

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

PETITION NO. 464/TT/2020

Coram:

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

Date of Order : 08.06.2021

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 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for Combined Asset consisting of **Asset-1**: 400 kV D/C Koteshwar HEP – Koteshwar Pooling Station Circuit – I&II alongwith associated bays, **Asset-2**: LILO of Circuit-I of 765 kV Tehri-Meerut Line at Koteshwar Pooling Station along with associated bays, **Asset-3**: LILO of Circuit-II of 765 kV Tehri-Meerut Line at Koteshwar Pooling Station along with associated bays and **Asset-4**: 50% series compensation at Meerut (Extension) on Tehri Pooling point (Koteshwar) – Meerut 765 kV 2* S/C Lines (Charged at 400 kV) under “Transmission System associated with Koteshwar HEP” in the Northern Region.

And in the matter of:

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

.....Petitioner

Vs.

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg, Jaipur-302005.
2. Ajmer Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
3. Jaipur Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,



- Heerapura, Jaipur.
4. Jodhpur Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
 5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan,
Kumar House Complex Building II,
Shimla-171004.
 6. Punjab State Electricity Board,
Thermal Shed Tia,
Near 22 phatak, Patiala-147001.
 7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula (Haryana) 134109.
 8. Power Development Deptt.,
Govt. of Jammu & Kashmir,
Mini Secretariat, Jammu.
 9. Uttar Pradesh Power Corporation Ltd.,
(Formerly Uttar Pradesh State Electricity Board)
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226001.
 10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi-110002.
 11. BSES Yamuna Power Ltd,
BSES Bhawan, Nehru Place,
New Delhi.
 12. BSES Rajdhani Power Ltd,
BSES Bhawan, Nehru Place,
New Delhi.
 13. 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.
 14. Chandigarh Administration,
Sector -9, Chandigarh.



15. Uttarakhand Power Corporation Ltd.,
Urja Bhawan,
Kanwali Road,
Dehradun.

16. North Central Railway,
Allahabad.

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

...Respondent(s)

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

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

ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Ltd., a deemed transmission licensee, for revision of transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) based on truing up of capital expenditure of the period from 1.4.2014 to 31.3.2019 and for determination of transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) for the period from 1.4.2019 to 31.3.2024 in respect of the following transmission assets (**Asset-A** after combining Assets-1, 2 and 3; **Asset-B** as Asset-4) under “Transmission System associated with Koteshwar HEP” in the Northern Region (hereinafter referred to as ‘the transmission project’):



- a) **Asset-1:** 400 kV D/C Koteshwar HEP – Koteshwar Pooling Station Circuit – I&II alongwith associated bays;
- b) **Asset-2:** LILO of Circuit-I of 765 kV Tehri-Meerut Line at Koteshwar Pooling Station along with associated bays;
- c) **Asset-3:** LILO of Circuit-II of 765 kV Tehri-Meerut Line at Koteshwar Pooling Station along with associated bays; and
- d) **Asset-4:** 50% series compensation at Meerut (Extension) on Tehri Pooling point (Koteshwar) – Meerut 765 kV 2* S/C Lines (Charged at 400 kV).

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

“1) Approve the actual Additional Capital expenditure incurred during the 2014-19 block and projected add cap during 2019-24 block, as claimed as per para 6.2 and 8.2 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 7.1 and 8.3 above.

3) Allow the Petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Hon’ble Commission as provided in Tariff Regulations, 2014 and Tariff regulations, 2019.

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

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

6) Allow the Petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the respondents.

7) Allow the Petitioner to file a separate petition before the Hon’ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses.



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

9) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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

Background

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

a) The Investment Approval of the transmission project was accorded by Board of Directors of the Petitioner company vide its letter dated 1.6.2005 at an estimated cost of ₹26034.00 lakh including IDC of ₹1334.00 lakh based on 4th Quarter, 2004 price level. Further, the Revised Cost Estimate (RCE) of the transmission project was accorded by Board of Directors of the Petitioner company vide its letter dated 11.3.2016 at an estimated cost of ₹24320.00 lakh including IDC of ₹2259.00 lakh.

b) The scope of work covered under the transmission project is as follows:

Transmission Lines:

- i. Koteshwar-Tehri Pooling Point (Koteshwar) 400 kV D/C line.
- ii. LILO of Tehri-Meerut 765 kV lines (charged at 400 kV level) at Tehri Pooling Point (Koteshwar) (Loop in with 400 kV D/C Triple) Snow Bird Line & Loop out with 765 kV S/C Lines.

Sub-stations:

- i. 400 KV Tehri Pooling Point (Koteshwar) Gas Insulated Sub-station (GIS) – New 50% series compensation at existing sub-station of Power Grid at Meerut (extension) on Tehri Pooling Point (Koteshwar)
- ii. Meerut 765 kV 2*S/C lines (charged at 400 kV level)



c) The details regarding nomenclature of transmission assets, their SCOD, COD, time over-run, etc. covered in the instant petition are as follows:

Name of Asset in the instant Petition	Asset Nomenclature in order dated 18.7.2016 in Petition No. 37/TT/2015	SCOD	COD	Time over-run (months)	Time over-run condoned
Asset-A	Asset-1: 400kV D/C Koteshwar HEP – Koteshwar Pooling Station Circuit – I & II alongwith associated bays	1.7.2008	1.4.2011	33	11 months
	Asset-2: LILO of Circuit-I of 765 kV Tehri-Meerut Line at Koteshwar Pooling Station along with associated bays		1.3.2011	32	
	Asset-3: LILO of Circuit-II of 765 kV Tehri-Meerut Line at Koteshwar Pooling Station along with associated bays		1.7.2011	36	
Name of Asset in the instant Petition	Asset Nomenclature in order dated 17.3.2016 in Petition No. 151/TT/2015	SCOD	COD	Time over-run (months)	Time over-run condoned
Asset-B	Asset-I: 50% series compensation at Meerut (Extension) on Tehri Pooling point (Koteshwar) – Meerut 765 kV 2* S/C Lines (Charged at 400 kV)	1.7.2008	1.2.2012	40	Total time overrun not condoned.

d) The transmission assets have achieved COD during the 2009-14 period.

e) The transmission tariff for Asset-A was approved vide order dated 18.7.2016 in Petition No. 37/TT/2015 for the 2014-19 tariff period. The transmission tariff for Asset-B was approved vide order dated 17.3.2016 in Petition No. 151/TT/2015 for the 2014-19 tariff period.

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



5. The Petitioner has served the petition on the Respondents and notice of this petition has been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003. No comments/ objections have been received from the general public in response to the aforesaid notice published in the newspaper by the Petitioner. BSES Rajdhani Power Limited (BRPL), Respondent No.12, has filed its reply *vide* affidavit dated 5.4.2021 wherein it has raised issues of true-up of 2014-19 period, Return on Equity (RoE), Deferred Tax Liability, recovery of tax on true-up exercise of RoE, adoption of Indian Accounting Standard 101, applicability and recovery of GST recovery of security expenses, Interest on Working Capital (IWC) and recovery of application filing fee and the expenses. During the hearing of the matter on 6.4.2021, the Petitioner submitted that the rejoinder to these issues had already been addressed in a number of affidavits and requested the Commission to consider the same in the instant petition.

