

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 475/TT/2019

Coram:

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

Date of order: 27.01.2021

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and truing up of transmission tariff of the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 of the 400 kV D/C Nabinagar-Sasaram Transmission Line and associated 400 kV line bays at Sasaram Sub-station under "Transmission System associated with immediate evacuation system for Nabinagar TPS" in Eastern Region.

And in the matter of:

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

.....Petitioner

Versus

1. Bihar State Power (Holding) Company Ltd.,
(Formerly Bihar State Electricity Board -BSEB)
Vidyut Bhavan, Bailey Road, Patna – 800 001
2. West Bengal State Electricity Distribution Company Ltd.,
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lakecity,
Calcutta - 700091.
3. Grid Corporation Of Orissa Ltd.,
Shahid Nagar, Bhubaneswar - 751007.



4. Jharkhand State Electricity Board,
In Front Of Main Secretariat,
Doranda, Ranchi – 834002.
5. Damodar Valley Corporation,
DVC Tower, Maniktala,
Civic Centre, Viproad, Calcutta - 700054.
6. Power Department,
Government Of Sikkim, Gangtok - 737101.
7. Bhartiya Rail Bijlee Company Ltd.,
(A JV of NTPC Ltd. & Ministry of Railway)
Nabinagar Thermal Power Project,
Khaira, Nabinagar, Aurangabad 824303.
8. East Central Railway,
Zonal Head Quarter, Dighikala Hajipur,
Bihar – 844101.

...Respondents

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

For Respondents : Shri Navin Prakash, Advocate, BSP(H)CL

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, for truing up of transmission tariff for 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of 400 kV D/C Nabinagar-Sasaram Transmission



Line and associated 400 kV line bays at Sasaram Sub-station (hereinafter referred to as “the transmission asset”) under “Transmission System associated with immediate evacuation system for Nabinagar TPS” in Eastern Region (hereinafter referred to as “the transmission project”).

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

- “1) Approve the trued-up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 9.1 and 10.0 above.*
- 2) Approve the Completion cost and additional capitalization incurred during 2014-19.*
- 3) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9.1 and 10.0 above for respective block.*
- 4) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.*
- 5) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 6) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the respondents.*
- 7) Allow the petitioner to file a separate petition before Hon’ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 10.6 above.*
- 8) Allow the petitioner to claim the capital spares at the end of tariff block as per actual.*
- 9) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the 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 Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner vide Memorandum No. C/CP/Nabinagar TPS dated 8.2.2010 at an estimated cost of ₹21586 lakh, including IDC of ₹1561 lakh based on 3rd quarter 2009 price level. The entire scope of the transmission project is covered in the instant petition. The details are as under:

Transmission Lines

1) Nabinagar-Sasaram 400 kV D/C line with twin lapwing conductor: 87 km

Sub-stations

1) 400 kV sub-station at Nabinagar by construction of 2 nos. of 400 kV line bays (to be covered under the scope of generation switchyard)

2) Extension of 400 kV sub-station at Sasaram by construction of 2 Nos. of 400 kV Line bays.

4. As per IA dated 8.2.2010, the transmission asset was scheduled to be put into commercial operation within 28 months from the date of investment approval and hence the schedule date of commercial operation (COD) was 7.6.2012 against which the transmission asset was put into commercial operation on 1.7.2012.

5. The transmission tariff from COD i.e 1.7.2012 to 31.3.2014 for the transmission asset was determined vide order dated 21.6.2013 in Petition No. 83/TT/2012. The tariff for the 2009-14 period was trued up and tariff for the 2014-19 tariff period was determined vide order dated 25.2.2016 in Petition No.484/TT/2014. The transmission tariff allowed for the 2014-19 tariff period in order dated 25.2.2016 in Petition No. 484/TT/2014 and transmission tariff based on truing up claimed by the Petitioner in the instant petition is as under:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 25.2.2016 in Petition No. 484/TT/2014	3750.93	3663.90	3566.71	3469.36	3372.17
Claimed by the Petitioner in the instant petition	3743.64	3654.88	3558.31	3457.09	3363.45

6. The Respondents are the distribution licensees, power departments and transmission utilities, who are procuring transmission services from the Petitioner and are mainly beneficiaries of the Eastern Region.

7. The Petitioner has served the petition on the Respondents and notice regarding the filing of this petition has been published in newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. General Notice dated 14.1.2020 directing the beneficiaries/ Respondents to file reply in the matter was also posted on the Commission's website. Bihar State Power (Holding) Company Limited (BSPHCL), Respondent No. 1, has filed its reply vide affidavit dated 7.8.2020 and has raised issues like Additional Capital Expenditure (ACE), refund of the excess amount paid towards ACE during 2014-15 in accordance with Regulation 7(7)(iii) of the 2014 Tariff Regulations and GST. The Petitioner has filed its rejoinder to BSP(H)CL's vide affidavit dated 13.8.2020.

