets within a period of six months and claim the revised tariff of the “40% FSC” at Sohawal Substation at the time of truing-up. In so far as the expenditure involved in inter-unit transfer is concerned, this is in the nature of revenue expenditure and is allowed as a onetime pass through. Since the “40% FSC” was dismantled and shifted to Sohawal and thereafter, commissioned on 12.2.2016, the tariff of the assets shall be determined afresh with reference to the COD as 12.2.2016. Accordingly, the petitioner after carrying out necessary de-capitalisation of the assets at Lucknow and capitalisation at



Sohawal Sub-station shall seek fresh determination of the tariff with effect from 12.2.2016. Therefore, the tariff for “40% FSC at Sohawal Sub-station” is not allowed in this order.”

23. In the instant petition, Asset-A, i.e. “3X110 MVA, 765 kV Shunt Reactors at Sasaram Sub-station” was “not in use” from 5.3.2016 to 18.4.2017. We agree with the contention of BRPL that as per Regulation 9(6) of the 2014 Tariff Regulations, assets “not in use” should be excluded from the capital cost. Accordingly, we are not inclined to grant tariff for the reactors for the period for which they were “not in use” i.e. from 5.3.2016 to 18.4.2017. Tariff for the instant reactors at Sasaram sub-station is allowed upto 5.3.2016 in this order and tariff from date of recapitalisation, 19.4.2017, in Varanasi Sub-station under the “Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A2” Project shall be considered in Petition No.33/TT/2019. Further, as observed in order dated 28.9.2017 in Petition No. 195/TT/2016, the expenditure involved in inter-unit transfer is in the nature of revenue expenditure and hence they will not be capitalised and shall be recovered by the Petitioner from the Respondents as a one-time pass through.

Capital Cost as on 1.4.2014

24. The Commission vide orders dated 31.1.2019 and 30.3.2016 in Petition No. 123/TT/2018 and Petition No. 370/TT/2014 admitted capital cost of ₹519796.47 lakh as on 31.3.2014/COD and projected additional capital expenditure of ₹30059.35 lakh during 2014-19 for the instant assets and the details are as under:

(₹ in lakh)

| Assets | Admitted capital cost as on 31.3.2014/ COD | Additional Capital Expenditure | | | | | *Total |
|------------------|--|--------------------------------|---------|---------|---------|---------|-----------|
| | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | |
| Combined Asset-1 | 519429.14 | 19656.79 | 3644.39 | 4708.45 | 1636.28 | 225.26 | 549300.31 |
| Asset-2 | 367.33 | 173.18 | 10 | 5 | | | 555.51 |
| Total | 519796.47 | 19829.97 | 3654.39 | 4713.45 | 1636.28 | 225.26 | 549855.82 |

**After adjustment of accrual IDC discharged after COD.*



25. The Petitioner in the instant true-up petition has submitted asset-wise details of cost as on COD and actual Additional Capital Expenditure (ACE) incurred during 2014-19 tariff period as per Auditor certificates and they are as under:

(₹ in lakh)

| Asset | Apportioned Approved Capital Cost (RCE) | Capital Cost as on 31.3.2014/ COD | Additional Capital Expenditure | | | | | Cost upto 31.03.2019 |
|------------------|---|-----------------------------------|--------------------------------|----------------|----------------|-----------------|---------------|----------------------|
| | | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | |
| Combined Asset-1 | 564715.62 | *520014.96 | 19612.09 | 3646.34 | 4711.37 | -2678.65 | 491.28 | 545797.4 |
| Asset-2 | 760.00 | 368 | 173.18 | - | - | - | - | 541.18 |
| Total | 565475.62 | 520382.96 | 19785.27 | 3646.34 | 4711.37 | -2678.65 | 491.28 | 546338.57 |

* in compliance to APTEL judgment in Appeal 74 of 2017, initial spares has been calculated on overall project level and excess allowable spares of ₹5.78 lakh has been added in capital cost upto 31.3.2014 mentioned in the Auditor certificate of subject assets.

26. The Commission vide RoP of hearing dated 16.6.2020, directed the Petitioner to clarify about the increased value of gross block as on 1.4.2014 on account of IT Equipment and Software. In response, the Petitioner has claimed the following capital cost in respect of Combined Asset-1 after adjustment of accrued IDC:

(₹ in lakh)

| Asset | Apportioned Approved Capital Cost (RCE) | Capital Cost as on 31.3.2014/ COD on cash basis | ACE on cash basis | | | | | Cost up to 31.3.2019 |
|------------------|---|---|-------------------|---------|---------|----------|---------|----------------------|
| | | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | |
| Combined Asset-1 | 564715.62 | 519608.56 | 19695.33 | 3646.34 | 4711.37 | -2678.65 | 491.28 | 545474.23 |

27. The completion cost including ACE in respect of the instant assets is within the RCE approved apportioned capital cost and, therefore, there is no cost over-run.

Interest During Construction (IDC)

28. The Petitioner has submitted that the Commission in order dated 31.1.2019 in Petition No. 123/TT/2018 had disallowed IDC of ₹173.65 lakh in case of Asset-F2 due to variation in IDC mentioned in the cost certificate and IDC mentioned in the associated cash IDC statement. The Petitioner has now claimed IDC of ₹173.65 lakh in case of Asset-F2 under Combined Asset-1 of the instant petition.



29. We have considered the submission of the Petitioner and it is observed that earlier in respect of Asset-F2 under Combined Asset-1 of the instant petition, IDC of ₹5098.42 lakh was certified by the Auditor whereas the Petitioner had claimed IDC of ₹5272.07 lakh. Accordingly, the Petitioner's claim of IDC was restricted to ₹5098.42 lakh and IDC of ₹173.65 lakh was disallowed. In the instant petition, we observe that the amount of IDC certified by the Auditor is same as earlier viz. ₹5098.42 lakh. Therefore, the request of the Petitioner for allowing claim IDC of ₹173.65 lakh (which was earlier disallowed) cannot be allowed.

30. The Petitioner has further submitted that out of total IDC of ₹42,349.94 lakh, ₹42,266.51 lakh was discharged up to 31.3.2014 and the balance IDC of ₹83.43 lakh was discharged during 2014-15 as per the following details:

| (₹ in lakh) | | | | |
|------------------|----------|------------------------|------------------------------|-----------------------------------|
| Asset | COD | IDC as per certificate | IDC Discharged up to 31.3.14 | Accrual IDC discharged in 2014-15 |
| Combined Asset-1 | 1.1.2013 | 42,307.52 | 42,224.26 | 83.26 |
| Asset-2 | 1.4.2014 | 42.42 | 42.25 | 0.17 |
| Total | | 42349.94 | 42266.51 | 83.43 |

31. The Petitioner has further submitted that the accrued IDC discharged during 2014-15 has not been included in ACE of the respective year for the assets as per Auditor certificate. Therefore, the transmission tariff has been recalculated with the claim of IDC on cash basis and un-discharged IDC on the date of commercial operation has been reduced from the expenditure up to COD and claimed as ACE during 2014-15.

32. We have considered the submission of the Petitioner. It is observed that the Commission in order dated 31.1.2019 in Petition No. 123/TT/2018 and order dated



30.3.2016 in Petition No. 370/TT/2014 has considered for the following un-discharged IDC for Combined Asset-1 and Asset-2 respectively:

(₹ in lakh)

| Asset description as per Order dated 31.1.2019 in Petition No. 123/TT/2018 and now Covered under Combined Asset-1 of the instant petition | Details as per the respective Order |
|---|-------------------------------------|
| | Un-discharged IDC |
| F3 | 24.88 |
| F4 | 32.28 |
| F5 | 26.10 |
| Total for Combined Asset-1 | 83.26 |
| Asset-2 | 0.67** |
| Total un-discharged IDC | 83.93 |

*** The Petitioner has now claimed undischarged IDC of ₹0.17 lakh and the same has been considered.*

33. Accordingly, the un-discharged IDC allowed in respect of the instant assets as ACE during 2014-15 are as follows:

(₹ in lakh)

| Asset | Un-discharged IDC allowed as ACE during 2014-15 |
|------------------|---|
| Combined Asset-1 | 83.26 |
| Asset-2 | 0.17 |

Initial Spares

34. The Petitioner has submitted that as per Appellate Tribunal for Electricity (APTEL) judgment in Appeal 74 of 2017, initial spares have been calculated on overall project level and excess allowable initial spares of ₹5.78 lakh has been added in capital cost upto 31.3.2014 of the Combined Asset-1. The Commission vide order dated 31.1.2019 in Petition No. 123/TT/2018 had disallowed the following initial spares for assets covered under Combined Asset-1:

(₹ in lakh)

| Asset | Excess Initial Spares | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|-------|-----------------------|---------|---------|---------|---------|
| B-5 | 12.17 | 0.00 | 12.17 | 0.00 | 0.00 |



| Asset | Excess Initial Spares | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--------------|-----------------------|-------------|--------------|-------------|-------------|
| F-2 | 21.00 | 5.78 | 10.35 | 1.95 | 2.92 |
| G-1 | 16.04 | 0.00 | 16.04 | 0.00 | 0.00 |
| Total | 49.21 | 5.78 | 38.56 | 1.95 | 2.92 |

35. MPPMCL has submitted that the Petitioner has calculated the initial spares on overall project level on the basis of APTEL judgment dated 14.9.2019 in Appeal No. 74 of 2017 and the excess amount of spares of ₹5.78 lakh has been added in the capital cost up to 31.3.2014. The Petitioner has calculated the initial spares for sub-stations and transmission line separately for the assets executed in tariff block 2009-14 and 2014-19. MPPMCL has submitted that APTEL judgment has nowhere allowed the clubbing for calculation of initial spares in a tariff period as done by the Petitioner in the instant petition. The conditions stipulated in the Appeal no. 74 of 2017 are not being fulfilled in this petition. Accordingly, the initial spares should be calculated asset-wise and excess initial spares should be disallowed while capitalizing the cost. In response, the Petitioner vide affidavit dated 10.6.2020 has submitted that APTEL, in its judgment in Appeal No. 74 of 2017, has directed calculation of initial spares based on project level and that accordingly, it has prayed to allow the initial spares as claimed in the instant petition.

36. We have considered the submissions of the Petitioner and MPPMCL. 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. The relevant portion of the judgement dated 14.9.2019 is extracted hereunder:

"The Central Commission to have a prudence check on the initial spares, being restricted based on the individual asset wise cost initially, but subsequently ought to have allowed as per the ceiling limits on the overall project cost basis during the true-up."

37. The Regulation 3(29) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff



Regulations”) and Regulation 3(43) of the 2014 Tariff Regulations defines the “project cost” as under:

‘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;”

38. As the Combined Asset-1 was put into commercial operation during 2009-14 period and Asset-2 was put into commercial operation in the 2014-19 tariff period, the norms specified in Regulation 8(iv) of the 2009 Tariff Regulations and Regulation 13(d) of the 2014 Tariff Regulations are respectively applicable. It is observed that the Petitioner has claimed revision of initial spares for the assets put into commercial operation during the 2009-14, i.e. Combined Asset-1, due to disallowance of ₹5.78 lakh in order dated 31.1.2019, as stated above. The initial spares were allowed for Asset-2 as per the applicable 2014 Tariff Regulations and as such the Petitioner has not sought any revision of initial spares with respect to Asset-2. The Petitioner has submitted the capital cost details of sub-station and transmission line of the assets covered in Combined Asset-1 for computation of allowable initial spares. The capital cost of the assets covered in Combined Asset-1 has been combined and the overall capital cost is arrived in the 2014-19 tariff period and accordingly initial spares are allowed during the 2014-19 tariff period on the basis of the overall capital cost as per APTEL’s judgement dated 14.9.2019 in Appeal No.74 of 2017. The initial spares allowed based on the overall capital cost upto cut-off date in respect of Combined Asset-1 is as under:

| Particulars | Total project cost up to cut-off date (₹ in lakh) | Initial spares claimed (₹ in lakh) | Initial spares ceiling limit (%) | Initial Spares allowable as per norms and APTEL judgement dated 14.9.2019 (₹ in lakh) | Initial Spares allowed in previous order (₹ in lakh) | Initial spares allowed (₹ in lakh) | Initial Spares allowed (₹ in lakh) | | | |
|-------------------|---|------------------------------------|----------------------------------|---|--|------------------------------------|------------------------------------|---------|---------|---------|
| | | | | | | | As on 1.4.2014 | 2014-15 | 2015-16 | 2016-17 |
| Transmission Line | 341115.04 | 1374.69 | 0.75% | 2567.31 | 1353.69 | 21.00 | 5.78 | 10.35 | 1.95 | 2.92 |



| | | | | | | | | | | |
|-------------|-----------|---------|-------|---------|---------|-------|--|-------|--|--|
| Sub-station | 196455.72 | 3701.80 | 2.50% | 4942.41 | 3673.59 | 28.21 | | 28.21 | | |
|-------------|-----------|---------|-------|---------|---------|-------|--|-------|--|--|

39. Accordingly, initial spares of an additional amount of ₹5.78 lakh are being allowed as part of the combined capital cost as on 1.4.2014 in respect of Combined Asset-1 in line with APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017.