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

7. BRPL has submitted that true-up has to be done based on actual tax rate applicable to the Petitioner and based on the true-up of tariff, if the recovered tariff exceeds the tariff approved, the Petitioner shall refund excess amount to the beneficiaries along with simple interest. BRPL has also submitted that the transmission licensees have been allowed huge tax benefits under the Income Tax Act, 1961 in the form of Tax Holiday as per Section 80IA as well as the other benefits like the higher depreciation allowed in initial years. However, the benefits arising out of the tax benefits were not determined without considering the Regulation 15 of the 2009 Tariff Regulations. Further, BRPL pointed out that the Petitioner was allowed the



grossing up of RoE in order dated 18.7.2016 in Petition No. 37/TT/2015 and in order dated 17.3.2016 in Petition No. 151/TT/2015. The claim for grossing up can be allowed only if the Petitioner can submit any document indicating payment of tax on its transmission business. Therefore, BRPL has submitted that the Commission may revisit the order to correct any incorrect decision in accordance with the judgement of APTEL dated 12.5.2015 in Appeal Nos. 129 & batch matters.

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

9. We have considered the submissions of BRPL and the Petitioner. It has been placed before us that BRPL has been raising the same issues in several petitions despite clear findings of the Commission to the contrary. The contentions of BRPL have been rejected by the Commission in other petitions, including Petition No. 136/TT/2020. As BRPL has not challenged the findings, the same has attained finality. In view of these facts, the plea raised by BRPL is rejected.

10. This order is issued considering the submissions made by the Petitioner dated 20.11.2019 and 26.11.2020.

11. Having heard the representatives of the Petitioner and Respondents BRPL and BYPL (who adopted the submissions made on behalf of BRPL in reply to the petition and during the hearing) and after careful perusal of the material on record, we proceed to dispose of the petition.



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

12. The details of the transmission charges claimed by the Petitioner for the transmission assets are as follows:

Asset-A

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	888.88	897.29	898.55	898.88	898.98
Interest on Loan	790.16	720.73	641.26	559.94	478.35
Return on Equity	977.81	993.61	995.33	995.93	998.77
Interest on Working Capital	78.97	78.52	77.38	76.15	75.00
O&M Expenses	322.55	333.26	344.33	355.73	367.54
Total	3058.37	3023.41	2956.85	2886.63	2818.64

Asset-B

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	262.30	262.30	264.77	270.62	274.01
Interest on Loan	251.52	228.20	207.63	190.56	169.50
Return on Equity	292.48	293.82	296.43	302.99	307.61
Interest on Working Capital	27.89	27.69	27.65	27.88	27.92
O&M Expenses	168.84	174.44	180.24	186.22	192.40
Total	1003.03	986.45	976.72	978.27	971.44

13. The details of the Interest on Working Capital (IWC) claimed by the Petitioner for the transmission assets are as follows:

Asset-A

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	26.88	27.77	28.69	29.64	30.63
Maintenance Spares	48.38	49.99	51.65	53.36	55.13
Receivables	509.73	503.90	492.81	481.11	469.77
Total Working Capital	584.99	581.66	573.15	564.11	555.53
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	78.97	78.52	77.38	76.15	75.00



Asset-B

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	14.07	14.54	15.02	15.52	16.03
Maintenance Spares	25.33	26.17	27.04	27.93	28.86
Receivables	167.17	164.41	162.79	163.05	161.91
Total Working Capital	206.57	205.12	204.85	206.50	206.80
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	27.89	27.69	27.65	27.88	27.92

Capital Cost as on 1.4.2014

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

15. 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.

16. In response, the Petitioner has submitted that the Ministry of Corporate Affairs, in 2015, had notified the Companies (Indian Accounting Standards (IND AS) Rules 2015, which stipulated mandatory adoption and applicability of IND AS beginning from the accounting period 2016-17 for companies having net worth more than ₹500 crore. There is no impact in tariff at all on account of adoption of IND AS at any point of time.

17. We have considered the submissions of the Petitioner and BRPL. BRPL has raised the same issue in several other petitions as well. The Commission vide order dated 24.1.2021 in Petition No. 136/TT/2020 has already dealt with the issue and held that *"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". In view of this, the submission of BRPL is devoid of merit and hence rejected.

18. The Commission *vide* order dated 18.7.2016 in Petition No. 37/TT/2015 had allowed capital cost of ₹16447.28 lakh as on 1.4.2014 and projected ACE of ₹436.10 lakh for Asset-A. The Commission *vide* order dated 17.3.2016 in Petition No. 151/TT/2015 had allowed capital cost of ₹4967.83 lakh as on 1.4.2014 and projected ACE of ₹309.72 lakh for Asset-B for determination of tariff for the 2014-19 period. The same has been summarised as follows:

Name of the Asset	Approved RCE Cost (AppORTioned)	Admitted Capital Cost as on 1.4.2014	(₹ in lakh)	
			ACE 2014-15	Admitted Capital Cost as on 31.3.2019
Asset-A	18152.53	16447.28	436.10	16883.38
Asset-B	6137.47	4967.83	309.72	5277.55

19. The Petitioner has claimed the following capital cost as on 1.4.2014:

(₹ in lakh)	
Name of the Asset	Capital Cost as on 1.4.2014
Asset-A	16447.32
Asset-B	4967.83

20. The Petitioner was directed to clarify as to why there is difference in capital cost allowed as on 31.3.2014 for Asset-A in order dated 18.7.2016 in Petition No. 37/TT/2015 (₹16447.28 lakh) and the capital cost claimed (₹16447.32 lakh) by the Petitioner in the instant petition. In response, the Petitioner *vide* affidavit dated 26.11.2020 has submitted that the difference of ₹0.04 lakh in capital cost in the Auditor Certificate. i.e. ₹16447.32 lakh and the approved cost *vide* order 18.7.2016 in Petition No. 37/TT/2015 i.e. ₹16447.28 lakh is the rounding-off error while



consolidating the assets cost and was not rectified due to oversight while preparing cost certificates.

21. We have considered the submission of the Petitioner. The capital cost of ₹16447.32 lakh for Asset-A and ₹4967.83 lakh for Asset-B as on 31.3.2014 has been considered for working out the true up tariff of the 2014-19 tariff period.

Additional Capital Expenditure (ACE)

22. The Commission *vide* order dated 18.7.2016 in Petition No. 37/TT/2015 had allowed ACE of ₹436.10 lakh for Asset-A and *vide* order dated 17.3.2016 in Petition No. 151/TT/2015 had allowed ACE of ₹309.72 lakh for Asset-B for 2014-19 period.

23. The Petitioner in the instant true up petition has claimed following ACE based on actual expenditure:

Name of Asset	Actual ACE				
	2014-15	2015-16	2016-17	2017-18	2018-19
Asset-A	321.88	60.78	14.52	5.61	0.00
Asset-B	0.00	0.00	93.35	128.48	0.00

24. The Petitioner has claimed that the ACE incurred is on account of balance and retention payments due to works already executed and the same has been claimed under Regulation 14(3)(v) of the 2014 Tariff Regulations.

25. The Petitioner was directed to furnish package-wise details for ACE claimed during 2014-19 period. In response, the Petitioner *vide* affidavit dated 26.11.2020 has submitted the following details:

Asset-1-LILO of Ckt-I of 765kV Tehri-Meerut Transmission Line at Koteshwar Pooling Station along with associated bays						
Year	Head	ACE (As per Auditor Certificate)	ACE Balance and Retention Payment	ACE Unexecuted work	Agency	Justification
2014-15	Civil & Building	37.62	37.62	-	M/s. Shaunak Const. and M/s. Ramola Construction	Claimed under



	Transmission Line	26.76	26.76	-	M/s. Kalpataru Power Transmission Ltd.	Regulation 14 (3)(v) of the 2014 Tariff Regulations
2015-16	Civil & Building	20.26	20.26	-	M/s. Shaunak Const. and M/s. Ramola Construction	
2016-17	Civil & Building	4.84	4.84	-	M/s. Shaunak Const. and M/s. Ramola Construction	
2017-18	Civil & Building	1.87	1.87	-	M/s. Shaunak Const. and M/s. Ramola Construction	