8. The hearing in this matter was held on 10.8.2020 through video conference and the order was reserved in the matter.

9. This order is issued after considering the submissions made by the Petitioner in the petition dated 27.9.2019, affidavits dated 1.9.2020 and 11.3.2020, reply affidavit of BSPHCL dated 7.8.2020 and rejoinder of the Petitioner dated 13.8.2020.



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

TRUING UP OF ANNUAL TRANSMISSION CHARGES FOR 2014-19 TARIFF PERIOD

11. The Commission vide order dated 25.2.2016 in Petition No. 484/TT/2014 had approved the following tariff for the transmission asset for the 2014-19 period:

(₹ in lakh)					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1115.43	1118.24	1118.24	1118.24	1118.24
Interest on Loan	1125.81	1028.67	927.38	825.71	724.00
Return on Equity	1241.69	1244.81	1244.81	1244.81	1244.81
Interest on Working Capital	90.00	88.23	86.24	84.25	82.26
O&M Expenses	178.00	183.95	190.04	196.35	202.86
Total	3750.93	3663.90	3566.71	3469.36	3372.17

12. The Petitioner has submitted the information as required under the 2014 Tariff Regulations for truing up of annual fixed charges for 2014-19 period. The tariff for 2014-19 period has been trued up as discussed in the subsequent paragraphs.

13. The details of the trued-up transmission charges claimed by the Petitioner in respect of instant transmission asset are as under:

(₹ in lakh)					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1112.95	1114.26	1115.26	1115.26	1115.26
Interest on Loan	1122.97	1021.60	919.44	814.00	712.38
Return on Equity	1239.88	1247.04	1247.52	1247.52	1250.88
Interest on Working Capital	89.84	88.03	86.05	83.97	82.07
O&M Expenses	178.00	183.95	190.04	196.34	202.86
Total	3743.64	3654.88	3558.31	3457.09	3363.45

14. The details of the Interest on Working Capital (IWC) claimed by the Petitioner in respect of instant transmission asset are as under:

(₹ in lakh)					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
O & M Expenses	14.83	15.33	15.84	16.36	16.91
Maintenance Spares	26.70	27.59	28.51	29.45	30.43
Receivables	623.94	609.15	593.05	576.18	560.58



Total	665.47	652.07	637.40	621.99	607.92
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	89.84	88.03	86.05	83.97	82.07

Capital Cost as on 1.4.2014

15. The capital cost of the transmission asset has been calculated in accordance with Regulations 9(3) of the 2014 Tariff Regulations. The Commission vide order dated 25.2.2016 in Petition No. 484/TT/2014 had approved the transmission tariff for the transmission asset for the 2014-19 tariff period based on admitted capital cost of ₹21053.38 lakh as on 1.4.2014.

16. The Petitioner vide Auditor's certificates dated 18.7.2019 has submitted the capital cost up to 31.3.2014 and ACE up to 31.3.2019. The details of capital cost claimed by Petitioner for the transmission asset are as under:

(₹ in lakh)				
Approved capital cost as per FR	Capital cost up to 31.3.2014 as per Auditor's certificate	Additional Capital Expenditure		Total Capital cost as on 31.3.2019
		2014-15	2015-16	
21586.25	21053.38	12.20	37.71	21103.29

17. The capital cost of ₹21053.38 lakh as on 31.3.2014 approved in order dated 25.2.2016 in Petition No. 484/TT/2014 has been considered as the opening capital cost as on 1.4.2014 for the purpose of truing up of the tariff of the 2014-19 tariff period in accordance with Regulation 8 of the 2014 Tariff Regulations. The details of the earlier approved capital cost vide order dated 25.2.2016 in Petition No. 484/TT/2014 as on 31.3.2014 along with breakup of sub-heads in Gross block, considered for tariff computation are as below:

(₹ in lakh)	
Particulars	Capital Expenditure as on 31.3.2014
Freehold Land	0.00
Building	0.00
Transmission Line	19698.06



Sub-station	1261.21
PLCC	94.11
Leasehold Land	0.00
IT Equipment and Software	0.00
Total	21053.38

Additional Capital Expenditure (ACE)

18. The Commission had allowed ACE of ₹106.07 lakh for the transmission asset during 2014-19 vide order dated 25.2.2016 in Petition No. 484/TT/2014; the relevant portions of the order is hereunder:

“46 The Commission vide its letter dated 8.2.2016 directed the petitioner to confirm the amount of balance and retention payment yet to be made along with the details of contract for which the payment has been retained. In response the petitioner vide its affidavit dated 18.2.2016 submitted that the amount of balance and retention payment is Rs.106.07 lakh during 2014-15.”