40. Capital cost as on 1.4.2014 is worked out as under:

| (₹ in lakh) | | | | |
|------------------|-----------------------------|---|-------------------------|-----------------------------|
| Asset | Capital Cost as on 1.4.2014 | Add: Additional Initial Spares allowed as per APTEL judgement dated 14.9.2019 | Less: Un-discharged IDC | Capital Cost as on 1.4.2014 |
| Combined Asset-1 | 519429.05** | 5.78 | 0.00 | 519434.83 |
| Asset-2 | 368.00*** | 0.00 | 0.17 | 367.83 |

**Capital cost admitted vide order dated 31.1.2019 in Petition No. 123/TT/2018 has been considered. The above cost taken is based on individual asset wise cost of PLCC as reflected in para 23 of the order sum total of which is 1014.84, though in para 44 of the same order this value is reflected as 1014.93. The difference is due to rounding error.

*** As claimed by the Petitioner

Additional Capital Expenditure (ACE)

41. The Petitioner has claimed the following ACE in respect of the instant assets:

| (₹ in lakh) | | | | | | | |
|------------------|---|-------------------------------|---------------------------|----------|----------|----------|---------|
| Asset | Year-wise ACE claimed | | | | | | |
| | Expenditure as per Auditor certificate in 2014-15 (a) | IDC discharged in 2014-15 (b) | Total for 2014-15 (a)+(b) | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Combined Asset-1 | 19612.07 | 83.26 | 19695.33* | 3646.34* | 4711.37* | -2678.65 | 491.28 |
| Asset-2 | 173.18 | 0.17 | 173.35 | 0.00 | 0.00 | 0.00 | 0.00 |

*Includes the claim of initial spares for ₹38.56, ₹1.95 and ₹2.92 discharged in the year 2014-15, 2015-16 and 2016-17 respectively

42. The Petitioner has submitted that ACE incurred during the year 2015-16, 2016-17, 2017-18 and 2018-19 are on account of balance and retention payments due to un-discharged liability for works executed within cut-off date and has been claimed



under Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations. Further, ACE during the year 2018-19 is on account of balance and retention payments due to un-discharged liability for works executed within cut-off date and has been claimed under Regulation 14(2)(iv) and 14(3)(v) of the 2014 Tariff Regulations.

43. BRPL has submitted that the accrued IDC after COD should be disallowed as there is no provision for allowing it as ACE in the 2014 Tariff Regulations. In response, the Petitioner has prayed to allow the accrued IDC discharged after COD in terms of Regulation 14(1)(i) of the 2014 Tariff Regulations.

44. The cut-off dates of assets put into commercial operation under instant petition is furnished below:

| Asset | COD | Cut-off date | |
|-------------------------|------------|--------------------------------------|-----------|
| Combined Asset-1 | Asset-A | 1.4.2012 | 31.3.2015 |
| | Asset-B1 | 1.4.2013 | 31.3.2016 |
| | Asset-B2 | 1.4.2013 | 31.3.2016 |
| | Asset-B3 | 1.4.2013 | 31.3.2016 |
| | Asset-B4 | 1.4.2013 | 31.3.2016 |
| | Asset-B5 | 1.4.2013 | 31.3.2016 |
| | Asset-B6 | 1.4.2013 | 31.3.2016 |
| | Asset-C1 | 1.4.2012 | 31.3.2015 |
| | Asset-C2 | 1.1.2013 | 31.3.2016 |
| | Asset-C3 | 1.2.2012/ 1.12.2012 (upgradation) | 31.3.2015 |
| | Asset-C4 | 1.4.2012 | 31.3.2015 |
| | Asset-C5 | 1.4.2012 | 31.3.2015 |
| | Asset-C6 | 1.7.2013 | 31.3.2016 |
| | Asset-D1 | 1.9.2012 | 31.3.2015 |
| | Asset-D2 | 1.9.2012 | 31.3.2015 |
| | Asset-D3 | 1.3.2013 | 31.3.2016 |
| | Asset-D4 | 1.6.2013 | 31.3.2016 |
| | Asset-D5 | 1.4.2013 | 31.3.2016 |
| | Asset-E1 | 1.7.2012 | 31.3.2015 |
| | Asset-E2 | 1.7.2012 | 31.3.2015 |
| | Asset-E3 | 1.7.2012 | 31.3.2015 |
| | Asset-E4 | 1.7.2012 | 31.3.2015 |
| | Asset-F1 | 1.6.2013 | 31.3.2016 |
| | Asset-F2 | 1.11.2013 | 31.3.2016 |
| Asset-F3 | 1.6.2013 | 31.3.2016 | |
| Asset-F4 | 1.11.2013 | 31.3.2016 | |



| | | | |
|----------------|---|-----------|-----------|
| | Asset-F5 | 1.11.2013 | 31.3.2016 |
| | Asset-F6 | 1.12.2012 | 31.3.2015 |
| | Asset-G1 | 1.4.2013 | 31.3.2016 |
| | Asset-G2 | 1.5.2013 | 31.3.2016 |
| | Asset-G3 | 1.1.2014 | 31.3.2017 |
| | Asset-G4 | 1.2.2014 | 31.3.2017 |
| | Asset-G5 | 1.11.2013 | 31.3.2016 |
| | Asset-G6 | 1.7.2013 | 31.3.2016 |
| | Asset-G7 | 1.7.2013 | 31.3.2016 |
| | Asset-G8 | 1.10.2013 | 31.3.2016 |
| Asset-2 | 400 kV, 63 MVar Bus Reactor at Indore Sub-station | 1.4.2014 | 31.3.2017 |

45. The details of balance and retention payment and payments made after cut-off date in respect of the assets covered in Combined Asset-1 and Asset-2 are as under:

Asset B1- COD- 1.4.2013, cut-off date of 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|--------------|-----------------------|---|--|
| 2016-17 | 18.03 | A2Z Maintenance Engineering Service -3626 | Final payment LOA3626-A2Z maint. Engg. service |
| 2016-17 | 253.56 | Baoding Tianwei Baobian Electric Co. Ltd., China – 3625 – Retention Payment | S/S - GJF.61.2016 |
| 2016-17 | 121.64 | Baoding Tianwei Baobian Electric Co. Ltd., China – 3625 – Retention Payment | S/S-TT-PTY-588-BAODING-3625 |
| Total | 393.22 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|--|------------------------|
| 2017-18 | 107.65 | Baoding Tianwei Baobian Electric Co., Ltd., China – 3625 – Retention Payment | S/S |

Asset B3- COD- 1.4.2013, cut-off date - 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|--------------|-----------------------|---|--|
| 2016-17 | 18.03 | A2Z Maintenance Engineering Service -3626 | Final payment LOA3626-A2Z maint. Engg. service |
| 2016-17 | 512.34 | Baoding Tianwei Baobian Electric Co. Ltd., China – 3625 | S/S - GJF.61.2016 S/S-TT-PTY-588-BAODING-3625 – Retention payment |
| Total | 530.36 | | |

| Year | Amount | LOA and Party name | Details of expenditure |
|------|--------|--------------------|------------------------|
|------|--------|--------------------|------------------------|



| | | | |
|---------|-------------|---|------------------------|
| | (₹ in lakh) | | |
| 2017-18 | 132.14 | Baoding Tianwei Baobian Electric Co. Ltd., China – 3625 | S/S– Retention payment |

Asset B4- COD- 1.4.2013, cut-off date - 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|---|--|
| 2016-17 | 17.38 | Hyundai Heavy Industries Co. Ltd – 3622 | S/S - 20113242- Final Onshore Services |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--|-------------------------|
| 2017-18 | 0.16 | Barkoti Construction Company 3624 | S/S – Retention Payment |
| 2017-18 | 6.42 | Electro Power Engineering Service – 3624 | |
| 2017-18 | 0.06 | D K VISHWAKARMA SNW2 -3624 | |
| 2017-18 | 0.23 | R.NAMDEV SNW2-3624 | |
| Total | 6.86 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--------------------------|------------------------|
| 2018-19 | 0.66 | Kamdhenu Enterprises Ltd | SS – Retention Payment |

Asset C1- COD- 1.4.2012, cut-off date- 31.3.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|-------------------------|--------------------------------|
| 2015-16 | 0.12 | Icomm Tele limit – 2838 | Due to Delay in Claim by Party |

Asset C2- COD- 1.1.2013, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--------------------|--|
| 2016-17 | 2.01 | | Tree-Cutting AP72 |
| 2017-18 | -1490.98 | | Credit given for Excess forest payment made to forest department |

Asset C3- COD- 1.2.2012/ Upgradation- 1.10.2012, cut-off date- 31.3.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--|------------------------------|
| 2015-16 | 3.01 | | Crop compensation |
| 2015-16 | 16.59 | Mellcon Dry Air plant | S/S |
| 2015-16 | 14.85 | Paramount Comm | S/S |
| 2015-16 | 6.46 | CGL – 3264 & 3265 | S/S & Differential Entry Tax |
| 2015-16 | 1.28 | JSC Zaporozh Transformator, Ukraine – 3260 | S/S |



| | | | |
|---------|-------|--------------------------------|------------------------------|
| 2015-16 | 10.19 | Alstom T&D Ltd – 3000 and 2999 | S/S |
| 2015-16 | 1.94 | Larsen & Toubro Ltd. – 3001 | S/S & Differential Entry Tax |
| Total | 54.65 | | |

Asset C4- COD- 1.4.2012, cut-off date- 31.3.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|---|---|
| 2015-16 | 1.46 | | T/L Crop compensation |
| 2015-16 | 1.04 | | T/L Tree cutting bill D2 package |
| 2015-16 | 4.15 | | Tree Cutting |
| 2015-16 | 4.62 | | Differential WTC |
| 2015-16 | 6.21 | Bina – Indore 765 kV S/C | T/L |
| 2015-16 | 0.10 | Jyoti Structures – 2946 | T/L |
| 2015-16 | 111.73 | XIAN XD Transformer Co. Ltd., China -4077, 4078 | S/S XDXB/PGCIL/Short Claim/01XD/PGCIL/01/Indore, Bina & Gwlr. XDXB/PGCIL/Spore(Bina)/01 |
| 2015-16 | 22.48 | Alstom T&D India Ltd - 2999, 3000 | S/S |
| 2015-16 | 2.57 | Larsen & Toubro Ltd.- 3001 | S/S |
| Total | 153.36 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|---|---|
| 2016-17 | 142.51 | XIAN XD Transformer Co. Ltd., China -4077, 4078 | PGCIL/XIAN/LD(Bina)-01 Civil PV/02, E&C PV/02 |
| 2016-17 | 3.67 | Eries India Pvt Ltd | S/S |
| Total | 146.18 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|--------------------|------------------------|
| 2017-18 | 0.46 | | Crop Compensation |
| 2018-19 | 18.99 | | |

Asset C5- COD- 1.4.2012, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|----------------------------------|------------------------|
| 2015-16 | 20.48 | ABB Ltd – 3459, 3460, 3461, 3463 | S/S |
| 2015-16 | 0.37 | ABB Ltd – 3460 | S/S-Entry tax |
| Total | 20.85 | | |

Asset D1- COD- 1.9.2012, cut-off date- 31.03.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|-----------------------------------|------------------------|
| 2015-16 | 18.79 | Alstom T&D India Ltd – 2999, 3000 | S/S |
| 2015-16 | 2.14 | Larsen & Toubro Limited – 3001 | S/S |



| | | | |
|---------|--------|---|-----|
| 2015-16 | 84.24 | Hyundai Heavy Industries Co. Ltd – 3622, 3624 | S/S |
| Total | 105.18 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|---|---------------------------------------|
| 2016-17 | 66.47 | Hyundai Heavy Industries Co. Ltd – 3622 | S/S - 20113242-Final ONSHORE SERVICES |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--|-------------------------|
| 2017-18 | 0.16 | Barkoti Construction Company 3624 | S/S – Retention Payment |
| 2017-18 | 6.42 | Electro Power Engineering Service – 3624 | |
| 2017-18 | 0.06 | D K Vishwakarma SNW2 - 3624 | |
| 2017-18 | 0.23 | R.NAMDEV SNW2-3624 | |
| Total | 6.86 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--------------------------|------------------------|
| 2018-19 | 0.66 | Kamdhenu Enterprises Ltd | SS – Retention Payment |