Asset-2-400 kV D/C Koteshwar HEP-Koteshwar pooling Station Ckt-I & II along with associated bays						
Year	Head	ACE (As per Auditor Certificate)	ACE Balance and Retention Payment	ACE Unexecuted work	Agency	Justification
2014-15	Civil & Building	37.62	37.62		M/s. Shaunak Const. and M/s. Ramola Construction	Claimed under Regulation 14 (3)(v) of the 2014 Tariff Regulations
	Transmission Line	155.50	155.50		M/s. Kalpataru Power Transmission Ltd.	
2015-16	Civil & Building	20.26	20.26		M/s. Shaunak Const. and M/s. Ramola Construction	
2016-17	Civil & Building	4.84	4.84		M/s. Shaunak Const. and M/s. Ramola Construction	
2017-18	Civil & Building	1.87	1.87		M/s. Shaunak Const. and M/s. Ramola Construction	

Asset-3-LILO of Ckt-II of 765 kV Tehri-Meerut Transmission Line at Koteshwar Pooling Station along with associated bays						
Year	Head	ACE (As per Auditor Certificate)	ACE Balance and Retention Payment	ACE Unexecuted work	Agency	Justification
2014-15	Civil & Building	37.62	37.62		M/s. Shaunak Const. and M/s. Ramola Construction	Claimed under Regulation 14 (3)(v) of the 2014 Tariff Regulations
2014-15	Transmission Line	26.76	26.76		M/s. Kalpataru Power Transmission Ltd.	
2015-16	Civil & Building	20.26	20.26		M/s. Shaunak Const. and M/s. Ramola Construction	
2016-17	Civil & Building	4.84	4.84		M/s. Shaunak Const. and M/s. Ramola Construction	
2017-18	Civil & Building	1.87	1.87		M/s. Shaunak Const. and M/s. Ramola Construction	

Asset-B-50% Series Compensation at Meerut (Extn) on Tehri Pooling Point (Koteshwar) - Meerut 765 kV 2 X S/C Lines (charged at 400 kV)						
Year	Head	ACE (As per Auditor Certificate)	ACE Balance and Retention Payment	ACE Unexecuted work	Agency	Justification
2016-17	Sub-station	93.35	93.35		M/s. Siemens	Claimed under Regulation 14 (3)(v) of the 2014 Tariff Regulations
2017-18	Sub-station	128.48	128.48		M/s. Siemens	



26. We have considered the submissions made by the Petitioner. ACE claimed by the Petitioner is allowed under Regulation 14(3)(v) of the 2014 Tariff Regulations as these are on account of balance and retention payments. The details of the capital cost and ACE approved upto 31.3.2019 of the transmission assets covered under instant petition are as follows:

Name of Asset	Capital Cost as on 1.4.2014	Approved ACE					Capital Cost as on 31.3.2019
		2014-15	2015-16	2016-17	2017-18	2018-19	(₹ in lakh)
Asset-A	16447.32	321.88	60.78	14.52	5.61	0.00	16850.11
Asset-B	4967.83	0.00	0.00	93.35	128.48	0.00	5189.66

Debt-Equity ratio

27. The Petitioner has claimed debt-equity ratio of 70:30 as on the date of commercial operation. Debt-equity ratio of 70:30 is considered as provided under Regulation 19 of the 2014 Tariff Regulations. The details of the debt and equity as on the date of commercial operation and 31.3.2019 for the transmission assets considered for the purpose of transmission tariff of the 2014-19 tariff period is as follows:

Asset-A

Particulars	Capital Cost as on COD (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	11513.12	70.00	11795.08	70.00
Equity	4934.20	30.00	5055.03	30.00
Total	16447.32	100.00	16850.11	100.00

Asset-B

Particulars	Capital Cost as on COD (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	3477.48	70.00	3632.76	70.00
Equity	1490.35	30.00	1556.90	30.00
Total	4967.83	100.00	5189.66	100.00



Depreciation

28. The Petitioner's claim towards depreciation in respect of Asset-A in this petition was found to be higher than the depreciation allowed for the transmission assets in order dated 18.7.2016 in Petition No. 37/TT/2015. The Petitioner has neither given any justification for claiming higher depreciation than that was allowed earlier in order dated 18.7.2016 nor made any specific prayer for allowing higher depreciation in this petition. The Petitioner did not claim any capital expenditure towards "IT Equipment" where tariff for the assets (Asset-1, 2 and 3 comprising Asset-A) for the 2009-14 period was allowed, tariff of the 2009-14 period was trued-up for these assets and tariff for 2014-19 period was allowed for Asset-A even though there was a clear provision in the 2009 Tariff Regulations and 2014 Tariff Regulations providing depreciation @15% for IT Equipment. Similar issue had come up in Petition No. 19/TT/2020 wherein the Commission *vide* order dated 9.5.2020 decided as follows:

"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 up to 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 sub-station up to 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.”

29. In line with above order of the Commission, the calculation of Weighted Average Rate of Depreciation (WAROD) is worked out at Annexure-I. The Gross Block during the 2014-19 tariff period has been depreciated at WAROD. WAROD at Annexure-I has been worked out after taking into account the depreciation rates of assets as specified in the 2014 Tariff Regulations. The following tables show asset-wise depreciation allowed in the instant petition followed by depreciation allowed in earlier orders, claimed by the Petitioner in the instant petition and trued-up in this order:

Asset-A

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation					
Opening Gross Block	16447.32	16769.20	16829.98	16844.50	16850.11
ACE	321.88	60.78	14.52	5.61	0.00
Closing Gross Block	16769.20	16829.98	16844.50	16850.11	16850.11
Average Gross Block	16608.26	16799.59	16837.24	16847.31	16850.11
Freehold Land	36.12	36.12	36.12	36.12	36.12
Weighted Average Rate of Depreciation (WAROD) (%)	5.19	5.18	5.17	5.17	5.17
Balance useful life of the asset (Year)	28	27	26	25	24
Lapsed Life of the asset (Year)	2	3	4	5	6
Aggregated Depreciable Value	14914.93	15087.12	15121.01	15130.07	15132.59
Combined Depreciation during the year	861.41	869.83	871.09	871.42	871.52
Aggregate Cumulative Depreciation at the end of the year	3305.30	4175.13	5046.22	5917.64	6789.16
Remaining Aggregate Depreciable Value at the end of the year	11609.62	10911.99	10074.79	9212.43	8343.43



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 18.7.2016 in Petition No. 37/TT/2015	865.19	876.36	876.36	876.36	876.36
Claimed by Petitioner in the instant petition	888.88	897.29	898.55	898.88	898.98
Approved after true-up in this order	861.41	869.83	871.09	871.42	871.52

Asset-B

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation					
Opening Gross Block	4967.83	4967.83	4967.83	5061.18	5189.66
ACE	0.00	0.00	93.35	128.48	0.00
Closing Gross Block	4967.83	4967.83	5061.18	5189.66	5189.66
Average Gross Block	4967.83	4967.83	5014.51	5125.42	5189.66
Weighted Average Rate of Depreciation (WAROD) (%)	5.28	5.28	5.28	5.28	5.28
Balance useful life of the asset (Year)	23	22	21	20	19
Lapsed Life of the asset (Year)	2	3	4	5	6
Depreciable Value	4471.05	4471.05	4513.05	4612.88	4670.69
Depreciation during the year	262.30	262.30	264.77	270.62	274.01
Cumulative Depreciation at the end of the year	780.00	1042.30	1307.07	1577.69	1851.70
Remaining Depreciable Value at the end of the year	3691.05	3428.74	3205.99	3035.19	2818.99

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 17.3.2016 in Petition No. 151/TT/2015	270.48	278.65	278.65	278.65	278.65
Claimed by Petitioner in the instant petition	262.30	262.30	264.77	270.62	274.01
Approved after true-up in this order	262.30	262.30	264.77	270.62	274.01