“48. The total capital cost of the transmission asset for the asset including additional capitalisation of ₹106.07 lakh works out to ₹21159.45 lakh, which is less than the approved apportioned cost of ₹21586.25 lakh for the asset given in the investment approval dated 8.2.2010. Accordingly, the Commission has considered the petitioner’s submission and allows additional capitalisation of ₹106.07 lakh in 2014-15 towards balance and retention payment as claimed by the petitioner in accordance with Clause 1(i) of Regulation 14 of the 2014 Tariff Regulations. The additional capitalisation for tariff period 2014-19 shall be finally approved after the detailed scrutiny of additional capitalisation while carrying out the true up for 2014-19 period.”

19. The Petitioner has submitted that ACE pertains to balance and retention payment and undischarged liabilities for works executed within cut-off date.

20. The Petitioner in the instant petition has submitted contract-wise details of balance and retention payments and undischarged liabilities vide affidavit dated 11.3.2020, as detailed below:

Party	Year	
	2014-15	2015-16
M/s Kalpataru Power Transmission Ltd	1.53	-
M/s Indo Power Project Ltd.	10.67	37.71
Total	12.20	37.71

(₹ in lakh)



21. In response to query vide technical validation letter dated 2.3.2020 regarding the reasons for reduction in ACE during the 2014-19 tariff period when compared to ACE allowed vide order dated 25.2.2016 in Petition No. 484/TT/2014, the Petitioner has submitted that ACE approved by the Commission was based on projections. The Petitioner further submitted that while projecting the estimated ACE, contracts were not closed and liabilities had not been finalized. However, in the instant true-up petition, ACE is being claimed on the basis of actual payments made to the contractor after receipt of final invoices and incorporating the amendments. The payments were made after submission of invoice and after reconciliation in accordance with contractual clause(s) though the works were executed upto COD/ cut-off date.

22. The Petitioner has further submitted that the actual ACE during 2014-15 was ₹12.20 lakh and ₹37.71 lakh in 2015-16. ACE in 2015-16 is beyond the cut-off date of 31.3.2015 and has been claimed under relevant regulation on account of balance and retention payments towards Indo-Power Ltd under sub-station head. The liability flow statement has been submitted and that there is no increment in the overall ACE during 2014-19 and is against works within the original scope of work of the transmission project.

23. BSPHCL has submitted that the Petitioner has claimed ACE on account of undischarged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date as per clause 14(1) and 14 (3)(v) of the 2014 Tariff Regulations. However, there is no averment in the petition to the effect that the same was due to uncontrollable factors as provided in Regulation 12 of the 2014 Tariff Regulations.



24. BSPHCL has further submitted that the claim of the Petitioner in respect of 2014-15 is much less than ACE sanctioned vide order dated 25.2.2016 in Petition No. 484/TT/2014 and, therefore, BSPHCL is entitled to a refund @ 1.2 times the bank rate in terms of Regulation No. 7(7)(iii) of the 2014 Tariff Regulations.

25. In response, the Petitioner has submitted that ACE approved by the Commission was based on projections and at that time the contracts were not closed and liabilities had not been finalized, whereas, in the instant petition ACE has been claimed on the basis of actual payments made to the contractor after receipt of final invoices from the contractor. The Petitioner has further submitted that the liability flow has already been submitted and that there is no increment in the overall ACE claimed for the period 2014-19 as against the works within the original scope of work. On the aspect of refund claimed by BSP(H)CL @1.2 times the bank rate to beneficiaries due to variation of more than 5% in the projected vis-à-vis the actual ACE, the Petitioner has submitted that the same shall be adhered to wherever applicable in accordance with the Regulations 7(7)(iii) of the 2014 Tariff Regulations and other relevant provisions as laid out the by Commission.

26. We have considered the submissions made by the Petitioner and BSP(H)CL. ACE claimed by the Petitioner has been allowed under Regulation 14(1)(i) and 14(3)(v) of the 2014 Tariff Regulations as it is towards balance and retention payments and undischarged liabilities for works executed prior to cut-off date. The actual ACE claimed and allowed in the instant order is lower than ACE approved vide order dated 25.2.2016 in Petition No. 484/TT/2014 as pointed out by BSP(H)CL and accordingly the consequent difference in the transmission charges approved vide order dated 25.2.2016 and in the instant order shall be dealt by the Petitioner as



provided under Regulation 7(7) of the 2014 Tariff Regulations. ACE allowed from COD to 31.3.2019 in respect of the transmission asset is as under:

(₹ in lakh)

Particular	Capital cost as on 31.3.2014	Additional Capital Expenditure during 2014 -19		Total Capital cost including ACE as on 31.3.2019
		2014-15	2015-16	
Allowed in order dated 25.2.2016 in Petition No. 484/TT/2014	21053.38	106.07	0.00	21159.45
Claimed by the Petitioner in instant petition	21053.38	12.20	37.71	21103.29
Approved after true-up in this order	21053.38	12.20	37.71	21103.29

27. The completion cost of the transmission asset including ACE of ₹49.91 lakh during 2014-19 is ₹21103.29 lakh which is within the FR approved cost of ₹21586 lakh. Therefore, there is no cost over-run.