Asset D2- COD- 1.9.2012, cut-off date- 31.3.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|----------------------------|------------------------|
| 2015-16 | 264.04 | ABB India Ltd – 3192, 3193 | S/S |

Asset D3- COD- 1.3.2013, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|------------------------------|---|
| 2015-16 | 0.46 | JAYA ENGINEERS & CONTRACTORS | WCT for the month of Nov 2016 and TDS for the month of Oct 2016 |

Asset E1- COD- 1.7.2012, cut-off date- 31.3.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|----------------------------------|------------------------|
| 2015-16 | 59.71 | MTandT Ltd | S/S |
| 2015-16 | 9.51 | CGL Ltd – 3261, 3262, 3264, 3265 | S/S |
| 2015-16 | 22.44 | Alstom T&D Ltd – 2999, 3000 | S/S |
| 2015-16 | 2.56 | Larsen & Toubro Ltd - 3001 | S/S |
| Total | 94.22 | | |

Asset E2- COD- 1.7.2012, cut-off- 31.3.2015



| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|-----------------------------------|------------------------|
| 2015-16 | 7.74 | Crompton Greaves Ltd – 3264, 3265 | S/S |

Asset E3- COD- 1.7.2012, cut-off date- 31.3.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|----------------------------|------------------------|
| 2015-16 | 352.58 | ABB India Ltd – 3192, 3193 | S/S |

Asset E4- COD- 1.7.2012, cut-off date- 31.3.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|-----------------------------|------------------------|
| 2015-16 | 10.25 | Alstom T&D Ltd – 2999, 3000 | S/S |
| 2015-16 | 1.17 | Larsen & Toubro Ltd -3001 | S/S |
| 2015-16 | 0.30 | Crompton Greaves Ltd | S/S |
| Total | 11.73 | | |

Asset F1- COD- 1.6.2013, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|------------------------------------|---|
| 2016-17 | 201.54 | LOA-3202 & 3203 (TATA Project Ltd) | Retention and balance payment of Tower Pkg T1 |
| 2019-20 | 22.00 | TATA Power Ltd (LOA-3302 & 3303) | Retention & Liabs Payments (Estimated) |

Asset F2- COD- 1.11.2013, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|------------------------------------|---|
| 2016-17 | 326.11 | LOA-3335 & 3336 (Gammon India Ltd) | Retention and balance payment of Tower Pkg G4 |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|------------------------------------|---|
| 2017-18 | 43.38 | LOA-3335 & 3336 (Gammon India Ltd) | Retention and balance payment of Tower Pkg G4 |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|--|----------------------------|
| 2018-19 | 134.71 | LOA -3304 (Electrical Manufacturing Co. Ltd) | Retention & Liabs Payments |

Asset F4- COD- 1.12.2013, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|-------------------------------------|--|
| 2016-17 | 0.02 | LOA-3022 & 3023 (Party-M/s ABB Ltd) | Retention and balance payment of S/S Package |



Asset F6- COD- 1.11.2012, cut-off date- 31.3.2015

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|------------------------------------|--|
| 2015-16 | 29.05 | LOA-3202 & 3203 (TATA Project Ltd) | Retention and balance payment of S/S Package |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|------------------------------------|--|
| 2016-17 | 0.02 | LOA-3202 & 3203 (TATA Project Ltd) | Retention and balance payment of S/S Package |

Asset G6- COD- 1.7.2013, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|-----------------------|---|---|
| 2016-17 | 100.92 | Land | Difference of Land Value after Excess Claimed up to COD |
| 2016-17 | 260.95 | Land compensation – 1900001760 | Land compensation payment as per approval and court order |
| 2016-17 | 36.19 | Land compensation – 1900011532 | Land compensation payment as per approval and court order |
| 2016-17 | 71.48 | Land compensation – 1900027773 | Land Compensation payment Afsar Pita Ramju |
| 2016-17 | 77.07 | Land compensation – 1900027776 | Land Compensation payment Ajj Ehsan Pita Rustom |
| 2016-17 | 70.77 | Land compensation – 1900027778 | Land Compensation payment Safi Khan Rafikha Pita Munir |
| 2016-17 | 56.33 | Land compensation – 1900027779 | Land Compensation payment Nathu Salim Pita Lalji |
| 2016-17 | 71.48 | Land compensation – 1900027780 | Land Compensation payment Ayub Pita Ramju |
| 2016-17 | 196.66 | Land compensation – 1900027781 | Land Compensation payment Mohabbat Naushad Pita Sardar |
| 2016-17 | 208.91 | Land compensation – 1900027783 | Land Compensation payment Babu Pita Ida Nayta |
| 2016-17 | 124.60 | SNW2 Land Compensation Indore SS – 1900037657 | |
| 2016-17 | 97.57 | SNW2 Land Compensation Indore SS – 1900037661 | |
| 2016-17 | 57.30 | Land compensation – 1900051165 | Land Compensation Indore ss-Bapu Pita Munna |
| 2016-17 | 57.30 | Land compensation – 1900051168 | Land Compensation Indore ss-Bapu Pita Naggaji Balai |
| 2016-17 | 69.88 | Land compensation – 1900051171 | Land Compensation Indore ss-Kedar Pita Naggaji |
| 2016-17 | 53.61 | Land compensation – 1900051174 | Land Compensation Indore ss-Babulal Pita Gangaram |
| 2016-17 | 37.10 | Land compensation – 1900051177 | Land Compensation Indore ss-Tejram pita sardar |
| 2016-17 | 12.61 | Land compensation – 1900051180 | Land Compensation Indore ss-Nagjiram pita Natha |



| | | | |
|---------|---------|--|---|
| 2016-17 | 5.57 | Land compensation – 1900051183 | Land Compensation Indore ss-Vikram sinh pita Amarinh |
| 2016-17 | 77.68 | Land compensation – 1900055885 | Land Compensation indore s/s-Munsi pita roshan Naita |
| 2016-17 | 143.48 | Land compensation – 1900055892 | Land Compensation indore s/s-Kaveribhai pati nathuji Gari |
| 2016-17 | 10.05 | Land compensation – 1900104548 | SNW2-INDORE LAND COMP |
| 2016-17 | 3.50 | Land compensation – 1900104550 | SNW2-INDORE LAND COMP |
| 2016-17 | 3.89 | Land compensation – 1900104552 | SNW2-INDORE LAND COMP |
| 2016-17 | 22.13 | SNS Infracon Pvt. Ltd. | construction of C & D type quarters Indore S/S |
| 2016-17 | 5.20 | REAL PROJECTS | TT-PTY-588-BAODING-3625 |
| 2016-17 | 0.38 | SNS Infracon Pvt. Ltd. | WCT For the Month of Jun-16 |
| 2016-17 | 0.42 | SNS Infracon Pvt. Ltd. | WCT For the Month of Jul-16 |
| 2016-17 | 0.26 | REAL PROJECTS | WCT For the Month of Sep-16 |
| 2016-17 | 0.68 | SNS Infracon Pvt. Ltd. | WCT For the Month of Sep-16 |
| 2016-17 | 0.38 | SNS Infracon Pvt. Ltd. | TDS For the Month of Jun-16 |
| 2016-17 | 0.42 | SNS Infracon Pvt. Ltd. | TDS For the Month of Jul-16 |
| 2016-17 | 0.06 | REAL PROJECTS | BOCW for the month of Oct-16 |
| 2016-17 | 0.17 | A.K.GUPTA & CO | BOCW for the Month of May-16 |
| 2016-17 | 0.08 | REAL PROJECTS | BOCW For the Month of Feb-17 |
| 2016-17 | 0.17 | REAL PROJECTS | WCT for the Month of Feb-17 |
| 2016-17 | 14.57 | XIAN XD TRANSFORMER CO. LTD., CHINA- 4078 | S/S |
| 2016-17 | 8.46 | XIAN XD TRANSFORMER CO. LTD., CHINA – 4078 | Rs. 846182/- RETENTION PAYMENT AGAINST ERECT CONT. LOA-4078 |
| 2016-17 | 0.07 | XIAN XD TRANSFORMER CO. LTD., CHINA | WCT for the Month of Oct-16 |
| Total | 1958.36 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|------------------------|----------------------------|
| 2017-18 | 192.09 | | Land Compensation |
| | 63.23 | SNS Infracon Pvt. Ltd. | Building and civil works - |
| | 3.00 | REAL PROJECTS | Retention Payment |
| Total | 258.32 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--------------------|------------------------|
| 2018-19 | 25.46 | | Land Compensation |

Asset G7- COD- 1.7.2013, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|---|--|
| 2016-17 | 18.03 | A2Z MAINTENANCE ENGINEERING SERVICE – 3626 | Final payment LOA3626-A2Z maint. Engg. service |
| 2016-17 | 51.44 | Baoding Tianwei Baobian Electric Co., Ltd,China - | S/S - GJF.072.2016 |



| | | | |
|---------|--------|--|-----------------------------------|
| | | LOA - 3625/3626/3627 | |
| 2016-17 | 26.59 | Baoding Tianwei Baobian Electric Co., Ltd,China - LOA - 3625/3626/3627 | S/S - GJF.100.2015 (6 bills) |
| 2016-17 | 2.12 | Baoding Tianwei Baobian Electric Co., Ltd,China - LOA - 3625/3626/3627 | S/S - GJF.114.2015 |
| 2016-17 | 116.01 | Baoding Tianwei Baobian Electric Co., Ltd,China - LOA - 3625/3626/3627 | S/S-TT-PTY-588-BAODING-3627 |
| 2016-17 | 2.01 | Baoding Tianwei Baobian Electric Co., Ltd,China - LOA - 3625/3626/3627 | S/S - WCT for the Month of Oct-16 |
| Total | 216.35 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--|------------------------|
| 2017-18 | 416.70 | Baoding Tianwei Baobian Electric Co., Ltd,China - LOA - 3625/3626/3627 | SS- Retention Payment |
| | 411.99 | ABB India Limited - LOA - 3459/3460/3461 | |
| | 416.70 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--|------------------------|
| 2018-19 | 155.40 | Baoding Tianwei Baobian Electric Co., Ltd,China - LOA - 3625/3626/3627 | SS- Retention Payment |

Asset G8- COD- 1.10.2013, cut-off date- 31.3.2016

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|---|------------------------|
| 2016-17 | 18.05 | A2Z Maintenance Engineering Service – 3626 | Final payment |
| 2016-17 | 308.88 | Baoding Tianwei Baobian Electric Co., Ltd. China – 3625, 3627 | S/S |
| Total | 326.90 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|--|------------------------|
| 2017-18 | 554.13 | Baoding Tianwei Baobian Electric Co., Ltd. China | SS – Retention Payment |
| | 10.07 | Allied Project Engineering & Con | |
| Total | 564.19 | | |

| Year | Amount (₹ in lakh) | LOA and Party name | Details of expenditure |
|---------|--------------------|---|------------------------|
| 2018-19 | 155.40 | Baoding Tianwei Baobian Electric Co., Ltd, China - LOA - 3625/3626/3627 | SS- Retention Payment |



46. As stated above, the Petitioner has submitted that the shunt reactors at Sasaram sub-station were shifted to Varanasi Sub-station and accordingly, as mentioned in the Auditor certificate of Asset-A, ₹2724.23 lakh has been decapitalised during 2017-18. The Petitioner has further submitted that in case of Asset C2, credit of ₹1490.98 lakh has been received for excess forest payment made to forest department. Accordingly, the total amount ₹4215.21 lakh has been decapitalised during 2017-18.