Interest on Loan (IoL)

30. The Petitioner has claimed the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. Accordingly, IoL has been calculated based on actual interest rate submitted by the Petitioner, in accordance with Regulation 26 of the 2014 Tariff Regulations. The following tables show asset-wise IoL allowed in the



instant petition followed by IoL approved in earlier orders, claimed by the Petitioner in the instant petition and trued-up in this order:

Asset-A

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Loan					
Gross Normative Loan	11513.12	11738.44	11780.99	11791.15	11795.08
Cumulative Repayments up to Previous Year	2443.89	3305.30	4175.13	5046.22	5917.64
Net Loan-Opening	9069.23	8433.14	7605.86	6744.93	5877.44
Additions	225.32	42.55	10.16	3.93	0.00
Repayment during the year	861.41	869.83	871.09	871.42	871.52
Net Loan-Closing	8433.14	7605.86	6744.93	5877.44	5005.92
Average Loan	8751.19	8019.50	7175.39	6311.18	5441.68
Weighted Average Rate of Interest on Loan (%)	9.0434	9.0336	9.0233	9.0095	8.9947
Interest on Loan	791.41	724.45	647.45	568.61	489.46

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 18.7.2016 in Petition No. 37/TT/2015	795.09	729.80	650.10	570.40	490.69
Claimed by Petitioner in the instant petition	790.16	720.73	641.26	559.94	478.35
Approved after true-up in this order	791.41	724.45	647.45	568.61	489.46

Asset-B

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Loan					
Gross Normative Loan	3477.48	3477.48	3477.48	3542.83	3632.76
Cumulative Repayments up to Previous Year	517.70	780.00	1042.30	1307.07	1577.69
Net Loan-Opening	2959.78	2697.48	2435.18	2235.76	2055.07
Additions	0.00	0.00	65.35	89.94	0.00
Repayment during the year	262.30	262.30	264.77	270.62	274.01
Net Loan-Closing	2697.48	2435.18	2235.76	2055.07	1781.06
Average Loan	2828.63	2566.33	2335.47	2145.41	1918.06
Weighted Average Rate of Interest on Loan (%)	8.8921	8.8919	8.8903	8.8824	8.8368
Interest on Loan	251.53	228.20	207.63	190.56	169.49



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 17.3.2016 in Petition No. 151/TT/2015	262.79	247.99	223.02	198.03	173.04
Claimed by Petitioner in the instant petition	251.52	228.20	207.63	190.56	169.50
Approved after true-up in this order	251.53	228.20	207.63	190.56	169.49

Return on Equity (RoE)

31. The Petitioner has claimed RoE for the transmission 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 the following effective tax rates for the 2014-19 tariff period:

Year	Claimed effective tax rate (in %)	Grossed up RoE [Base Rate/(1-t)] (in %)
2014-15	21.018	19.624
2015-16	21.382	19.715
2016-17	21.338	19.704
2017-18	21.337	19.704
2018-19	21.549	19.757

32. BRPL has submitted that the information regarding Income Tax Assessment submitted by the Petitioner is in respect of the entire PGCIL and not in respect of the tax on the transmission business in respect of the Northern Region; the Petitioner has already stated on affidavit that the effective tax rate is zero and accordingly the effective tax rate for the earlier tariff period (2009-14) would also be zero; and Regulation 49 of the 2014 Tariff Regulations restricts the claim of tax amount only to deferred tax liabilities up to 31.3.2009 whenever it will materialize.

33. In response, the Petitioner has submitted that that it does not file income tax return on transmission business in respect of a particular region as the company has a single PAN and there is no provision in the IT Act, 1961 to file separate returns on the



basis of nature of business being undertaken by any entity; the Auditor's Certificate clearly showing income from transmission income 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; region-wise Balance Sheet and Profit and Loss Accounts for Northern Region 1 for 2014-19, Northern Region 2 for 2014-19 and Northern Region 3 for 2016-19 and Cost Audit Report for 2017-18, 2018-19 are enclosed as Enclosure-2A, Enclosure-2B, Enclosure-2C & Enclosure-2D in vide affidavit dated 10.8.2020 in Petition No. 24/TT/2020; 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 has been deposited and tax returns have already been filled, however assessment orders are yet to be received; 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; and Form-3 is a system generated form and due to a system error/ constraint, the header in Form-3 displays 0.00 instead of blank and the actual effective tax rate used for grossing up RoE is provided in Form 8.

34. We have considered the submissions made by the Petitioner and the Respondent, BRPL. BRPL has raised the same issues in several other petitions as well. The Commission vide order dated 24.1.2021 in Petition No. 136/TT/2020 has already dealt with the issues raised by the Respondent BRPL. The relevant paragraph of the order is extracted as follows:

"52. We have considered the contentions of BRPL and UPPCL 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 and it has to file one single return and the Petitioner cannot file income tax separately for each region. BRPL has contended that as per the information available in public domain, the Petitioner has to



pay the effective tax rate for 2014-15 @8.70% and for the period 2015-19, it is zero and that the excess recovery made by the Petitioner should be returned to the beneficiaries along with simple interest as provided in Regulation 6 of the 2009 Tariff Regulations. 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 1961 Act, tax has to be computed under normal provisions of Income Tax Rules, 1962 and as per MAT provisions under the section 115JB of the 1961 Act and the assessee will have to pay tax higher of the two. As per the submission, during the tariff period 2014-19, the Petitioner calculated the income tax under regular provisions of the 1961 Act (with tax rates of 33.99% to 34.944%) and the tax was worked out to be lower than the tax payable under MAT rates due to deductions under section 80IA and availability of accelerated depreciation under Income Tax. Thus, the Petitioner has been assessed and paid tax under MAT. We are satisfied with the clarifications given by the Petitioner and convinced that the Petitioner has acted prudently and has complied with the provisions of the 1961 Act and the provisions of the tariff regulations.

35. In view of the above, the submission and the arguments advanced by BRPL are devoid of merit and hence rejected.

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

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

37. The MAT rates as above are considered for the purpose of grossing up of rate of RoE for truing up of the transmission tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations and the same is as follows:

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



2016-17	21.342	15.50	19.705
2017-18	21.342	15.50	19.705
2018-19	21.549	15.50	19.758

38. The Petitioner has claimed RoE for the 2014-19 period after grossing up 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. The following tables show asset-wise RoE allowed in the instant petition followed by RoE allowed in earlier orders, claimed by the Petitioner in the instant petition and trued-up in this order:

Asset-A

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity					
Opening Equity	4934.20	5030.76	5048.99	5053.35	5055.03
Additions	96.56	18.23	4.36	1.68	0.00
Closing Equity	5030.76	5048.99	5053.35	5055.03	5055.03
Average Equity	4982.48	5039.88	5051.17	5054.19	5055.03
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (%)	19.610	19.705	19.705	19.705	19.758
Return on Equity	977.06	993.11	995.33	995.93	998.77

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 18.7.2016 in Petition No. 37/TT/2015	980.44	993.27	993.27	993.27	993.27
Claimed by Petitioner in the instant petition	977.81	993.61	995.33	995.93	998.77
Approved after true-up in this order	977.06	993.11	995.33	995.93	998.77

Asset-B

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity					
Opening Equity	1490.35	1490.35	1490.35	1518.35	1556.90
Additions	0.00	0.00	28.01	38.54	0.00
Closing Equity	1490.35	1490.35	1518.35	1556.90	1556.90



Average Equity	1490.35	1490.35	1504.35	1537.63	1556.90
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (%)	19.610	19.705	19.705	19.705	19.758
Return on Equity	292.26	293.67	296.43	302.99	307.61