Debt-Equity Ratio

28. The debt-equity ratio has been allowed in accordance with Regulation 19(3) of the 2014 Tariff Regulations. As per Regulation 19(3) of the 2014 Tariff Regulations, the debt-equity ratio considered for determination of tariff for the period ending on 31.3.2014 (70:30 for the 2014-19 period) is being considered. The details of the debt-equity ratio in respect of the transmission asset as on 1.4.2014 and as on 31.3.2019 are as follows:

Funding	As on 1.4.2014		As on 31.3.2019	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Debt	14737.36	70.00	14772.31	70.00
Equity	6316.01	30.00	6330.98	30.00
Total	21053.38	100.00	21103.29	100.00

Interest on Loan ("IoL")



29. The Petitioner has claimed IoL based on actual interest rates for each year during the 2014-19 period. The Petitioner has submitted that the weighted average rate of IoL has been considered on the basis of the rates prevailing as on 1.4.2014 and has prayed to consider floating rate of interest applicable during 2014-19 period, if any, during the truing up of tariff.

30. We have considered the submissions made by the Petitioner. It is observed that the SBI loan with respect to the transmission asset have been deployed with floating interest rates. Accordingly, factoring the impact of floating rate of interest, IoL has been worked out based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations.

31. IoL has been worked out as under:

- a) Gross amount of loan, repayment of instalments and weighted average rate of interest on actual average loan have been considered as per the petition.
- b) The repayment for the 2014-19 tariff period has been considered to be equal to the depreciation allowed for that period.

32. The details of the trued-up IoL allowed for the transmission asset for the 2014-19 tariff period are as follows:

(₹ in lakh)					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	14737.37	14745.91	14772.31	14772.31	14772.31
Cumulative Repayments up to Previous Year	1872.03	2984.96	4099.21	5214.45	6329.69
Net Loan-Opening	12865.34	11760.95	10673.10	9557.86	8442.62
Addition due to Additional Capitalization	8.54	26.40	0.00	0.00	0.00
Repayment during the year	1112.93	1114.25	1115.24	1115.24	1115.24
Net Loan-Closing	11760.95	10673.10	9557.86	8442.62	7327.38
Average Loan	12313.15	11217.03	10115.48	9000.24	7885.00
Weighted Average Rate of Interest on Loan (%)	9.120	9.107	9.089	9.044	9.034
Interest on Loan	1122.97	1021.59	919.44	814.00	712.38



33. Accordingly, IoL approved vide order dated 25.2.2016 in Petition No. 484/TT/2014, claimed by the Petitioner in the instant petition and trued up IoL for the transmission asset are shown in the table below:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 25.2.2016 in Petition No. 484/TT/2014	1125.81	1028.67	927.38	825.71	724.00
As claimed by the Petitioner in the instant petition	1122.97	1021.60	919.44	814.00	712.38
Allowed after truing up in this order	1122.97	1021.59	919.44	814.00	712.38

Return on Equity (“RoE”)

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

Year	Claimed effective tax rate (%)	Grossed up RoE (Base Rate/1-t)(%)
2014-15	21.018	19.624
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

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

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

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grossing up of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax authorities shall be considered on actual payment. However, penalty (for default on the part of the Assessee) if any imposed shall not be taken into account for the purpose of grossing up of rate of return on equity. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/ DICs as the case may be on year to year basis.

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

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

”

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

Year	Notified MAT rates (inclusive of surcharge & cess) (%)	Base rate of RoE (%)	Grossed up RoE (Base Rate/1-t) (%)
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

37. Accordingly, the trued up RoE allowed for the transmission asset for the 2014-19 tariff period is as follows:

Particular	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	6316.01	6319.67	6330.98	6330.98	6330.98
Addition due to Additional Capitalization	3.66	11.31	0.00	0.00	0.00
Closing Equity	6319.67	6330.98	6330.98	6330.98	6330.98
Average Equity	6317.84	6325.33	6330.98	6330.98	6330.98
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500



Tax Rate applicable (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (Pre-Tax) (%)	19.610	19.705	19.705	19.705	19.758
Return on Equity (Pre-Tax)	1238.93	1246.41	1247.52	1247.52	1250.88

38. Accordingly, RoE approved vide order dated 25.2.2016 in Petition No. 484/TT/2014, claimed by the Petitioner in the instant petition and trued up RoE for the transmission asset is shown in the table below:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 25.2.2016 in Petition No. 484/TT/2014	1241.69	1244.81	1244.81	1244.81	1244.81
Claimed by the Petitioner in the instant petition	1239.88	1247.04	1247.52	1247.52	1250.88
Allowed after truing up in this order	1238.93	1246.41	1247.52	1247.52	1250.88

Depreciation

39. The Petitioner has claimed depreciation considering capital cost of ₹21053.38 lakh as on 1.4.2014 and ACE of ₹12.20 lakh and ₹37.71 lakh during 2014-15 and 2015-16 respectively.