47. We have considered the submission of the Petitioner. The Petitioner in the instant petition has de-capitalised the cost of shifted reactor and claimed the re-capitalisation of this shifted reactor in Petition No. 33/TT/2019. The Petitioner has claimed the following de-capitalisation:

(₹ in lakh)

| Year of decapitalisation | Year of capitalisation of asset/equipment being decapitalised | Original book value of the asset being decapitalised | Debt-Equity ratio at the time of capitalisation | Cumulative depreciation corresponding to de-capitalisation date | Cumulative repayment of loan corresponding to de-capitalisation | Net Book Value | Date of re-capitalisation claimed in the instant petition |
|--------------------------|---|--|---|---|---|----------------|---|
| 2017-18 (18.4.2017) | 2012-13 (1.4.2012) | 2724.23 | 70:30 | 719.20 | 719.20 | 2005.03 | 19.4.2017 |

48. The reactors at Sasaram sub-station were de-capitalized on 5.3.2016 and shifted as bus reactor at Varanasi sub-station with effect from 19.4.2017. Accordingly, as stated in earlier part of this order, we have considered the date of de-capitalisation of the reactors as 5.3.2016 in the instant petition and tariff has been allowed accordingly. For the purpose of re-capitalisation in the Petition No. 33/TT/2019, date of re-capitalisation is considered as 19.4.2017. The details of de-capitalisation considered in respect of 3X110 MVAR, 765 kV shunt reactor at Sasaram shifted to Varanasi sub-station (Asset-A under Combined Asset-1) in the instant petition are as under:



(₹ in lakh)

| Asset | COD | Date of de-capitalisation considered in the instant petition | Date of re-capitalisation considered in the Petition No. 33/TT/2019 | Original book value of the asset being recapitalised | Cumulative depreciation corresponding to the date of de-capitalisation | Cumulative repayment of loan corresponding to the date of de-capitalisation | Net Book Value |
|---|----------|--|---|--|--|---|----------------|
| Asset-A under Combined Asset-1: (Asset-1(b) in Petition No. 33/TT/2019) | 1.4.2012 | 5.3.2016 | 19.4.2017 | 2724.23 | 649.61 | 649.61 | 2074.62 |

49. We will consider the above details in Petition No. 33/TT/2019 for the purpose of re-capitalisation. In so far as ACE is concerned, the ACE claimed by the Petitioner for the years 2014-15 and 2015-16 is within cut-off date and has been claimed as balance and retention payments under Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations. Additional capital expenditure for the years 2016-17, 2017-18 and 2018-19 is beyond the cut-off date for Combined Asset-1 and claimed under Regulation 14(2)(iv) and 14(2)(v) of the 2014 Tariff Regulations. As regards Asset-2, the Petitioner's claim of additional capital expenditure for the years 2014-15, is within cut-off date and claimed under Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations.

50. ACE claimed by the Petitioner for the year 2015-16, 2016-17, 2017-18 and 2018-19 is allowed on account of balance and retention payments due to undischarged liability for works executed within cut-off date and has been claimed under Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations. Further, ACE incurred during the year 2018-19 is allowed on account of balance and retention payments due to undischarged liability for works executed within cut-off date and has been claimed under Regulation 14(2)(iv) and 14(3)(v) of the 2014 Tariff Regulations. ACE allowed after considering the de-capitalisation of the shifted reactor are as under:



| (₹ in lakh) | | | | | |
|-------------------------|----------|---------|---------|---------|---------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Combined Asset-1 | 19695.33 | 3646.34 | 4711.37 | 45.58 | 491.28 |
| Asset-2 | 173.35 | 0.00 | 0.00 | 0.00 | 0.00 |

Capital cost for the 2014-19 Tariff Period

51. Accordingly, the capital cost considered as on 1.4.2014 and 31.3.2019 for the tariff period 2014-19 is as under:

| (₹ in lakh) | | | | | | | | |
|-------------------------|-----------------------------|----------|---------|------------|---------|---------|---------|------------------------------------|
| Particulars | Capital Cost as on 1.4.2014 | 2014-15 | 2015-16 | | 2016-17 | 2017-18 | 2018-19 | Total Capital Cost as on 31.3.2019 |
| | | | 3646.34 | -2724.23** | | | | |
| Combined Asset-1 | 519434.83 | 19695.33 | 3646.34 | -2724.23** | 4711.37 | 45.58 | 491.28 | 545300.50 |
| Asset-2 | 367.83 | 173.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 541.18 |

** Reactors at Sasaram Sub-station (Asset-A under Combined Asset-1 of the instant petition) de-capitalized with effect from 5.3.2016

Debt-Equity ratio

52. The Petitioner has claimed debt-equity ratio as on 31.3.2014 as approved by the Commission vide orders dated 30.3.2016 and 31.1.2019 in Petition Nos. 370/TT/2014 and 123/TT/2018 for Combined Asset-1 and Asset-2 respectively. The same debt-equity ratio has been considered as on 1.4.2014 and debt-equity ratio as claimed vide Form-6 has been considered for ACE. Accordingly, the details of debt-equity ratio considered are as under:

| Particulars | Combined-Asset-1 | | | | Asset-2 | | | |
|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| | As on 1.4.2014 | | As on 31.3.2019 | | As on 1.4.2014 | | As on 31.3.2019 | |
| | Amount (₹ in lakh) | (%) | Amount (₹ in lakh) | (%) | Amount (₹ in lakh) | (%) | Amount (₹ in lakh) | (%) |
| Debt | 363864.10 | 70.05 | 381970.28 | 70.05 | 257.48 | 70.00 | 378.83 | 70.00 |
| Equity | 155570.73 | 29.95 | 163330.23 | 29.95 | 110.35 | 30.00 | 162.34 | 30.00 |
| Total | 519434.83 | 100.00 | 545300.51 | 100.00 | 367.83 | 100.00 | 541.17 | 100.00 |

Interest on Loan (IoL)

53. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and rate of interest. Accordingly, IoL has been calculated based on



actual interest rate submitted by the Petitioner, in accordance with the Regulation 26 of the 2014 Tariff Regulations. IoL allowed for Combined Asset-1 and Asset-2 are as under:

(₹ in lakh)

| Particulars | Combined Asset-1 | | | | | |
|---|------------------|----------------------|-----------------------|-----------------|-----------------|-----------------|
| | 2014-15 | 1.4.2015 to 5.3.2016 | 6.3.2016 to 31.3.2016 | 2016-17 | 2017-18 | 2018-19 |
| Gross Normative Loan | 363864.10 | 377650.83 | 375742.51 | 378294.98 | 381592.95 | 381624.86 |
| Cumulative Repayment upto previous Year | 32308.26 | 60142.30 | 85886.98 | 87895.15 | 116307.52 | 144789.18 |
| Net Loan-Opening | 331555.84 | 317508.53 | 289855.53 | 290399.83 | 265285.43 | 236835.67 |
| Addition due to Additional Capitalization | 13786.73 | 2552.47 | 2552.47 | 3297.97 | 31.91 | 343.90 |
| Repayment during the year | 27834.04 | 26394.28 | 2008.17 | 28412.37 | 28481.66 | 28489.45 |
| Net Loan-Closing | 317508.53 | 293666.71 | 290399.83 | 265285.43 | 236835.67 | 208690.12 |
| Average Loan | 324532.18 | 305587.62 | 290127.68 | 277842.63 | 251060.55 | 222762.90 |
| Weighted Average Rate of Interest on Loan | 8.23% | 8.21% | 8.21% | 8.29% | 8.29% | 8.37% |
| Interest on Loan | 26720.81 | 23305.91 | 1692.05 | 23031.48 | 20807.11 | 18653.14 |

(₹ in lakh)

| Particulars | Asset-2 | | | | |
|---|-------------|--------------|--------------|--------------|--------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Gross Normative Loan | 257.48 | 378.83 | 378.83 | 378.83 | 378.83 |
| Cumulative Repayment up to previous Year | 0.00 | 24.00 | 52.57 | 81.15 | 109.72 |
| Net Loan-Opening | 257.48 | 354.83 | 326.25 | 297.68 | 269.11 |
| Addition due to Additional Capitalization | 121.35 | 0.00 | 0.00 | 0.00 | 0.00 |
| Repayment during the year | 24.00 | 28.57 | 28.57 | 28.57 | 28.57 |
| Net Loan-Closing | 354.83 | 326.25 | 297.68 | 269.11 | 240.53 |
| Average Loan | 306.15 | 340.54 | 311.97 | 283.39 | 254.82 |
| Weighted Average Rate of Interest on Loan | 2.95% | 4.01% | 4.63% | 4.99% | 5.62% |
| Interest on Loan | 9.03 | 13.67 | 14.44 | 14.13 | 14.32 |

Return on Equity (RoE)

54. The Petitioner has claimed Return on Equity for the instant assets 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 following effective tax rates for the 2014-19 tariff period:

| Year | Claimed effective tax (in %) | Grossed up ROE (Base Rate/1-t) (in %) |
|------|------------------------------|---------------------------------------|
| | | |



| | | |
|---------|-------|--------|
| 2014-15 | 21.02 | 19.625 |
| 2015-16 | 21.38 | 19.715 |
| 2016-17 | 21.34 | 19.705 |
| 2017-18 | 21.34 | 19.705 |
| 2018-19 | 21.55 | 19.758 |

55. BRPL has submitted that the information regarding Income Tax Assessment submitted by the Petitioner is in respect of the entire Company of the Petitioner and not in respect of the tax on the transmission business in respect of the Northern Region. Accordingly, the said information is not relevant for the purposes of effective tax rate as Regulation 25(1) of the 2014 Tariff Regulations stipulates that any income from non-transmission business shall not be taken into consideration for the effective tax rate.

56. BRPL has submitted that the computed tax rate of the Petitioner is based on the consolidated financial statements of the Company and the effective tax rate on the actual income of the transmission business would be further reduced as the benefits of tax rate applicable on the transmission business. BRPL has further submitted that in terms of the provisions of Regulation 8(8) of the 2014 Tariff Regulations, the Petitioner is required to carry out the truing up of the grossed up rate of RoE in accordance with clause 3 of Regulation 25 of the 2014 Tariff Regulations. However, the Petitioner has not furnished any details pursuant to the truing up exercise indicating whether there was under-recovery or over-recovery of the grossed up rate of return either claimed or refunded on year to year basis from/to the beneficiaries. BRPL has submitted that the Petitioner in Form 3 has mentioned that the effective tax rate for 2014-19 tariff period as zero and as such no tax during the tariff period 2014-19 was paid by the Petitioner in respect of its transmission business. BRPL has submitted that over-payment of tax by the beneficiaries should be returned to them immediately. With regard to deferred tax liability in terms of Regulation 49 of the 2014 Tariff Regulations, BRPL has



submitted that the claim of tax amount of deferred tax liabilities is permissible upto 31.3.2009 as and when the same is materialized and that deferred tax is required to be adjusted for the tariff period 2004-09 as there was no concept of grossing up of the equity and the beneficiaries were paying the income tax on actuals as per the provisions of 2004 Tariff Regulations. BRPL has submitted that the Respondents were paying the income tax on transmission business without the benefits being allowed under the Income Tax Act, 1961 (hereinafter referred to as "the 1961 Act"). The Petitioner is required to pay back the extra amount of income tax collected after accounting for the benefits allowed under the 1961 Act and it cannot be allowed to use the extra payment of the Respondents for its own use for payment of income tax for the services other than the transmission service. BRPL has submitted that the Petitioner has failed to furnish on record the documentary evidence of tax payment to the Income Tax Department on the transmission business of Northern Region including Cost Audit Report Region-wise, Corporate Audited Balance Sheet, complete Profit and Loss Account of new Transmission System and Communication System for the relevant years and as such the submission of the Petitioner to include the effective tax rate in the present case is liable to be rejected.

57. BRPL has further submitted that the transmission companies have been allowed huge tax benefits in the form of Tax Holiday for enterprises engaged in infrastructure development etc. as per Section 80IA of the 1961 Act and other benefits like higher depreciation allowed in initial years.