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 17.3.2016 in Petition No. 151/TT/2015	301.37	310.48	310.48	310.48	310.48
Claimed by Petitioner in the instant petition	292.48	293.82	296.43	302.99	307.61
Approved after true-up in this order	292.26	293.67	296.43	302.99	307.61

Operation & Maintenance Expenses (O&M Expenses)

39. The O&M Expenses claimed by the Petitioner for the transmission assets for the 2014-19 tariff period are as follows:

Asset-A

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
8.312 km 765 kV Quad Conductor Transmission Line					
0.650 km 400 KV S/C Triple Conductor Transmission Line					
5.48 km 400 kV D/C (Three Conductor) Koteshwar HEP- Koteshwar Pooling station Transmission Line					
5.070 km 765 kV Quad Conductor Koteshwar-Meerut Line					
6.53 km 400 KV D/C Triple Conductor Transmission Line					
1.700 km 400 KV S/C Triple Conductor Transmission Line					
2 Numbers 400 kV GIS Bays (Koteshwar: Koteshwar HEP Bays 1&2)					
2 Numbers 400 kV Bays (Koteshwar: 400 kV bays at Koteshwar Pooling Station Ckt I and II)					
2 Numbers 400 kV Bays (Koteshwar)					
Total O&M Expenses Claimed	322.55	333.26	344.33	355.73	367.54

Asset-B

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
2 Numbers 765 kV Bays (Meerut : FSC I Bay for Koteshwar TS I&II)					
Total O&M Expenses Claimed	168.84	174.44	180.24	186.22	192.40



40. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. Norms specified in respect of the elements covered in the transmission assets are as follows:

Element	Norms for 2014-15	Norms for 2015-16	Norms for 2016-17	Norms for 2017-18	Norms for 2018-19
Double Circuit Triple Conductor	₹0.707 lakh/ km	₹0.731 lakh/ km	₹0.755 lakh/ km	₹0.78 lakh/ km	₹0.806 lakh/ km
Single Circuit (Bundled conductor with 4 sub-conductors)	₹0.606 lakh/ km	₹0.627 lakh/ km	₹0.647 lakh/ km	₹0.669 lakh/ km	₹0.691 lakh/ km
Single Circuit (Bundled conductor with 3 sub-conductors)	₹0.404 lakh/ km	₹0.418 lakh/ km	₹0.432 lakh/ km	₹0.446 lakh/ km	₹0.461 lakh/ km
765 kV Sub-station	₹84.42 lakh/bay	₹87.22 lakh/bay	₹90.12 lakh/ bay	₹93.11 lakh/ bay	₹96.20 lakh/ bay
400 kV GIS Sub-station	₹51.54 lakh/bay	₹53.25 lakh/bay	₹55.02 lakh/ bay	₹56.84 lakh/ bay	₹58.73 lakh/ bay
400 kV Sub-station	₹60.30 lakh/bay	₹62.30 lakh/bay	₹64.37 lakh/ bay	₹66.51 lakh/ bay	₹68.71 lakh/ bay

41. We have considered the submission of the Petitioner. The O&M Expenses are allowed for the transmission assets, as per norms specified in the 2014 Tariff Regulations. The following tables show asset-wise O&M Expenses allowed in the instant petition followed by O&M Expenses approved in earlier orders, claimed by the Petitioner in the instant petition and trued-up in this order respectively:

Asset-A

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	322.54	333.26	344.33	355.72	367.55

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 18.7.2016 in Petition No. 37/TT/2015	322.54	333.26	344.33	355.72	367.55
Claimed by Petitioner in the instant petition	322.55	333.26	344.33	355.73	367.54
Approved after true-up in this order	322.54	333.26	344.33	355.72	367.55



Asset-B

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	168.84	174.44	180.24	186.22	192.40

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 17.3.2016 in Petition No. 151/TT/2015	168.84	174.44	180.24	186.22	192.40
Claimed by Petitioner in the instant petition	168.84	174.44	180.24	186.22	192.40
Approved after true-up in this order	168.84	174.44	180.24	186.22	192.40

Interest on Working Capital (IWC)

42. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations. The following tables show asset-wise IWC allowed in the instant petition followed by IWC approved in earlier orders, claimed by the Petitioner in the instant petition and true-up in this order respectively:

Asset-A

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Working Capital					
O&M Expenses (O&M Expenses for 1 month)	26.88	27.77	28.69	29.64	30.63
Maintenance Spares (15% of O&M Expenses)	48.38	49.99	51.65	53.36	55.13
Receivables (Equivalent to 2 months of annual fixed cost)	505.13	499.77	489.18	477.90	466.99
Total Working Capital	580.39	577.53	569.52	560.90	552.75
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	78.35	77.97	76.89	75.72	74.62

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 18.7.2016 in Petition No. 37/TT/2015	78.60	78.24	77.02	75.82	74.63
Claimed by Petitioner in the instant petition	78.97	78.52	77.38	76.15	75.00
Approved after true-up in this order	78.35	77.97	76.89	75.72	74.62



Asset-B

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Working Capital					
O&M Expenses (O&M Expenses for 1 month)	14.07	14.54	15.02	15.52	16.03
Maintenance Spares (15% of O&M Expenses)	25.33	26.17	27.04	27.93	28.86
Receivables (Equivalent to 2 months of annual fixed cost)	167.13	164.38	162.79	163.05	161.91
Total Working Capital	206.53	205.09	204.84	206.50	206.80
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	27.88	27.69	27.65	27.88	27.92

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 17.3.2016 in Petition No. 151/TT/2015	28.54	28.91	28.65	28.41	28.17
Claimed by Petitioner in the instant petition	27.89	27.69	27.65	27.88	27.92
Approved after true-up in this order	27.88	27.69	27.65	27.88	27.92

Approved Annual Fixed Charges for the 2014-19 Period

43. The trued-up annual fixed charges approved for Asset-A for the 2014-19 tariff period is as follows:

Asset-A

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	861.41	869.83	871.09	871.42	871.52
Interest on Loan	791.41	724.45	647.45	568.61	489.46
Return on Equity	977.06	993.11	995.33	995.93	998.77
Interest on Working Capital	78.35	77.97	76.89	75.72	74.62
O&M Expenses	322.54	333.26	344.33	355.72	367.55
Total	3030.78	2998.62	2935.09	2867.40	2801.92

44. Accordingly, the comparison between Annual Transmission Charges for Asset-A as allowed vide order dated 18.7.2016 in Petition No. 37/TT/2015, as claimed by the Petitioner and as approved after truing up in the instant order is as follows:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 18.7.2016 in Petition No. 37/TT/2015	3041.87	3010.94	2941.09	2871.57	2802.51
Claimed by Petitioner in the instant petition	3058.37	3023.41	2956.85	2886.63	2818.64
Approved after true-up in this order	3030.78	2998.62	2935.09	2867.40	2801.92

45. The trued-up annual fixed charges approved for Asset-B for the 2014-19 tariff period is as follows:

Asset-B

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	262.30	262.30	264.77	270.62	274.01
Interest on Loan	251.53	228.20	207.63	190.56	169.49
Return on Equity	292.26	293.67	296.43	302.99	307.61
Interest on Working Capital	27.88	27.69	27.65	27.88	27.92
O&M Expenses	168.84	174.44	180.24	186.22	192.40
Total	1002.81	986.30	976.72	978.27	971.44

46. Accordingly, the comparison between Annual Transmission Charges for Asset-B as allowed *vide* order dated 17.3.2016 in Petition No. 151/TT/2015, as claimed by the Petitioner and as approved after truing up in the instant order is as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed <i>vide</i> order dated 17.3.2016 in Petition No. 151/TT/2015	1032.02	1040.48	1021.04	1001.79	982.74
Claimed by Petitioner in the instant petition	1003.03	986.45	976.72	978.27	971.44
Approved after true-up in this order	1002.81	986.30	976.72	978.27	971.44