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

(₹ in lakh)					
Particular	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	21053.38	21065.58	21103.29	21103.29	21103.29
Additional Capitalisation	12.20	37.71	0.00	0.00	0.00
Closing Gross Block	21065.58	21103.29	21103.29	21103.29	21103.29
Average Gross Block	21059.48	21084.44	21103.29	21103.29	21103.29
Weighted Average Rate of Depreciation (WAROD) (%)	5.28	5.28	5.28	5.28	5.28



Balance useful life of the asset	33.31	32.31	31.31	30.31	29.31
Elapsed life at the beginning of the year	1.00	2.00	3.00	4.00	5.00
Aggregated Depreciable Value	18953.53	18975.99	18992.96	18992.96	18992.96
Depreciation during the year	1112.94	1114.26	1115.26	1115.26	1115.26
Aggregate Cumulative Depreciation	2984.97	4099.24	5214.49	6329.75	7445.01
Remaining Aggregated Depreciable Value	15968.56	14876.76	13778.47	12663.21	11547.95

41. Accordingly, depreciation approved vide order dated 25.2.2016 in Petition No. 484/TT/2014, claimed by the Petitioner in the instant petition, trued-up and allowed depreciation for the transmission asset are shown in the table below:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 25.2.2016 in Petition No. 484/TT/2014	1115.43	1118.24	1118.24	1118.24	1118.24
Claimed by the Petitioner in the instant petition	1112.95	1114.26	1115.26	1115.26	1115.26
Allowed after truing up in this order	1112.94	1114.26	1115.26	1115.26	1115.26

Operation & Maintenance Expenses (O&M Expenses)

42. The Petitioner has claimed O&M Expenses for the transmission asset as per norms specified under Regulation 29(4)(a) of the 2014 Tariff Regulations.

43. The details of the O&M Expenses claimed by the Petitioner for the instant transmission asset and allowed under Regulation 29(4)(a) of the 2014 Tariff Regulations for the purpose of tariff are as under:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sub-station Bays					
2 no.of 400 kV (AIS) Bays at Sasaram S/s					
Norm (₹ lakh/bay)					
400 kV (AIS) Bays	60.300	62.300	64.370	66.510	68.710
Total S/s O&M Expenses	120.60	124.60	128.74	133.02	137.42
Transmission Lines					
400 kV S/C Twin Conductor Sasaram-Nabinagar T/L (1.020km)					
400 kV D/C Twin Conductor Sasaram-Nabinagar T/L (80.605 km)					
O&M for Transmission Lines					



(₹ lakh/km)					
S/C Twin Conductor	0.404	0.418	0.432	0.446	0.461
D/C Twin Conductor	0.707	0.731	0.755	0.780	0.806
Total T/L O&M Expenses	57.40	59.35	61.30	63.33	65.44
Total O&M Expenses	178.00	183.95	190.04	196.35	202.86

44. Accordingly, O&M Expenses approved vide order dated 25.2.2016 in Petition No. 484/TT/2014, claimed by the Petitioner in the instant petition and trued-up O&M Expenses for the transmission asset are shown in the table below:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 25.2.2016 in Petition No. 484/TT/2014	178.00	183.95	190.04	196.35	202.86
Claimed by the Petitioner in the instant petition	178.00	183.95	190.04	196.35	202.86
Allowed after truing up in this order	178.00	183.95	190.04	196.35	202.86

Interest on Working Capital (IWC)

45. The Petitioner is entitled to IWC as per Regulation 28 of the 2014 Tariff Regulations. The components of the working capital and the Petitioner's entitlement to interest thereon are discussed hereunder:

(i) Receivables

Receivables as a component of working capital will be equivalent to two months fixed cost. The Petitioner has claimed the receivables on the basis of 2 months' annual transmission charges. In the tariff being allowed, receivables have been worked out on the basis of 2 months' transmission charges.

(ii) Maintenance spares

Regulation 28 of the 2014 Tariff Regulations provides for maintenance spares @ 15% per annum of the O&M Expenses. The value of maintenance spares has accordingly been worked out.

(iii) O & M Expenses



O&M Expenses have been considered for one month as a component of working capital. The Petitioner has claimed O&M Expenses for 1 month of the respective year as claimed in the petition. This has been considered in the working capital.

(iv) Rate of interest on working capital

As per Proviso 3 of Regulation 28 of the 2014 Tariff Regulation, SBI Base rate 10.00% as on 1.4.2014 plus 350 Bps i.e. 13.50% has been considered for the asset, as the rate of interest on working capital.