58. In response, the Petitioner has submitted that the Petitioner does not file income tax return on transmission business in respect of a particular region as it has a single PAN and there is no provision in the 1961 Act to file separate returns on the basis of nature of business being undertaken by any entity. All the documents in



support of income tax (either returns or assessment orders) are for the Petitioner Company as a whole. The Auditor's Certificate clearly shows the income from transmission business and income from other segments along with copy of assessment order/ income return which are relevant to derive the effective tax rate has already been submitted in Petition No. 24/TT/2020. The Petitioner has submitted that it has computed effective tax rate based on actual tax paid pursuant to assessment orders for the years 2014-15, 2015-16 and 2016-17. The income tax due for 2017-18 and 2018-19 periods has been deposited and tax returns have already been filed. However, assessment orders are yet to be received. The Petitioner has further submitted that after deducting depreciation and tax holiday benefit under normal provision, the income tax for the respective year has been calculated along with surcharge and cess, which works out to be in the range of 33.99% to 34.944% during financial years 2014-15 to 2018-19. In case, the tax computed under normal provision is less than the tax calculated on book profit at the percentage prescribed under section 115JB (Minimum Alternate Tax) then the Company has to pay tax computed as per the provisions of section 115JB of the 1961 Act which works out between 20.96% to 21.5488% (including surcharge and cess). Hence, the Petitioner Company is paying MAT. The Petitioner has further submitted that Regulation 15(3) of the 2009 Tariff Regulations provide that RoE shall be grossed up with MAT/corporate income tax rate of the transmission licensee and not the tax rate of the assets or region. The Petitioner has submitted that Form-3 is a system generated Form and due to a system error/ constraint, the effective tax rate was indicated as 0.00 instead of blank line. The aforementioned error has now been rectified. The Petitioner has submitted that the Petitioner is eligible for claiming the deferred tax liabilities for the period up to 31.3.2009 on materialization at subsequent period i.e. financial year



2009-10 onwards. The Petitioner is only claiming the reimbursement of income tax liability discharged as per the provisions of the Income Tax Act.

59. MPPMCL has submitted that the Petitioner has grossed up RoE on the basis of actual taxes paid during 2016-17 and 2017-18 and has considered applicable rate of MAT, surcharge and cess for the purpose of grossing up of RoE for the year 2018-19. MPPMCL has further submitted that the Petitioner has not placed on record the assessment order for the period 2016-17 and 2017-18 along with the current petition, in the absence of which, it is not possible to scrutinize the claim of the Petitioner properly. The Petitioner, in response has submitted that it has not claimed grossed up RoE on the basis of actual taxes paid for the year 2018-19. It has submitted that effective rates of tax considered for 2014-15 and 2015-16 are based on Assessment Order issued by Income Tax authorities, for the purpose of grossing up of RoE rate and that the effective rates of tax considered for 2016-17 and 2017-18 are based on the Income-tax returns filed, for the purpose of grossing up of RoE rate of respective years. Further, for 2017-18, 2018-19, effective tax rate is calculated based the applicable MAT rate (i.e. MAT 18.50% + Surcharge 12.00% + Cess 4%), for the purpose of grossing up of RoE rate. The Assessment Orders of 2014-15 and 2015-16 had already been submitted in Petition No. 20/TT/2020 and a copy of Assessment Order for the financial year 2016-17 is submitted along with the instant rejoinder.

60. We have considered the submissions of the Petitioner, BRPL and MPPMCL and the clarifications given by the Petitioner. BRPL has contended that details of the income tax submitted by the Petitioner are in respect of the Petitioner's Company as a whole and it does not pertain to the transmission business in Northern Region. The Petitioner has clarified that every registered Company has only one single PAN number and it has to file one single return and the Petitioner cannot file income tax



separately for each region. As regards the BRPL's contention that as per the information available in public domain, the Petitioner has to pay the effective tax rate for the period 2014-15 @ 8.70% and for the period 2015-19 it is zero and the excess recovery made by the Petitioner should be returned to the beneficiaries. The Petitioner has clarified that the effective tax rate was shown as zero for the period 2015-19 inadvertently due to technical reasons and the Petitioner has paid income tax for the said period. The Petitioner has also clarified that as per the provisions of the Income Tax Act, tax has to be computed under normal provisions of Income Tax Rules, 1962 and as per MAT provisions under section 115JB of Income Tax Act and the assessee will have to pay tax higher of the two. As per the submissions, during the tariff period 2014-19, the Petitioner calculated the tax under regular provisions of Income Tax Act (with tax rates of 33.99% to 34.944%) and the tax was worked out to be lower than the tax payable under the MAT due to deductions under section 80 IA and availability of accelerated depreciation under the income tax. Thus, the Petitioner has been assessed and paid the tax under the MAT. We are satisfied with the clarifications given by the Petitioner and are of the view that the Petitioner has complied with the provisions of the 1961 Act and the provisions of the tariff regulations.

61. The Commission in order dated 27.4.2020 in Petition No. 274/TT/2019 has already arrived at the effective tax rate for the Petitioner based on the notified MAT rates. The relevant portion of the order dated 27.4.2020 is as under:

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



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

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

| Year | Notified MAT rates (inclusive of surcharge & cess) | Effective tax (in %) |
|---------|--|----------------------|
| 2014-15 | 20.9605 | 20.9605 |
| 2015-16 | 21.3416 | 21.3416 |
| 2016-17 | 21.3416 | 21.3416 |
| 2017-18 | 21.3416 | 21.3416 |
| 2018-19 | 21.5488 | 21.5488 |

”

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

| Year | Notified MAT rates (inclusive of surcharge & cess) (in %) | Base rate of RoE (in %) | Grossed up RoE (Base Rate/1-t) (in %) |
|---------|---|-------------------------|---------------------------------------|
| 2014-15 | 20.9605 | 15.50 | 19.610 |
| 2015-16 | 21.3416 | 15.50 | 19.705 |
| 2016-17 | 21.3416 | 15.50 | 19.705 |
| 2017-18 | 21.3416 | 15.50 | 19.705 |
| 2018-19 | 21.5488 | 15.50 | 19.758 |

63. 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. RoE is trued up on the basis of the MAT rate applicable in the respective years and RoE allowed for Combined Asset-1 and Asset-2 is as under:

(₹ in lakh)

| Combined Asset-1 | | | | | | |
|----------------------------|-----------|----------------------|-----------------------|-----------|-----------|-----------|
| Particulars | 2014-15 | 1.4.2015 to 5.3.2016 | 6.3.2016 to 31.3.2016 | 2016-17 | 2017-18 | 2018-19 |
| Opening Equity | 155570.73 | 161479.34 | 160663.43 | 161757.30 | 163170.70 | 163184.37 |
| Addition due to Additional | 5908.60 | 1093.87 | 1093.87 | 1413.40 | 13.67 | 147.38 |



| | | | | | | |
|------------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|
| Capitalization | | | | | | |
| Closing Equity | 161479.34 | 162573.21 | 161757.30 | 163170.70 | 163184.37 | 163331.75 |
| Average Equity | 158525.03 | 162026.27 | 161210.36 | 162464.00 | 163177.54 | 163258.06 |
| Return on Equity (Base Rate) | 15.50% | 15.50% | 15.50% | 15.50% | 15.50% | 15.50% |
| MAT rate for the Respective year | 20.9605% | 21.3416% | 21.3416% | 21.3416% | 21.3416% | 21.5488% |
| Rate of Return on Equity (Pre-tax) | 19.610% | 19.705% | 19.705% | 19.705% | 19.705% | 19.758% |
| Return on Equity (Pre-tax) | 31086.76 | 29659.22 | 2256.64 | 32013.53 | 32154.13 | 32256.53 |

(₹ in lakh)

| Asset-2 | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Opening Equity | 110.35 | 162.34 | 162.34 | 162.34 | 162.34 |
| Addition due to Additional Capitalization | 51.99 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing Equity | 162.34 | 162.34 | 162.34 | 162.34 | 162.34 |
| Average Equity | 136.34 | 162.34 | 162.34 | 162.34 | 162.34 |
| Return on Equity (Base Rate) (%) | 15.50% | 15.50% | 15.50% | 15.50% | 15.50% |
| MAT rate for the Respective year (%) | 20.9605% | 21.3416% | 21.3416% | 21.3416% | 21.5488% |
| Rate of Return on Equity (Pre-tax) (%) | 19.610% | 19.705% | 19.705% | 19.705% | 19.758% |
| Return on Equity (Pre-tax) | 26.74 | 31.99 | 31.99 | 31.99 | 32.07 |

Depreciation

64. The Petitioner has submitted that initially the expenditure incurred on IT Equipment and Software was considered under sub-station head. The useful life of sub-station (25 years) is different from the useful life of IT Equipment and Software (15 years). As the depreciation rate for IT Equipment and Software and sub-station is different, the cost of IT Equipment and Software has been separated from the sub-station head. Since, the 2009-14 tariff period has already been trued-up, the effect of above-mentioned bifurcation has been incorporated from 1.4.2014. The Petitioner has submitted that there is no increase in the value of gross block as on 1.4.2014 on account of bifurcation of IT Equipment and Software as its value was already included under the Sub-station head. The details of value of gross block of IT Equipment and Software as on 1.4.2014 is as under:



(₹ in lakh)

| Asset description as per order dated 31.1.2019 in Petition No. 123/TT/2018 and now Covered under Combined Asset-1 of the instant petition | Cost of IT Equipment and Software as per Auditor certificate | | |
|---|--|--|--------|
| | Upto COD | 2013-14 | Total |
| B1 | | 2.77 | 2.77 |
| B3 | | 2.77 | 2.77 |
| B4 | 166.6 | 45.15 | 211.75 |
| F3 | 11.00 | | 11.00 |
| F5 | 11.24 | | 11.24 |
| G6 | 94.92 | 5.31 | 100.23 |
| | | Total | 339.76 |
| | | Less: Accrual IDC discharged after 31.3.2014 | 0.03 |
| | | Total Cost claimed | 339.74 |

65. We have considered the submissions of the Petitioner. The Petitioner has claimed the capital cost of the IT equipment in Petition No. 123/TT/2018 and 370/TT/2014 as part of the capital cost of the sub-station. The Petitioner now at the time of truing-up for the 2014-19 period has segregated the IT equipment cost from sub-station cost. The Petitioner did not claim any capital expenditure towards "IT Equipment" in the above said petitions where tariff for the instant assets for the 2014-19 period was allowed even though there was a clear provision in the 2014 Tariff Regulations. Similar issue had come up in Petition No. 19/TT/2020 wherein the Commission vide order dated 9.5.2020 decided as under:

"31. We have considered the submissions of the Petitioner. The instant assets were put into commercial operation during the 2009-14 period and the tariff from the respective CODs to 31.3.2014 was allowed vide orders dated 30.8.2012 and 9.5.2013 in Petition No.343/2010 and Petition No. 147/TT/2011 respectively. Further, the tariff of the 2009-14 period was trued up and tariff for the 2014-19 period was allowed vide order dated 25.2.2016 in Petition No.10/TT/2015. The Petitioner did not claim any capital expenditure towards "IT Equipment" in the above said three petitions where tariff for the instant assets for the 2009-14 period was allowed, tariff of the 2009-14 period was trued up and tariff for 2014- 19 period was allowed even though there was a clear provision in the 2009 Tariff Regulations and 2014 Tariff Regulations providing depreciation @15% for IT Equipment. Having failed to make a claim as per the 2009 Tariff Regulations (the period during which COD of assets was achieved), the Petitioner has now, at the time of truing up of the tariff allowed for the 2014-19 period has apportioned a part of the capital expenditure to "IT Equipment". The Petitioner has adopted similar methodology not only in this but in some of the other petitions listed along with the instant petition on 26.2.2020. It is observed that the Petitioner has for the first time apportioned a part of the capital expenditure towards IT Equipment and has claimed depreciation under the



head "IT Equipment" @15% at the time of truing up of the tariff of 2014-19 period. Regulation 8(1) of the 2014 Tariff Regulations provides for truing up of the capital expenditure including the additional capital expenditure, incurred upto 31.3.2019, admitted by the Commission after prudence check. We are of the view that scope of truing up exercise is restricted to truing up of the capital expenditure already admitted and apportionment or reapportionment of the capital expenditure cannot be allowed at the time of truing up. Therefore, we are not inclined to consider the Petitioner's prayer for apportionment of capital expenditure towards IT Equipment and allowing depreciation @ 15% from 1.4.2014 onwards. Accordingly, the depreciation @ 5.28% has been considered for IT Equipment as part of the substation upto 31.3.2019 while truing up the capital expenditure for the 2014-19 period. During the 2019-24 tariff period, the IT Equipment has been considered separately and depreciation has been allowed @ 15% for the balance depreciable value of IT Equipment in accordance with Regulation 33 read with Sr. No. (p) of the Appendix-I (Depreciation Schedule) of the 2019 Tariff Regulations."

66. In accordance with above order dated 9.5.2020 in Petition No. 19/TT/2020, the depreciation is considered @5.28% for IT equipment as part of the sub-station upto 31.3.2019 while truing-up the capital expenditure for the 2014-19 period. During the 2019-24 tariff period, the IT equipment has been considered separately and depreciation has been allowed @15% for the balance depreciable value of IT Equipment in accordance with Regulation 33 read with Sr. No. (p) of the Appendix (Depreciation Schedule) of the 2019 Tariff Regulations.