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

47. The Petitioner has combined Asset-A and Asset-B and claimed the 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	1160.72	1131.27	1131.27	1131.27	1131.27
Interest on Loan	543.26	440.38	338.17	236.39	135.71
Return on Equity	1242.42	1242.98	1242.98	1242.98	1242.98
Interest on Working Capital	55.16	53.67	52.51	51.38	50.15
O&M Expenses	248.89	257.38	266.16	275.25	284.66
Total	3250.45	3125.68	3031.09	2937.27	2844.77

48. 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	20.74	21.45	22.18	22.94	23.72
Maintenance Spares	37.33	38.61	39.92	41.29	42.70
Receivables	399.65	385.36	373.70	362.13	349.77
Total Working Capital	457.72	445.42	435.80	426.36	416.19
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	55.16	53.67	52.51	51.38	50.15

Effective COD (E-COD)

49. The Petitioner has stated that E-COD of the Combined Asset works out to be 5.7.2011. However, based on the true-up capital cost and actual dates of commercial operation of the individual assets, E-COD has been worked out as 24.6.2011 and the calculation is as follows:

Asset	Capital Cost as on 31.3.2019 (₹ in lakh)	COD	Number of days from COD from last COD	Weightage of cost (%)	Weighted days	Effective COD (latest COD – total weighted days)
Asset-A	16850.11	17.4.2011	289	76.45%	221.17	24.6.2011
Asset-B	5189.66	1.2.2012	0	23.55%	0.00	
Total	22039.77				221.17	

Weighted Average Life (WAL) of the Project

50. The life as defined in Regulation 33 of the 2019 Tariff Regulations has been considered for determination of Weighted Average Life.



51. 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.

52. WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2019 and their respective life as specified in the 2019 Tariff Regulations. Accordingly, WAL of all the assets commissioned during 2014-19 period has been worked out as 28 years as shown under:

Particulars	Life (in years) (1)	Capital Cost as on 31.3.2019 (₹ in lakh) (2)	Weighted Cost (₹ in lakh) (3) = (1) * (2)	Weighted Average Life of Asset (in years) (4) = (3) / (2)
Building Civil Works & Colony	25	878.96	21974.00	28.23 years (rounded off to 28 years)
Transmission Line	35	7931.89	277616.15	
Sub-Station	25	12392.28	309807.00	
PLCC	15	362.44	5436.60	
IT Equipment (Including Software)	6.67	282.62	1884.13	
Total		21848.19	616717.88	

* Total capital cost as on 31.3.2019 is ₹22039.77 lakh which includes land cost of ₹191.58 lakh which is not considered for weighted average life of the assets.

53. WAL as on 1.4.2019 as determined above is applicable prospectively (i.e. for the 2019-24 tariff period onwards) and no retrospective adjustment of depreciation in previous tariff period is required to be done. As discussed above, the E-COD of the assets is 24.6.2011 and the lapsed life of the project as a whole works out as 7 years as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2019 to be 21 years.



Capital Cost

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

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) *Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) *Expenditure on account of change in law and force majeure events; and*
- (o) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

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

- (a) *Capital cost admitted by the Commission prior to 1.4.2019 duly 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."*

55. The Petitioner has claimed capital cost of ₹22039.77 lakh as on 31.3.2019 for the Combined Asset and the same has been worked out by the Commission and



considered as the opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

Additional Capital Expenditure (ACE)

56. Regulation 24 and Regulation 25 of the 2019 Tariff Regulations provide as follows:

“24. Additional Capitalisation 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:

- (g) 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;*
- (h) Change in law or compliance of any existing law;*
- (i) Deferred works relating to ash pond or ash handling system in the original scope of work;*
- (j) Liability for works executed prior to the cut-off date;*
- (k) Force Majeure events;*
- (l) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and*
- (m) 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.”

57. The Petitioner has claimed ACE of ₹20.00 lakh during 2019-24 for the Combined Asset on account of balance and retention payment due to work executed within the cut-off date under Regulation 25(1)(d) of the 2019 Tariff Regulations. The Petitioner has claimed capital cost as on 31.3.2024 as follows:

(₹ in lakh)

Capital Cost as per RCE	Capital Cost as on 31.3.2019	Projected ACE 2019-24 (as per Auditor Certificate)	
		2019-20	Capital Cost as on 31.3.2024
24320.00	22039.77	20.00	22059.77

58. The Petitioner was directed to furnish package-wise details for ACE claimed in 2019-24. In response, the Petitioner vide affidavit dated 26.11.2020 has submitted the following details:

Asset-1-LILO of Ckt-I of 765 kV Tehri-Meerut Transmission Line at Koteshwar Pooling Station along with associated bays						
Year	Head	ACE (As per Auditor Certificate)	ACE Balance and Retention Payment	ACE Unexecuted work	Agency	Work Details w.r.t. ACE Balance and Retention
2019-20	Civil & Building	10.00	10.00		M/s. Shaunak Const. and M/s. Ramola Construction	Construction of Transit camp, Store Shed and Construction of Boundary Wall



Asset-3-LILO of Ckt-II of 765kV Tehri-Meerut Transmission Line at Koteswar Pooling Station along with associated bays						
Year	Head	ACE (As per Auditor Certificate)	ACE Balance and Retention Payment	ACE Unexecuted work	Agency	Work Details w.r.t. ACE Balance and Retention
2019-20	Civil & Building	10.00	10.00		M/s. Shaunak Const. and M/s. Ramola Construction	Construction of Transit camp, Store Shed and Construction of Boundary Wall

59. We have considered the submissions made by the Petitioner. ACE claimed by the Petitioner has been allowed under Regulation 25(1)(d) of the 2019 Tariff Regulations as it is on account of balance and retention payments for works already executed and on account of unexecuted work within the cut-off date. Accordingly, the capital cost considered for the Combined Asset for the 2019-24 tariff period is as follows:

Apportioned approved Capital Cost as per RCE	Capital Cost as on 31.3.2019	ACE		Capital Cost as on 31.3.2024
		2019-20		
24320.00	22039.77	20.00		22059.77

Debt-Equity ratio

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

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

Provided that:

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

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



expenditure of the generating station or the transmission system.

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

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

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

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

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

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

61. The debt-equity considered for the purpose of computation of tariff for the 2019-24 tariff period is as follows:

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	%	Capital Cost as on 31.3.2024 (₹ in lakh)	%
Debt	15427.84	70.00	15441.84	70.00
Equity	6611.93	30.00	6617.93	30.00
Total	22039.77	100.00	22059.77	100.00

Depreciation

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

“33. Depreciation: (1) Depreciation shall be computed from the date of commercial



operation of a generating station or unit thereof or a transmission system or element 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.”