46. IWC allowed as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations is as under:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	14.83	15.33	15.84	16.36	16.90
Maintenance Spares	26.70	27.59	28.51	29.45	30.43
Receivables	623.78	609.04	593.05	576.18	560.57
Total Working Capital	665.31	651.96	637.39	622.00	607.91
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on working capital	89.82	88.01	86.05	83.97	82.07

47. Accordingly, IWC approved vide order dated 25.2.2016 in Petition No. 484/TT/2014, claimed by the Petitioner in the instant petition, and trued up IWC allowed for the transmission asset is shown in the table below:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 25.2.2016 in Petition No. 484/TT/2014	90.00	88.23	86.24	84.25	82.26
Claimed by the Petitioner in the instant petition	89.84	88.03	86.05	83.97	82.07
Allowed after truing up in this order	89.82	88.01	86.05	83.97	82.07

Approved Annual Fixed Charges for the 2014-19 Tariff Period

48. The trued up annual fixed charges for the transmission asset for the 2014-19 tariff period are summarised below:



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1112.94	1114.26	1115.26	1115.26	1115.26
Interest on Loan	1122.97	1021.59	919.44	814.00	712.38
Return on Equity	1238.93	1246.41	1247.52	1247.52	1250.88
Interest on Working Capital	89.82	88.01	86.05	83.97	82.07
O & M Expenses	178.00	183.95	190.04	196.35	202.86
Total	3742.66	3654.21	3558.30	3457.09	3363.44

49. The annual fixed charges in respect of the transmission asset as approved earlier vide order dated 25.2.2016 in Petition No. 484/TT/2014, as claimed by the Petitioner and as trued up in respect of the transmission asset are shown in the table below:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 25.2.2016 in Petition No. 484/TT/2014	3750.93	3663.90	3566.71	3469.36	3372.17
Claimed by the Petitioner in the instant petition	3743.64	3654.88	3558.31	3457.09	3363.45
Allowed after truing up in this order	3742.66	3654.21	3558.30	3457.08	3363.44

DETERMINATION OF ANNUAL FIXED CHARGES FOR THE 2019-24 TARIFF PERIOD

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1115.26	1115.26	1115.26	1115.26	1115.26
Interest on Loan	613.12	512.92	412.55	312.22	211.49
Return on Equity	1250.88	1250.88	1250.88	1250.88	1250.88
Interest on Working Capital	50.81	49.63	48.34	47.04	45.64
O&M Expenses	137.73	142.51	147.45	152.55	157.81
Total	3167.80	3071.20	2974.48	2877.95	2781.08

51. The details of the Interest on Working Capital claimed by the Petitioner for the transmission asset is as under:



(₹ in lakh)

Particular	2019-20	2020-21	2021-22	2022-23	2023-24
O & M Expenses	11.48	11.88	12.29	12.71	13.15
Maintenance Spares	20.66	21.38	22.12	22.88	23.67
Receivables	389.48	378.64	366.72	354.82	341.94
Total	421.62	411.90	401.13	390.41	378.76
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	50.81	49.63	48.34	47.04	45.64

52. The tariff for the 2019-24 period is allowed as discussed in the subsequent paragraphs.

Capital Cost

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

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

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

(a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*

(b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*

(c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*

(d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*

(e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*

(f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*

(g) *Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*

(h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*

(i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*

(j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*



- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) Expenditure on account of change in law and force majeure events; and*
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

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

- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
- (c) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and*
- (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.”*

(4) The capital cost in case of existing or new hydro generating station shall also include:

- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and*
- (b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram JyotiYojana (DDUGJY) project in the affected area.*

(5) The following shall be excluded from the capital cost of the existing and new projects:

- (a) The assets forming part of the project, but not in use, as declared in the tariff petition;*
- (b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:*

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be decapitalised only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.



- (c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
- (d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and
- (e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”

54. The Petitioner has claimed a capital cost of ₹21103.29 lakh as on 31.3.2019 for the instant transmission asset as per the Auditor's Certificates dated 18.7.2019. Accordingly, the admitted capital cost of ₹21103.29 lakh as on 31.3.2019 as trued up in above paragraphs has been 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.

55. The Petitioner has not claimed any ACE during the 2019-24 tariff period.

56. Therefore, the capital cost of ₹21103.29 lakh as on 31.3.2019 has been considered for the purpose of determination of transmission tariff for the 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations.

Debt-Equity Ratio

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

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

Provided that:

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

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



premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.

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

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

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

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

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

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

58. The debt-equity ratio for the 2019-24 tariff period is allowed as per Regulation 18(3) of the 2019 Tariff Regulations. The details of the debt-equity ratio considered for the purpose of tariff for the 2019-24 tariff period is as follows:

Funding	As on 1.4.2019		As on 31.3.2024	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Debt	14772.31	70.00	14772.31	70.00
Equity	6330.98	30.00	6330.98	30.00
Total	21103.29	100.00	21103.29	100.00

Return on Equity (RoE)

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



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

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

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

Provided further that:

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

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

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

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

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

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

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

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

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



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

Illustration-

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

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

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

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

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

60. 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. RoE allowed for the transmission asset as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	6330.98	6330.98	6330.98	6330.98	6330.98
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Closing Equity	6330.98	6330.98	6330.98	6330.98	6330.98
Average Equity	6330.98	6330.98	6330.98	6330.98	6330.98
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (Pre-Tax) (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity (Pre-Tax)	1189.08	1189.08	1189.08	1189.08	1189.08