67. Accordingly, the depreciation has been worked out as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. The Gross Block during the 2014-19 tariff period has been depreciated at weighted average rate of depreciation (WAROD) (as placed in Annexure-1). WAROD has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations and depreciation allowed for Combined Asset-1 during the 2014-19 period is as under:

(₹ in lakh)

| Combined Asset-1 | | | | | | |
|--|-----------|-------------------------|--------------------------|-----------|-----------|-----------|
| Particulars | 2014-15 | 1.4.2015 to 5.3.2016 | 6.3.2016 to 31.3.2016 | 2016-17 | 2017-18 | 2018-19 |
| Opening Gross Block | 519434.83 | 539130.16 | 536405.93 | 540052.27 | 544763.64 | 544809.22 |
| Addition during 2014-19 due to Additional Capitalisation | 19695.33 | 3646.34 | 3646.34 | 4711.37 | 45.58 | 491.28 |
| Closing Gross Block | 539130.16 | 542776.50 | 540052.27 | 544763.64 | 544809.22 | 545300.50 |



| | | | | | | |
|---|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|
| Average Gross Block | 529282.50 | 540953.33 | 538229.10 | 542407.96 | 544786.43 | 545054.86 |
| Rate of Depreciation | 5.26% | 5.25% | 5.25% | 5.24% | 5.23% | 5.23% |
| Balance Useful life of the Asset at the beginning of the year | 31 | 30 | 30 | 29 | 28 | 27 |
| Aggregated Depreciable Value | 474712.83 | 484810.54 | 482358.73 | 484856.46 | 486053.44 | 486197.13 |
| Remaining Aggregated Depreciable Value at the beginning of the year | 442404.57 | 424668.24 | 395822.15 | 398319.87 | 369745.92 | 341407.94 |
| Depreciation | 27834.04 | 26394.28 | 2008.17 | 28412.37 | 28481.66 | 28489.45 |

(₹ in lakh)

| Asset-2 | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Opening Gross Block | 367.83 | 541.18 | 541.18 | 541.18 | 541.18 |
| Addition during 2014-19 due to Additional Capitalisation | 173.35 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing Gross Block | 541.18 | 541.18 | 541.18 | 541.18 | 541.18 |
| Average Gross Block | 454.51 | 541.18 | 541.18 | 541.18 | 541.18 |
| Rate of Depreciation | 5.28% | 5.28% | 5.28% | 5.28% | 5.28% |
| Balance Useful life of the Asset at the beginning of the year | 25 | 24 | 23 | 22 | 21 |
| Aggregated Depreciable Value | 409.05 | 487.06 | 487.06 | 487.06 | 487.06 |
| Remaining Aggregated Depreciable Value at the beginning of the year | 409.05 | 463.06 | 434.49 | 405.92 | 377.34 |
| Depreciation | 24.00 | 28.57 | 28.57 | 28.57 | 28.57 |

Operation & Maintenance Expenses (O&M Expenses)

68. The Commission vide order dated 31.1.2019 in Petition No. 123/TT/2018 and order dated 30.3.2016 in Petition No. 370/TT/2014 allowed the following O&M Expenses in respect of the instant assets for the 2014-19 tariff period:

| Particulars | O&M Expenses allowed | | | | |
|------------------|----------------------|---------|---------|---------|---------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Combined Asset-1 | 5635.61 | 5824.46 | 6016.28 | 6217.09 | 6422.90 |
| Asset-2 | 60.30 | 62.30 | 64.37 | 66.51 | 68.71 |

69. The Petitioner in the instant true-up petition has claimed the same O&M expenses as allowed earlier and the same have been allowed in the instant true-up petition.

Interest on Working Capital (IWC)



70. The Petitioner has claimed IWC as per Regulation 28 of the 2014 Tariff Regulations. The IWC allowed as per the methodology provided in the Regulation 28 of the 2014 Tariff Regulations for Combined Asset-1 and Asset-2 are as under: -

(₹ in lakh)

| Combined Asset-1 | | | | | | |
|------------------------------------|-----------------|-----------------------------|------------------------------|-----------------|-----------------|-----------------|
| Particulars | 2014-15 | 1.4.2015 to 5.3.2016 | 6.3.2016 to 31.3.2016 | 2016-17 | 2017-18 | 2018-19 |
| Maintenance Spares | 845.34 | 873.67 | 873.67 | 902.44 | 932.56 | 963.44 |
| O&M expenses | 469.63 | 485.37 | 485.37 | 501.36 | 518.09 | 535.24 |
| Receivables | 15593.31 | 15590.11 | 15321.77 | 15287.84 | 14979.68 | 14667.41 |
| Total | 16908.28 | 16949.15 | 16680.81 | 16691.64 | 16430.34 | 16166.08 |
| Rate of Interest | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% |
| Interest on Working Capital | 2282.62 | 2125.59 | 159.97 | 2,253.37 | 2,218.10 | 2,182.42 |

(₹ in lakh)

| Asset-2 | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Maintenance Spares | 9.05 | 9.35 | 9.66 | 9.98 | 10.31 |
| O&M expenses | 5.03 | 5.19 | 5.36 | 5.54 | 5.73 |
| Receivables | 20.79 | 23.61 | 24.11 | 24.43 | 24.87 |
| Total | 34.86 | 38.15 | 39.13 | 39.95 | 40.90 |
| Rate of Interest | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% |
| Interest on Working Capital | 4.71 | 5.15 | 5.28 | 5.39 | 5.52 |

Approved Annual Fixed Charges for the 2014-19 Tariff Period

71. The trued-up annual fixed charges for the instant transmission assets for the 2014-19 period are as under:

(₹ in lakh)

| Combined Asset-1 | | | | | | |
|-----------------------------|-----------------|-----------------------------|------------------------------|-----------------|-----------------|-----------------|
| Particulars | 2014-15 | 1.4.2015 to 5.3.2016 | 6.3.2016 to 31.3.2016 | 2016-17 | 2017-18 | 2018-19 |
| Depreciation | 27834.04 | 26394.28 | 2008.17 | 28412.37 | 28481.66 | 28489.45 |
| Interest on Loan | 26720.81 | 23305.91 | 1692.05 | 23031.48 | 20807.11 | 18653.14 |
| Return on Equity | 31086.76 | 29659.22 | 2256.64 | 32013.53 | 32154.13 | 32256.53 |
| Interest on Working Capital | 2282.62 | 2125.59 | 159.97 | 2253.37 | 2218.10 | 2182.42 |
| O&M Expenses | 5635.61 | 5410.70 | 413.76 | 6016.28 | 6217.09 | 6422.90 |
| Total | 93559.84 | 86895.70 | 6530.59 | 91727.04 | 89878.09 | 88004.44 |

(₹ in lakh)

| Asset-2 | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Depreciation | 24.00 | 28.57 | 28.57 | 28.57 | 28.57 |
| Interest on Loan | 9.03 | 13.67 | 14.44 | 14.13 | 14.32 |
| Return on Equity | 26.74 | 31.99 | 31.99 | 31.99 | 32.07 |
| Interest on Working Capital | 4.71 | 5.15 | 5.28 | 5.39 | 5.52 |



| | | | | | |
|--------------|---------------|---------------|---------------|---------------|---------------|
| O&M Expenses | 60.30 | 62.30 | 64.37 | 66.51 | 68.71 |
| Total | 124.77 | 141.69 | 144.66 | 146.60 | 149.20 |

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

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

| (₹ in lakh) | | | | | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Depreciation | 28587.04 | 28559.15 | 28515.15 | 28515.15 | 28515.15 |
| Interest on Loan | 16298.19 | 13861.67 | 11445.61 | 9023.01 | 6605.17 |
| Return on Equity | 30766.38 | 30767.00 | 30767.00 | 30767.00 | 30767.00 |
| Interest on Working Capital | 1561.15 | 1542.27 | 1520.67 | 1500.29 | 1477.05 |
| O&M Expenses | 9717.56 | 10054.53 | 10409.69 | 10780.05 | 11157.34 |
| Total | 86930.32 | 84784.62 | 82658.12 | 80585.50 | 78521.71 |

73. The Petitioner has claimed the following IWC for the Combined Asset for the 2019-24 tariff period:

| (₹ in lakh) | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| O&M Expenses | 1457.53 | 1508.18 | 1561.45 | 1617.01 | 1673.60 |
| Maintenance Spares | 809.80 | 837.88 | 867.47 | 898.34 | 929.78 |
| Receivables | 10688.16 | 10452.90 | 10190.73 | 9935.20 | 9654.31 |
| Total Working Capital | 12955.59 | 12798.96 | 12619.65 | 12450.55 | 12257.69 |
| Rate of Interest (%) | 12.05% | 12.05% | 12.05% | 12.05% | 12.05% |
| Interest on Working Capital | 1561.14 | 1542.27 | 1520.67 | 1500.29 | 1477.05 |

Effective Date of Commercial Operation (E-COD)

74. The Petitioner has claimed E-COD of the Combined Asset as 1.1.2013. However, based on the trued-up admitted capital cost and actual COD of all the assets, E-COD has been worked out as under:

| Asset | Trued-up Capital Cost as on 31.3.2019 (₹ in lakh) | COD | No. of days from COD of Asset from COD of Project | Weight of Cost | Weighted days | Effective COD (Latest COD- Total Weighted days) |
|------------------|---|------------|---|----------------|---------------|---|
| Combined Asset-1 | 545300.50 | 30.12.2012 | 456.25 | 99.90% | 455.80 | 31.12.2012 |
| Asset-2 | 541.18 | 1.4.2014 | 0.00 | 0.10% | 0.00 | |
| Total | 545841.68 | | | 100.00% | 455.80 | |



Weighted Average Life (WAL) of the instant assets

75. The life as defined in Regulation 33(2) of the 2019 Tariff Regulations has been considered for determination of Weighted Average Life. The Combined Asset may have multiple elements such as Land, building, transmission line, sub-station and PLCC and each element may have different span of life. Therefore, the concept of Weighted Average Life (WAL) has been used as the useful life of the project as a whole.

76. The Weighted Average Life (WAL) has been determined based on the admitted capital cost of individual elements as on 31.3.2019 and their respective life as stipulated in the 2019 Tariff Regulations. The element-wise life as defined in Tariff Regulations prevailing at the time of actual COD of individual assets has been ignored for this purpose. The life as defined in the 2019 Tariff Regulations has been considered for determination of WAL. Accordingly, the Weighted Average Life (WAL) of the Combined Asset put into commercial operation during 2009-14 tariff period has been worked out as 31 years as shown below:

| Particulars | Admitted Capital Cost as on 31.3.2019 (₹ in lakh) | Life (in Years) | Weighted Cost (₹ in lakh) | Weighted Average Life of Asset (in Years) |
|------------------------------|---|-----------------|---------------------------|---|
| | (1) | (2) | (3)=(2)*(1) | (4)=(3) / (1) |
| Leasehold Land | 15.25 | 25 | 381.31 | 30.98 years, (rounded off to 31 Years) |
| Building & Other Civil Works | 2,334.44 | 25 | 58,361.00 | |
| Transmission Line | 3,40,357.50 | 35 | 1,19,12,512.50 | |
| Sub-Station Equipment | 1,96,710.59 | 25 | 49,17,764.75 | |
| PLCC | 1,092.10 | 15 | 16,381.50 | |
| IT Equipment & Software | 483.24 | 6.67 | 3,221.60 | |
| Total | 5,45,841.68 | 31 | 1,69,08,622.66 | |

77. WAL as on 1.4.2019 as determined above is applicable prospectively (i.e. for 2019-24 tariff period onwards) and no retrospective adjustment of depreciation in



previous tariff period is required to be done. As discussed above, E-COD of the assets is 31.12.2012 and the lapsed life of the project as a whole works is 6 years as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from Effective COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2019 to be 25 years.

Capital Cost

78. Regulation 19 of the 2019 Tariff Regulations provides as under:

“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 renovation and modernisation as admitted by this Commission in accordance with these regulations;
- (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 upto 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 de-capitalised 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.”*

79. The Petitioner has claimed the capital cost of the individual assets which has been added to arrive at the capital cost claimed during the 2019-24 period for consolidated assets as per following details:-

| (₹ in lakh) | | | | |
|------------------|-------------------------------|---------------------|--------------------|-----------|
| Assets | RCE approved apportioned cost | Cost upto 31.3.2019 | ACE during 2019-20 | Total |
| Combined Asset-1 | 564715.62 | 545474.22 | 22.00 | 545496.22 |
| Asset-2 | 760.00 | 541.18 | 0.00 | 541.18 |
| Total | 565475.62 | 546015.4 | 22.00 | 546037.40 |

80. We have considered the submissions of the Petitioner. The opening capital cost as on 1.4.2019 has been considered by the Petitioner for Combined Asset-1 and Asset-2 as ₹545474.22 lakh and ₹541.18 lakh respectively. Against the overall apportioned approved capital cost (as per RCE) of ₹565475.62 lakh, the estimated completion cost including ACE is ₹546037.40 lakh. The individual cost of each asset is also within the respective RCE apportioned cost.