63. The IT equipment has been considered as a part of the Gross Block and depreciated using WAROD. WAROD has been worked out at Annexure-II to this order after taking into account the depreciation rates of IT and non-IT assets as specified in the 2019 Tariff Regulations. The salvage value of IT equipment has been considered nil, i.e. IT asset has been considered as 100 per cent depreciable. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation allowed for the Combined Asset is as follows:

Particular	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	22039.77	22059.77	22059.77	22059.77	22059.77
Projected ACE	20.00	0.00	0.00	0.00	0.00
Closing Gross Block	22059.77	22059.77	22059.77	22059.77	22059.77
Average Gross Block	22049.77	22059.77	22059.77	22059.77	22059.77
Freehold Land	36.12	36.12	36.12	36.12	36.12
Weighted Average Rate of Depreciation (WAROD) (%)	5.32	5.32	5.32	5.32	5.32
Balance useful life at the beginning of the year (Year)	21	20	19	18	17
Lapsed Life of the asset (Year)	7	8	9	10	11
Aggregated Depreciable Value	19840.55	19849.55	19849.55	19849.55	19849.55
Combined Depreciation during the year	1173.34	1173.67	1173.67	1173.67	1173.67
Aggregate Cumulative Depreciation at the end of the year	9814.20	10987.87	12161.54	13335.20	14508.87
Remaining Aggregated Depreciable Value at the end of the year	10026.35	8861.68	7688.01	6514.34	5340.67



Interest on Loan (IoL)

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

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

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

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

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

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

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

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

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

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

65. The Weighted Average Rate of IoL (WAROI) has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL has been allowed as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	15427.84	15441.84	15441.84	15441.84	15441.84
Cumulative Repayments upto Previous Year	8640.86	9814.20	10987.87	12161.54	13335.20
Net Loan-Opening	6786.98	5627.64	4453.97	3280.30	2106.63
Additions	14.00	0.00	0.00	0.00	0.00
Repayment during the year	1173.34	1173.67	1173.67	1173.67	1173.67
Net Loan-Closing	5627.64	4453.97	3280.30	2106.63	932.97
Average Loan	6207.31	5040.81	3867.14	2693.47	1519.80
Weighted Average Rate of Interest on Loan (%)	8.9394	8.9180	8.8836	8.8361	8.7898
Interest on Loan	554.90	449.54	343.54	238.00	133.59

Return on Equity (RoE)

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

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

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

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

67. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company.

68. BRPL has submitted that as per Regulation 31(3) of the 2019 Tariff Regulations, the Petitioner has a statutory duty to undertake true up of the grossed-up rate of RoE at the end of every financial year based on actual tax paid. This statutory function delegated to the transmission licensee cannot be exercised unilaterally but required to be conducted in most impartial manner by summoning all the Respondent-beneficiaries.

69. In response, the Petitioner has submitted that the Petitioner pays the income tax and files income tax returns in a timely manner. The final tax demand including additional tax, interest, penalty and adjustment for refunds if any is decided by the Income Tax Authority through its assessment orders, which are beyond the Petitioner's control. The Petitioner has further submitted that for the 2014-19 tariff period, the Commission vide order dated 27.4.2020 in Petition No. 274/TT/2019 has approved effective tax rate as notified MAT rates and for 2019-24 tariff period tariff has been admitted with grossing of rate of ROE at 18.782% considering MAT rate of 17.472%. Further, any under-recovery or over-recovery of grossed up rate on RoE is taken up at the time of true up for the 2019-24 period.

70. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. Accordingly, the MAT rate applicable in 2019-20 has been considered for



the purpose of RoE, which shall be trued up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations.

71. We have considered the submissions of the Petitioner and BRPL. The MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which shall be trued-up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the Combined Asset has been worked out and allowed as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	6611.93	6617.93	6617.93	6617.93	6617.93
Additions	6.00	0.00	0.00	0.00	0.00
Closing Equity	6617.93	6617.93	6617.93	6617.93	6617.93
Average Equity	6614.93	6617.93	6617.93	6617.93	6617.93
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity	1242.42	1242.98	1242.98	1242.98	1242.98

Operation & Maintenance Expenses (O&M Expenses)

72. The O&M expenses claimed by the Petitioner for the Combined Asset for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Name of the Asset	2019-20	2020-21	2021-22	2022-23	2023-24
2 Numbers of 765 kV bays	90.02	93.20	96.46	99.86	103.36
6 Numbers of bays	135.03	139.77	144.69	149.76	155.01
13.382 km Single Circuit (Bundled conductor with 4 sub-conductors)	10.11	10.45	10.82	11.20	11.62
6.005 km Double Circuit (Triple Conductor)	5.29	5.48	5.67	5.87	6.07
2.35 km Single Circuit (Bundled conductor with 3 sub-conductors)	1.19	1.23	1.27	1.31	1.36
PLCC (2% of ₹362.44 lakh)	7.25	7.25	7.25	7.25	7.25
Total O&M expenses	248.89	257.38	266.16	275.25	284.66



73. The norms specified under Regulation 35(3)(a) of the 2019 Tariff Regulations provide that:

“35. Operation and Maintenance Expenses:

...

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834



<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.”

74. We have considered the submission of the Petitioner. The Petitioner has claimed O&M Expenses separately for PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. The Petitioner has made similar claim in other petitions as well. Though PLCC is a communication system, it has been considered as part of the sub-station in the 2014 Tariff Regulations and the 2019 Tariff Regulations and the norms for sub-station have been specified accordingly. Accordingly, the Commission *vide* order dated 24.1.2021 in Petition No. 126/TT/2020 has already concluded that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system. 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.”

75. In terms of the above, the Petitioner’s claim for separate O&M Expenses for PLCC @2% is not allowed. The O&M expenses has been worked out as per the as per the norms specified in the 2019 Tariff Regulations and the same is as follows:

	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses					
2 Numbers of 765 kV bays					
Norms (₹ lakh/Bay)	45.01	46.60	48.23	49.93	51.68
Total	90.02	93.20	96.46	99.86	103.36
2 Numbers 400 kV GIS bays and 4 Numbers of 400 kV AIS bays					
Norms (₹ lakh/Bay)	22.505	23.296	24.115	24.962	25.837
Total	135.03	139.78	144.69	149.77	155.02
13.382 km Single Circuit (Bundled conductor with 4 sub-conductors)					
Norms (₹ lakh/km)	0.755	0.781	0.809	0.837	0.867
Total	10.10	10.45	10.83	11.20	11.60
6.005 km Double Circuit Twin/Triple Conductor					
Norms (₹ lakh/km)	0.881	0.912	0.944	0.977	1.011
Total	5.29	5.48	5.67	5.87	6.07
2.35 km Single Circuit (Bundled conductor with 3 sub-conductors)					
Norms (₹ lakh/km)	0.503	0.521	0.539	0.558	0.578
Total	1.18	1.22	1.27	1.31	1.36
Total O&M expense allowed (₹ in lakh)	241.63	250.13	258.91	268.01	277.41

Interest on Working Capital (IWC)

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

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

(a) For Coal-based/lignite-fired thermal generating stations:

(i) Cost of coal or lignite and limestone towards stock, if applicable, for 10



days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity whichever is lower;

(ii) Advance payment for 30 days towards cost of coal or lignite and limestone for generation corresponding to the normative annual plant availability factor;

(iii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;

(iv) Maintenance spares @ 20% of operation and maintenance expenses including water charges and security expenses;

(v) Receivables equivalent to 45 days of capacity charge and energy charge for sale of electricity calculated on the normative annual plant availability factor; and

(vi) Operation and maintenance expenses, including water charges and security expenses, for one month.

(b) For Open-cycle Gas Turbine/Combined Cycle thermal generating stations:

(i) Fuel cost for 30 days corresponding to the normative annual plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel;

(ii) Liquid fuel stock for 15 days corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel, cost of main liquid fuel duly taking into account mode of operation of the generating stations of gas fuel and liquid fuel;

(iii) Maintenance spares @ 30% of operation and maintenance expenses including water charges and security expenses;

(iv) Receivables equivalent to 45 days of capacity charge and energy charge for sale of electricity calculated on normative plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel; and

(v) Operation and maintenance expenses, including water charges and security expenses, for one month.

(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.

(2) The cost of fuel in cases covered under sub-clauses (a) and (b) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 39 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted average for the third quarter of preceding financial year in case of each financial year for which tariff is to be determined:

Provided that in case of new generating station, the cost of fuel for the first financial year shall be considered based on landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 39 of these regulations) and gross calorific value of the fuel as per actual weighted average for three months, as used for infirm power, preceding date of commercial operation for which tariff is to be



determined.