Interest on Loan (“IoL”)

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

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

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

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

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

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

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

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

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

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



62. We have considered the submissions of Petitioner. The weighted average rate of IoL has been considered on the basis of prevailing rate 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 may be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up or next revision of tariff. By considering the above, IoL has been worked out in accordance with Regulation 32(5) of the 2019 Tariff Regulations. IoL allowed for the 2019-24 tariff period in respect of instant transmission asset is as follows:

Particular	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	14772.31	14772.31	14772.31	14772.31	14772.31
Cumulative Repayments up to Previous Year	7444.93	8560.17	9675.41	10790.66	11905.90
Net Loan-Opening	7327.38	6212.14	5096.90	3981.65	2866.41
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Repayment during the year	1115.24	1115.24	1115.24	1115.24	1115.24
Net Loan-Closing	6212.14	5096.90	3981.65	2866.41	1751.17
Average Loan	6769.76	5654.52	4539.27	3424.03	2308.79
Weighted Average Rate of Interest on Loan (%)	9.057	9.071	9.089	9.119	9.161
Interest on Loan	613.13	512.93	412.56	312.23	211.50

Depreciation

63. 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 decapitalized asset during its useful services.”

64. The weighted average rate of depreciation (WAROD) has been worked out (as placed in Annexure-II) after taking into account the depreciation rates of IT and non-IT assets as prescribed in the 2019 Tariff Regulations. The depreciation has been worked out considering the admitted capital expenditure of ₹21103.29 lakh as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation allowed for the transmission asset is as under:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	21103.29	21103.29	21103.29	21103.29	21103.29
Addition during 2019-24 due to projected Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	21103.29	21103.29	21103.29	21103.29	21103.29
Average Gross Block	21103.29	21103.29	21103.29	21103.29	21103.29
Weighted Average Rate of Depreciation (WAROD) (%)**	5.28	5.28	5.28	5.28	5.28
Balance useful life of the asset	28.00	27.00	26.00	25.00	24.00
Elapsed life at the beginning of the year	6.00	7.00	8.00	9.00	10.00
Aggregated Depreciable Value	18992.96	18992.96	18992.96	18992.96	18992.96
Depreciation during the year	1115.24	1115.24	1115.24	1115.24	1115.24
Cumulative Depreciation up to Previous Year	7444.93	8560.17	9675.41	10790.66	11905.90
Aggregate Cumulative Depreciation	8560.17	9675.41	10790.66	11905.90	13021.14
Remaining Aggregated Depreciable Value	10432.79	9317.55	8202.30	7087.06	5971.82

***Refer Annexure-II of this order*

Operation & Maintenance Expenses (“O&M Expenses”)

65. Regulation 35(3)(a) and 4 of the 2019 Tariff Regulations specify the norms for the O&M Expenses for the transmission system and the same are as follows:

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



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
<i>Norms for HVDC stations</i>					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on*



the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;

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

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

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

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

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

66. The O&M Expenses claimed by the Petitioner for the transmission asset are as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV (AIS) Bays at Sasaram S/s – Nos.	2	2	2	2	2
Norm (₹ lakh/bay)					
400 kV (AIS) Bays	32.150	33.280	34.450	35.660	36.910
Total S/s O&M Expenses	64.30	66.56	68.90	71.32	73.82



Transmission Lines					
400 kV S/C Twin Conductor Sasaram-Nabinagar T/L (km)	1.020	1.020	1.020	1.020	1.020
400 kV D/C Twin Conductor Sasaram-Nabinagar T/L (km)	80.605	80.605	80.605	80.605	80.605
Norms (₹ lakh/km)					
S/C Twin Conductor	0.503	0.521	0.539	0.558	0.578
D/C Twin Conductor	0.88	0.91	0.94	0.98	1.01
Total T/L O&M Expenses	71.52	74.04	76.64	79.32	82.08
Communication System					
PLCC (₹ in lakh)	95.60	95.60	95.60	95.60	95.60
Norm					
Communication System (%)	2.00	2.00	2.00	2.00	2.00
Total Communication System O&M Expenses	1.91	1.91	1.91	1.91	1.91
Total O&M Expenses	137.73	142.51	147.45	152.55	157.81

67. The Petitioner has claimed O&M Expenses separately for PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. The Petitioner has made similar claim in other petitions as well. Though PLCC is a communication system, it has been considered as part of the sub-station in the 2014 Tariff Regulations and the 2019 Tariff Regulations and the norms for sub-station have been specified accordingly. Accordingly, the Commission vide order dated 24.1.2021 in Petition No.126/TT/2020 has already concluded that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system. Therefore, the Petitioner's claim for separate O&M Expenses for PLCC @2% is not allowed. The relevant portions of the order dated 24.1.2021 in Petition No.126/TT/2020 are extracted hereunder:

"103. Thus, although PLCC equipment is a communication system, it has been considered as a part of sub-station, as it is used both for protection and communication. Therefore, we are of the considered view that rightly, it was not considered for separate O&M Expenses while framing norms of O&M for 2019-24 tariff period. While specifying norms for bays and transformers, O&M Expenses for PLCC have been included within norms for O&M Expenses for sub-station. Norms of O&M



Expenses @2% of the capital cost in terms of Regulation 35(4) of the 2019 Tariff Regulations have been specified for communication system such as PMU, RMU, OPGW etc. and not for PLCC equipment.”