81. The capital cost has been dealt in line with Regulation 19(3) of the 2019 Tariff Regulations. The element-wise capital cost (i.e. land, building, transmission line, sub-station and PLCC) as admitted by the Commission as on 31.3.2019 for the instant assets are clubbed together and the combined capital cost has been considered as capital cost for the Combined Asset as on 1.4.2019, as per the following details:

| Particulars | Combined Asset-1 | Asset-2 | Combined Asset |
|------------------------------|------------------|---------|----------------|
| Freehold Land | 4848.56 | 0.00 | 4848.56 |
| Leasehold Land | 15.25 | 0.00 | 15.25 |
| Building & Other Civil Works | 2334.44 | 0.00 | 2334.44 |
| Transmission Line | 340357.50 | 0.00 | 340357.50 |
| Sub-Station Equipment | 196169.41 | 541.18 | 196710.59 |
| PLCC | 1092.10 | 0.00 | 1092.10 |



| | | | |
|-------------------------|------------------|---------------|------------------|
| IT Equipment & Software | 483.24 | 0.00 | 483.24 |
| Total | 545300.50 | 541.18 | 545841.68 |

Additional Capital Expenditure (ACE)

82. Regulations 24 and 25 of the 2019 Tariff Regulations provide as under:-

“24. Additional Capitalization within the original scope and upto the cut-off date

(1) The Additional Capital Expenditure in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law; and*
- (f) Force Majeure events:*

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.

25. Additional Capitalisation within the original scope and after the cut-off date:

(1) The ACE incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:

- (a) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;*
- (b) Change in law or compliance of any existing law;*
- (c) Deferred works relating to ash pond or ash handling system in the original scope of work;*
- (d) Liability for works executed prior to the cut-off date;*
- (e) Force Majeure events;*
- (f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and*
- (g) Raising of ash dyke as a part of ash disposal system.*

(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:



- (a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;
- (b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;
- (c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and
- (d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”

83. The Petitioner has claimed ₹22 lakh towards ACE on account of undischarged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date. The Petitioner has submitted that ACE projected to be incurred during 2019-20 is claimed as per Regulation 25(1)(d) of the 2019 Tariff Regulations.

84. We have considered the submissions of the Petitioner. The assets covered in Combined Asset-1 in the instant petition achieved COD in 2009-14 tariff period and the same is claimed towards un-discharged liability for which the details have not been submitted. The projected ACE claimed by the Petitioner is not considered at this stage and the Petitioner is directed to submit the details of the same at the time of truing-up and the same will be reviewed at the time of truing-up.

Capital cost for the 2019-24 tariff period

85. Accordingly, the capital cost of the Combined Asset, considered for the tariff period 2019-24, subject to truing-up, is as follows:

| (₹ in lakh) | | |
|-------------------------------------|----------------------------------|---|
| Capital Cost allowed as on 1.4.2019 | ACE allowed for the year 2019-20 | Total Estimated Completion Cost up to 31.3.2024 |
| 545841.68 | nil | 545841.68 |

Debt-Equity ratio

86. Regulation 18 of the 2019 Tariff Regulations provides as under:

“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.”

87. The details of debt-equity considered for the purpose of computation of tariff for the 2019-24 tariff period for the Combined Asset is as under:



| Particulars | Capital Cost as on 1.4.2019 (₹ in lakh) | % | Capital Cost as on 31.3.2024 (₹ in lakh) | % |
|--------------|--|---------------|---|---------------|
| Debt | 382349.11 | 70.05 | 382349.11 | 70.05 |
| Equity | 163492.56 | 29.95 | 163492.56 | 29.95 |
| Total | 545841.67 | 100.00 | 545841.67 | 100.00 |

Return on Equity (RoE)

88. Regulations 30 and Regulation 31 of the 2019 Tariff Regulations provide as under:

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

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

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope 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 trueing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on year to year basis.”

89. BRPL has submitted that as per Regulation 31(3) of the 2019 Tariff Regulations, the Petitioner has a statutory duty to undertake the true up of the grossed-up rate of RoE at the end of every financial year based on actual tax paid.



The above statutory function delegated to the transmission licensee cannot be exercised unilaterally and it should be conducted in an impartial manner by involving all the beneficiaries. All the documents related to tax payment should be produced including the actual tax paid by the Petitioner on the transmission business in the particular region. In response, the Petitioner has submitted that the tariff for 2019-24 has been claimed in line with the 2019 Tariff Regulations. The grossed up rate of return on equity at the end of every financial year based on actual tax paid shall be submitted at time of truing-up of 2019-24 tariff period.

90. We have considered the submissions of the Petitioner and BPRL. The Petitioner has submitted that MAT rate is applicable to the Petitioner's Company. Accordingly, MAT rate applicable during the year 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 Combined Asset under Regulation 30 of the 2019 Tariff Regulations is as under:-

(₹ in lakh)

| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Opening Equity | 163492.56 | 163492.56 | 163492.56 | 163492.56 | 163492.56 |
| Addition due to Additional Capitalization | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing Equity | 163492.56 | 163492.56 | 163492.56 | 163492.56 | 163492.56 |
| Average Equity | 163492.56 | 163492.56 | 163492.56 | 163492.56 | 163492.56 |
| Return on Equity (Base Rate) | 15.50% | 15.50% | 15.50% | 15.50% | 15.50% |
| Tax Rate applicable | 17.472% | 17.472% | 17.472% | 17.472% | 17.472% |
| Rate of Return on Equity (Pre-tax) | 18.782% | 18.782% | 18.782% | 18.782% | 18.782% |
| Return on Equity (Pre-tax) | 30707.17 | 30707.17 | 30707.17 | 30707.17 | 30707.17 |

Interest on Loan (IoL)

91. Regulation 32 of the 2019 Tariff Regulations provides as under:

“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.”

92. 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 or next revision of tariff. By considering above, IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations. The details of IoL allowed for the Combined Asset are as under:

| (₹ in lakh) | | | | | |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Combined Asset | | | | | |
| Particular | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Gross Normative Loan | 382349.11 | 382349.11 | 382349.11 | 382349.11 | 382349.11 |



| | | | | | |
|---|-----------------|-----------------|-----------------|----------------|----------------|
| Cumulative Repayments upto Previous Year | 173416.93 | 201994.22 | 230571.51 | 259148.80 | 287726.09 |
| Net Loan-Opening | 208932.18 | 180354.89 | 151777.60 | 123200.31 | 94623.02 |
| Additions due to Additional Capitalization | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Repayment during the year | 28577.29 | 28577.29 | 28577.29 | 28577.29 | 28577.29 |
| Net Loan-Closing | 180354.89 | 151777.60 | 123200.31 | 94623.02 | 66045.73 |
| Average Loan | 194643.54 | 166066.25 | 137488.96 | 108911.67 | 80334.37 |
| Weighted Average Rate of Interest on Loan (%) | 8.383% | 8.358% | 8.336% | 8.294% | 8.228% |
| Interest on Loan | 16317.55 | 13879.98 | 11460.53 | 9032.70 | 6609.67 |

Depreciation

93. Regulation 33 of the 2019 Tariff Regulations provides as under:-

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

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

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

(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.”

94. Depreciation for the Combined Asset has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The gross block during the tariff period 2019-24 has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD has been worked out at Annexure-2 after taking into account the depreciation rates of assets as prescribed in 2019 Tariff Regulations. The depreciation allowed for the Combined Asset is as under:

(₹ in lakh)

| Combined Asset | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Opening Gross Block | 545841.68 | 545841.68 | 545841.68 | 545841.68 | 545841.68 |
| Addition during the year 2019-24 due to projected Additional Capitalisation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing Gross Block | 545841.68 | 545841.68 | 545841.68 | 545841.68 | 545841.68 |
| Average Gross Block | 545841.68 | 545841.68 | 545841.68 | 545841.68 | 545841.68 |
| Weighted average rate of Depreciation (WAROD) (%) | 5.24% | 5.24% | 5.24% | 5.24% | 5.24% |
| Balance useful life at the beginning | 25 | 24 | 23 | 22 | 21 |



| | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Aggregated Depreciable Value | 486928.41 | 486928.41 | 486928.41 | 486928.41 | 486928.41 |
| Remaining Aggregate Depreciable Value at the end of the year | 284934.19 | 256356.90 | 227779.61 | 199202.32 | 170625.03 |
| Combined Depreciation during the year | 28577.29 | 28577.29 | 28577.29 | 28577.29 | 28577.29 |
| Aggregate Cumulative Depreciation | 201994.22 | 230571.51 | 259148.80 | 287726.09 | 316303.38 |

Operation & Maintenance Expenses (O&M Expenses)

95. Regulation 35(3)(a) and 4 of the 2019 Tariff Regulations provides as under:

“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 |



| | | | | | |
|--|-------|-------|-------|-------|-------|
| <i>Norms for HVDC stations</i> | | | | | |
| <i>HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)</i> | 834 | 864 | 894 | 925 | 958 |
| <i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)</i> | 1,666 | 1,725 | 1,785 | 1,848 | 1,913 |
| <i>500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)</i> | 2,252 | 2,331 | 2,413 | 2,498 | 2,586 |
| <i>±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)</i> | 2,468 | 2,555 | 2,645 | 2,738 | 2,834 |
| <i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i> | 1,696 | 1,756 | 1,817 | 1,881 | 1,947 |
| <i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i> | 2,563 | 2,653 | 2,746 | 2,842 | 2,942 |

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

Provided further that:

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;*
- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
- iii. the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*
- iv. the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;*
- v. the O&M expenses of ±800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme; and*
- vi. the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if*



required, may be reviewed after three 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.”

96. The O&M Expenses claimed by the Petitioner for the Combined Asset are as under:

| (₹ in lakh) | | | | | |
|---|---------|---------|---------|---------|---------|
| Assets details | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Transmission lines | | | | | |
| 765 kV S/C line (Line Length: 2044.56 km) | 1618.74 | 1674.49 | 1734.51 | 1794.55 | 1858.87 |
| 765 kV S/C line (Line length 99.460 km) | | | | | |
| 765 kV D/C line (Line Length: 9.6 km) | 8.46 | 8.76 | 9.06 | 9.38 | 9.71 |
| Substation details | | | | | |
| 41 no of 765 kV Line Bays | 1890.42 | 1957.20 | 2025.66 | 2097.06 | 2170.56 |
| 1 no of 765 kV Bus Reactor at Sasaram | | | | | |
| 765 kV Satna ICT-1(1333 MVA) | 5728.00 | 5926.32 | 6136.32 | 6357.98 | 6579.62 |
| 765 kV Satna ICT-II (1000 MVA) | | | | | |
| 765 kV Bina ICT-I (1333 MVA) | | | | | |
| 765 kV Bina ICT-II (1000 MVA) | | | | | |
| 765 kV Gwalior ICT-I (2000 MVA) | | | | | |
| 765 kV Gwalior ICT-II (1500 MVA) | | | | | |
| 765 kV Indore ICT-I (2000 MVA) | | | | | |
| 765 kV Indore ICT-II (1500 MVA) | | | | | |



| | | | | | |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| MVA) | | | | | |
| 13 no of 400 kV Bays | 450.10 | 465.92 | 482.30 | 499.24 | 56.74 |
| 1 No 400 kV 63 MVAr Reactor at Indore | | | | | |
| Communication System | | | | | |
| PLCC | 21.84 | 21.84 | 21.84 | 21.84 | 21.84 |
| Total | 9717.56 | 10054.53 | 10409.69 | 10780.05 | 11157.34 |

97. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. 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. The Commission vide order dated 24.1.2021 in Petition No.126/TT/2020 has decided that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations. 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.