(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;”

77. The Petitioner has submitted that it has computed IWC for the 2019-24 tariff period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%.

78. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, whereas, ROI for 2020-21 onwards has been considered as 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points). The components of the working capital and interest thereon allowed are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M Expenses for 1 month)	20.14	20.84	21.58	22.33	23.12
Maintenance Spares (15% of O&M Expenses)	36.24	37.52	38.84	40.20	41.61
Receivables (Equivalent to 45 days of annual transmission charges)	401.74	390.43	378.30	366.28	353.45
Total Working Capital	458.12	448.79	438.72	428.81	418.18



Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on Working Capital	55.20	50.49	49.36	48.24	47.04

Annual Fixed Charges for the 2019-24 Tariff Period

79. The transmission charges allowed for the Combined Asset for the 2019-24 tariff period is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1173.34	1173.67	1173.67	1173.67	1173.67
Interest on Loan	554.90	449.54	343.54	238.00	133.59
Return on Equity	1242.42	1242.98	1242.98	1242.98	1242.98
Interest on Working Capital	55.20	50.49	49.36	48.24	47.04
O & M Expenses	241.63	250.13	258.91	268.01	277.41
Total	3267.48	3166.80	3068.46	2970.90	2874.70

Filing Fee and the Publication Expenses

80. 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 25.3.2021 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.

81. We have considered the submissions of the Petitioner and the Respondents, BRPL. 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

82. The Petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 70 (4) of the 2019 Tariff Regulations for 2019-24 tariff period. The Petitioner shall also be entitled for recovery of RLDC fee and charges in accordance with Regulations 70 (3) of the 2019 Tariff Regulations for 2019-24 tariff period.

Security Expenses

83. The Petitioner has submitted that security expenses for the transmission assets are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential IWC. The Petitioner has requested to consider the actual security expenses incurred during 2018-19 for claiming estimated security expenses for 2019-20 which shall be subject to true up at the end of the year based on the actuals. The Petitioner has submitted that similar petition for security expenses for 2020-21, 2021-22, 2022-23 and 2023-24 shall be filed on a yearly basis on the basis of the actual expenses of previous year subject to true up at the end of the year on actual expenses. The Petitioner has submitted that the difference, if any, between the estimated security expenses and actual security



expenses as per the audited accounts may be allowed to be recovered from the beneficiaries on a yearly basis.

84. BRPL has submitted that the approach adopted by the Petitioner towards claim of security expenses does not warrant the need for revision in IWC as the same is 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.

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

Goods and Services Tax

86. The Petitioner has submitted that, if GST is levied at any rate and at any point of time in future on charges of transmission of electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be charged and billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Government / Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

87. BRPL has submitted that the demand of the Petitioner is premature and need not be considered at this juncture. In response, the Petitioner vide affidavit dated



25.3.2021 submitted that currently transmission of electricity by an electric transmission utility is exempt from GST. Hence, the transmission charges currently charged are exclusive of GST. Further, if GST is levied at any rate and at any point of time in future, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be charged and billed separately.

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

Capital Spares

89. The Petitioner has sought reimbursement of capital spares at the end of tariff block. The Petitioner's claim, if any, shall be dealt with in accordance with the provisions of the 2019 Tariff Regulations.

Sharing of Transmission Charges

90. 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.

91. To summarise:

- a) The trued-up Annual Fixed Charges approved for the transmission assets for 2014-19 period are as follows:



Asset-A

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	3030.78	2998.62	2935.09	2867.40	2801.92

Asset-B

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	1002.81	986.30	976.72	978.27	971.44

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	3267.48	3166.80	3068.46	2970.90	2874.70

92. Annexure-I and Annexure-II enclosed hereinafter shall form part of the order.

93. This order disposes of Petition No. 464/TT/2020 in terms of the above discussion and findings.

sd/
(Pravas Kumar Singh)
Member

sd/
(Arun Goyal)
Member

sd/
(I. S. Jha)
Member

sd/
(P. K. Pujari)
Chairperson



Asset-A:

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/COD (₹ in lakh)	ACE (₹ in lakh)			Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)				
		2014-15	2015-16	Total			2014-15	2015-16	2016-17	2017-18	2018-19
Land - Freehold	36.12	-	-	-	36.12	-	-	-	-	-	-
Land - Leasehold	155.46	-	-	-	155.46	3.34%	5.19	5.19	5.19	5.19	5.19
Building Civil Works & Colony	685.19	112.86	60.78	193.77	878.96	3.34%	24.77	27.67	28.93	29.26	29.36
Transmission Line	7722.87	209.02	-	209.02	7931.89	5.28%	413.29	418.80	418.80	418.80	418.80
Sub Station	7202.62	-	-	-	7202.62	5.28%	380.30	380.30	380.30	380.30	380.30
PLCC	362.44	-	-	-	362.44	6.33%	22.94	22.94	22.94	22.94	22.94
IT Equipment (Incl. Software)	282.62	-	-	-	282.62	5.28%	14.92	14.92	14.92	14.92	14.92
Total	16447.32	321.88	60.78	402.79	16850.11		861.41	869.83	871.09	871.42	871.52
Average Gross Block (₹ in lakh)							16608.26	16799.59	16837.24	16847.31	16850.11
Weighted Average Rate of Depreciation							5.19%	5.18%	5.17%	5.17%	5.17%

Asset-B:

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/COD (₹ in lakh)	ACE (₹ in lakh)			Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)				
		2016-17	2017-18	Total			2014-15	2015-16	2016-17	2017-18	2018-19
Land - Freehold	-	-	-	-	-	-	-	-	-	-	-
Land - Leasehold	-	-	-	-	-	3.34%	-	-	-	-	-
Building Civil Works & Colony	-	-	-	-	-	3.34%	-	-	-	-	-
Transmission Line	-	-	-	-	-	5.28%	-	-	-	-	-
Sub Station	4967.83	93.35	128.48	221.83	5189.66	5.28%	262.30	262.30	264.77	270.62	274.01
PLCC	-	-	-	-	-	6.33%	-	-	-	-	-
IT Equipment (Incl. Software)	-	-	-	-	-	5.28%	-	-	-	-	-
Total	4967.83	93.35	128.48	221.83	5189.66		262.30	262.30	264.77	270.62	274.01
Average Gross Block (₹ in lakh)							4967.83	4967.83	5014.51	5125.42	5189.66
Weighted Average Rate of Depreciation							5.28%	5.28%	5.28%	5.28%	5.28%



ANNEXURE-II

2019-24 Capital Expenditure	Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Projected Additional Capitalisation (₹ in lakh)	Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)				
		Total			2019-20	2020-21	2021-22	2022-23	2023-24
Land - Freehold	36.12	-	36.12	-	-	-	-	-	-
Land - Leasehold	155.46	-	155.46	3.34%	5.19	5.19	5.19	5.19	5.19
Building Civil Works & Colony	878.96	20.00	898.96	3.34%	29.69	30.03	30.03	30.03	47.83
Transmission Line	7931.89	-	7931.89	5.28%	418.80	418.80	418.80	418.80	422.01
Sub Station	12392.28	-	12392.28	5.28%	654.31	654.31	654.31	654.31	659.32
PLCC	362.44	-	362.44	6.33%	22.94	22.94	22.94	22.94	19.28
IT Equipment (Incl. Software)	282.62	-	282.62	15.00%	42.39	42.39	42.39	42.39	42.39
Total	22039.77	20.00	22059.77		1173.34	1173.67	1173.67	1173.67	1173.67
Average Gross Block (₹ in lakh)					22049.77	22059.77	22059.77	22059.77	22059.77
Weighted Average Rate of Depreciation					5.32%	5.32%	5.32%	5.32%	5.32%