98. The O&M Expenses allowed for the assets covered in the instant petition are as under:

| (₹ in lakh) | | | | | |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| Assets details | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-2024 |
| Transmission lines | | | | | |
| 765 kV S/C line (Line Length: 2144.02 km) | 1618.74 | 1674.49 | 1734.51 | 1794.55 | 1858.87 |
| 765 kV D/C line (Line Length: 9.6 km) | 8.46 | 8.76 | 9.06 | 9.38 | 9.71 |
| Sub-station details | | | | | |
| 41 no of 765 kV Line Bays | 1890.42 | 1957.2 | 2025.66 | 2097.06 | 2170.56 |
| 1 no of 765 kV Bus Reactor at Sasaram | | | | | |
| 8 no of ICTS (11666 MVA) | 5728 | 5926.32 | 6136.32 | 6357.98 | 6579.62 |
| 13 no of 400 kV Bays | 450.1 | 465.92 | 482.3 | 499.24 | 56.74 |
| 1 No 400 kV 63 MVAR Reactor at Indore | | | | | |
| Total | 9695.72 | 10032.69 | 10387.85 | 10758.21 | 11135.50 |

Interest on Working Capital (IWC)

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

“34. Interest on Working Capital: (1) The working capital shall cover:

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

- (i) Receivables equivalent to 45 days of annual 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;”

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

| (₹ in lakh) | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Combined Asset | | | | | |
| Particulars | 2019-20 | 2020-21 | 201-22 | 2022-23 | 2023-24 |
| O & M Expenses | 1454.36 | 1504.90 | 1558.18 | 1613.73 | 1670.33 |
| Maintenance Spares | 807.98 | 836.06 | 865.65 | 896.52 | 927.96 |
| Receivables | 10679.16 | 10434.37 | 10177.46 | 9921.44 | 9640.14 |
| Total | 12941.50 | 12775.33 | 12601.29 | 12431.69 | 12238.42 |
| Rate of Interest (%) | 12.05 | 11.25 | 11.25 | 11.25 | 11.25 |
| Interest on working capital | 1559.45 | 1437.23 | 1417.65 | 1398.57 | 1376.82 |

Annual Fixed Charges of the 2019-24 Tariff Period

101. The Annual Fixed Charges allowed for the Combined Asset for the 2019-24 tariff period are as below:



(₹ in lakh)

| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Depreciation | 28577.29 | 28577.29 | 28577.29 | 28577.29 | 28577.29 |
| Interest on Loan | 16317.55 | 13879.98 | 11460.53 | 9032.70 | 6609.67 |
| Return on Equity | 30707.17 | 30707.17 | 30707.17 | 30707.17 | 30707.17 |
| Interest on Working Capital | 1559.45 | 1437.23 | 1417.65 | 1398.57 | 1376.82 |
| Operation and Maintenance | 9695.72 | 10032.69 | 10387.85 | 10758.21 | 11135.50 |
| Total | 86857.19 | 84634.36 | 82550.49 | 80473.94 | 78406.46 |

Filing Fee and the Publication Expenses

102. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. BRPL has submitted that though the Commission can allow filing fee and publication expenses at its discretion under Regulation 70(1) of the 2019 Tariff Regulations, but the 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. In response, the Petitioner vide affidavit dated 6.7.2020 has submitted that it has requested for reimbursement of expenditure by the beneficiaries towards petition filing fee and publication expense, in terms of Regulation 70(1) of the 2019 Tariff Regulations. Further, the Petitioner also placed reliance on the Commission's order dated 28.3.2016 in Petition No. 137/TT/2015 where it allowed the recovery of petition filing fee and expenditure for publication of notices from beneficiaries on *pro-rata* basis.

103. We have considered the submissions of the Petitioner and BRPL. Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. Regulation 70(1) of the 2019 Tariff Regulations provides for reimbursement of filing fees and publication 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

104. The Petitioner has requested to allow the Petitioner to bill and recover License fee and RLDC fees and charges, separately from the Respondents. The Petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for 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

105. The Petitioner has sought to recover GST on transmission charges separately from the Respondents, if at any time GST on transmission is withdrawn from negative list in future. MPPMCL and BRPL in their reply has raised the issue of GST recovery stating that the demand of the Petitioner is premature and need not be considered at this juncture. The Petitioner, in response to the reply filed by MPPMCL and BRPL, has submitted that the transmission charges claimed are exclusive of GST and 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 Respondents to the Petitioner and the same shall be charged and billed separately by the Petitioner. In addition, the Petitioner has also submitted that any additional taxes to be paid by the Petitioner on account of demand from Government/ statutory authorities may be allowed to be recovered directly from the beneficiaries.

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



Security Expenses

107. The Petitioner has submitted that security expenses for the instant 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.

108. BRPL has submitted that the approach adopted by the Petitioner towards claim of security expenses does not warrant the need for IWC as the same is claimed in advance. The Petitioner, in response has submitted that the expenses are not claimed in the instant petition and shall be claimed separately in a separate petition along with other assets.

109. 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 transmission assets in one petition. 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

110. The Petitioner has sought reimbursement of capital spares at the end of tariff block. BRPL has submitted that the claim of capital spares at the end of the tariff block is permissible only to the extent of the provision of the concerned tariff regulation which is the ceiling value. Therefore, if the value actual capital spares is more than what is provided in the regulation may not be allowed. In response, the Petitioner has submitted that the capital spares shall be claimed at the end of tariff block as per actual. Accordingly, the Petitioner has not claimed capital spares in the instant petition and has informed that the same shall be claimed in a separate petition along with all other assets in accordance with the 2019 Tariff Regulations.

111. We have considered the submissions of the Petitioner and BRPL. The Petitioner's claim towards capital spares, if any, will be dealt in accordance with the provisions of the 2019 Tariff Regulations.

Sharing of Transmission Charges

112. 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.



113. To summarise, the trued-up Annual Fixed Charges allowed for the Combined Asset-1 and Asset-2 for the 2014-19 tariff period are as under:

(₹ in lakh)

| Combined Asset-1 | | | | | | |
|-------------------------|----------------|---------------------------------|----------------------------------|----------------|----------------|----------------|
| Particulars | 2014-15 | 1.4.2015 to 5.3.2016 | 6.3.2016 to 31.3.2016 | 2016-17 | 2017-18 | 2018-19 |
| Annual Fixed Charges | 93559.84 | 86895.70 | 6530.59 | 91727.04 | 89878.09 | 88004.44 |

(₹ in lakh)

| Asset-2 | | | | | |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Annual Fixed Charges | 124.77 | 141.69 | 144.66 | 146.60 | 149.20 |

The Annual Fixed Charges allowed for the Combined Asset for the 2019-24 tariff period in this order are as under:

(₹ in lakh)

| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| Annual Fixed Charges | 86857.19 | 84634.36 | 82550.49 | 80473.94 | 78406.46 |

114. This order disposes of Petition No. 406/TT/2020.

Sd/-
(Arun Goyal)
Member

Sd/-
(I. S. Jha)
Member

Sd/-
(P. K. Pujari)
Chairperson



Combined Asset-1

| (Rs. in Lacs) | | | | | | | | | | | | | | | |
|--|-----------------------------|---|------------------|--------------------------|--------------------------|-----------------|--------------|---------------|---|--------------------------------|--------------------------|--------------------------|--------------------|--------------------|--------------------|
| Element | Capital Cost as on 1.4.2014 | IS now allowed as per APTEL Judgment as on 1.4.2014 | ACE | | | | | | Rate of Depreciation as per Regulation 27 | Depreciation as per Regulation | | | | | |
| | | | 2014-15 | 01.04.2015 to 05.03.2016 | 06.03.2016 to 31.03.2016 | 2016-17 | 2017-18 | 2018-19 | | 2014-15 | 01.04.2015 to 05.03.2016 | 06.03.2016 to 31.03.2016 | 2016-17 | 2017-18 | 2018-19 |
| Freehold Land | 1,823.80 | - | - | 902.31 | - | 1,904.90 | 192.09 | 25.46 | - | - | - | - | - | - | - |
| Leasehold Land | 15.25 | - | 0.00 | - | - | - | - | - | 3.34% | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 |
| Building & Other Civil Works | 776.23 | - | 1,182.03 | 279.58 | - | 30.37 | 66.23 | - | 3.34% | 45.67 | 70.07 | 70.07 | 75.25 | 76.86 | 77.97 |
| Transmission Line | 3,36,892.41 | 5.78 | 3,802.17 | 420.46 | - | 530.12 | -1,447.14 | 153.70 | 5.28% | 17,888.60 | 18,000.08 | 18,000.08 | 18,025.17 | 18,000.97 | 17,966.82 |
| Sub-Station Equipments | 1,78,566.78 | - | 14,493.56 | 2,040.80 | - | 2,245.98 | 1,234.40 | 312.12 | 5.28% | 9,810.96 | 10,247.46 | 10,103.62 | 10,216.79 | 10,308.68 | 10,349.50 |
| PLCC | 1,014.84 | - | 74.07 | 3.19 | - | - | - | - | 6.33% | 66.58 | 69.03 | 69.03 | 69.13 | 69.13 | 69.13 |
| IT Equipment & Software | 339.74 | - | 143.50 | - | - | - | - | - | 5.28% | 21.73 | 25.52 | 25.52 | 25.52 | 25.52 | 25.52 |
| Total | 5,19,429.05 | 5.78 | 19,695.33 | 3,646.34 | - | 4,711.37 | 45.58 | 491.28 | | 27,834.04 | 28,412.67 | 28,268.83 | 28,412.37 | 28,481.66 | 28,489.45 |
| Average Gross Block (₹ in lakh) | | | | | | | | | | 5,29,282.50 | 5,40,953.33 | 5,38,229.10 | 5,42,407.96 | 5,44,786.43 | 5,45,054.86 |
| | | | | | | | | | | 5.26% | 5.25% | 5.25% | 5.24% | 5.23% | 5.23% |



Asset-2

| (Rs. in Lacs) | | | | | | | | | | | | | | |
|--|--------------------------------|-------------------------------------|---------|---------|---------|---------|---------------|---|--|--------------------------------|---------------|---------------|---------------|---------------|
| Capital Expenditures as on COD / 01.04.2014 | Capital Cost as on 1.4.2014 | Projected Additional capitalisation | | | | | | Estimated Completion Cost as 31.3.2019 | Rate of Depreciation as per Regulation 27 | Depreciation as per Regulation | | | | |
| | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | Total | | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Sub-Station Equipments | 367.83 | 173.35 | | | | | 173.35 | 541.18 | 5.28% | 24.00 | 28.57 | 28.57 | 28.57 | 28.57 |
| Total | 367.83 | 173.35 | - | - | - | - | 173.35 | 541.18 | | 24.00 | 28.57 | 28.57 | 28.57 | 28.57 |
| Average Gross Block (₹ in lakh) | | | | | | | | | | 454.51 | 541.18 | 541.18 | 541.18 | 541.18 |
| Weighted Average Rate of Depreciation | | | | | | | | | | 5.28% | 5.28% | 5.28% | 5.28% | 5.28% |



Combined Asset

| (Rs. in Lacs) | | | | | | | | | | | | | | |
|--|---|-------------------------------------|-------------|-------------|-------------|-------------|-------------|----------------------------|--|--------------------------------|------------------|------------------|------------------|------------------|
| Capital Expenditure | Combined Admitted Capital Cost as on 01.04.2019 | Projected Additional Capitalisation | | | | | | Admitted Cost as 31.3.2019 | Rate of Depreciation as per Regulation | Depreciation as per Regulation | | | | |
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Total | | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Freehold Land | 4848.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4848.56 | 0.00% | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Leasehold Land | 15.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.25 | 3.34% | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 |
| Building & Other Civil Works | 2334.44 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2334.44 | 3.34% | 77.97 | 77.97 | 77.97 | 77.97 | 77.97 |
| Transmission Line | 340357.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 340357.50 | 5.28% | 17970.88 | 17970.88 | 17970.88 | 17970.88 | 17970.88 |
| Sub-Station Equipments | 196710.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 196710.59 | 5.28% | 10386.32 | 10386.32 | 10386.32 | 10386.32 | 10386.32 |
| PLCC | 1092.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1092.10 | 6.33% | 69.13 | 69.13 | 69.13 | 69.13 | 69.13 |
| IT and Software | 483.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 483.24 | 15.00% | 72.49 | 72.49 | 72.49 | 72.49 | 72.49 |
| Total | 545841.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 545841.68 | | 28577.29 | 28577.29 | 28577.29 | 28577.29 | 28577.29 |
| Average Gross Block (₹ in lakh) | | | | | | | | | | 545841.68 | 545841.68 | 545841.68 | 545841.68 | 545841.68 |
| Weighted Average Rate of Depreciation | | | | | | | | | | 5.24% | 5.24% | 5.24% | 5.24% | 5.24% |