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

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

Therefore, the Petitioner’s claim for separate O&M Expenses for PLCC @2% is not allowed.

68. The O&M Expenses allowed for the 2019-24 tariff period for the instant transmission asset are as per the norms specified in the 2019 Tariff Regulations as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV (AIS) Bays at Sasaram S/s – Nos.	2	2	2	2	2
Norm (₹ lakh/bay)					
400 kV (AIS) Bays	32.150	33.280	34.450	35.660	36.910
Total S/s O&M Expenses	64.30	66.56	68.90	71.32	73.82
Transmission Lines					
400 kV S/C Twin Conductor Sasaram-Nabinagar T/L (km)	1.020	1.020	1.020	1.020	1.020
400 kV D/C Twin Conductor Sasaram-Nabinagar T/L (km)	80.605	80.605	80.605	80.605	80.605



Norms (₹ lakh/km)					
S/C Twin Conductor	0.503	0.521	0.539	0.558	0.578
D/C Twin Conductor	0.88	0.91	0.94	0.98	1.01
Total T/L O&M Expenses	71.53	74.04	76.64	79.32	82.08
Total O&M Expenses	135.83	140.60	145.54	150.64	155.90

Interest on Working Capital (“IWC”)

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

“34. Interest on Working Capital

(1)...

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

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

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

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

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

“3. Definitions ...

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

70. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of interest on working capital as 12.05%. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350



basis points) for 2019-20 and 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-24. The components of the working capital and interest allowed thereon for transmission asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	11.32	11.72	12.13	12.55	12.99
Maintenance Spares	20.37	21.09	21.83	22.60	23.39
Receivables	381.53	370.26	358.34	346.45	333.61
Total Working Capital	413.22	403.07	392.30	381.60	369.99
Rate of Interest (%)	12.05%	11.25%	11.25%	11.25%	11.25%
Interest on Working Capital	49.79	45.34	44.13	42.93	41.62

Annual Fixed Charges for the 2019-24 Tariff Period

71. The transmission charges allowed for the transmission asset for the 2019-24 period are summarised below:-

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1115.26	1115.26	1115.26	1115.26	1115.26
Interest on Loan	613.12	512.92	412.55	312.22	211.49
Return on Equity	1189.08	1189.08	1189.08	1189.08	1189.08
Interest on Working Capital	49.79	45.34	44.13	42.93	41.62
O & M Expenses	135.83	140.60	145.54	150.64	155.90
Total	3103.08	3003.21	2906.57	2810.13	2713.35

Filing Fee and Publication Expenses

72. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. The Petitioner shall be entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly from the beneficiaries on pro-rata basis in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

73. The Petitioner has requested to allow the Petitioner to bill and recover License fee and RLDC fees and charges, separately from the Respondents. The Petitioner Is



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

Security Expenses

74. The Petitioner has submitted that security expenses for the instant assets are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential Interest on Working Capital. 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 an 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.

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



Goods and Services Tax

76. The Petitioner has submitted that, if GST is levied at any rate and at any point of time in future on transmission of electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be charged & billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Govt./ Statutory authorities, the same may be allowed to be recovered from the beneficiaries. BSPHCL has submitted that the claim of GST is premature as GST is not levied on the transmission services at present.

77. We have considered the submissions of the Petitioner and BSP(H)CL. GST is not levied on transmission service at present and we are of the view that Petitioner's prayer is premature.

Capital Spares

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

Sharing of Transmission Charges

79. The Commission vide order dated 21.6.2013 in Petition No. 83/TT/2012 (wherein tariff for the 2009-14 period was determined) observed that the transmission charges of the transmission asset shall be borne by BRBCL till the commissioning of the Nabinagar TPS and thereafter it will be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and



Losses) Regulations, 2010 (hereinafter referred to as the “2010 Sharing Regulations”).

The relevant portion of the order dated 21.6.2013 is extracted hereunder:

“55. We have considered the submissions of the petitioner and BRBCL. The transmission charges shall be borne by BRBCL, as per the arrangement entered into by BRBCL with the petitioner, till the commissioning of the Nabinagar TPS and thereafter the billing, collection & disbursement of the transmission charges shall be governed by the provision of Central Electricity Regulatory Commission (Sharing of inter-State transmission charges and losses) Regulations, 2010, as amended from time to time.”

80. The Commission in order dated 3.8.2017 in Petition No. 10/MP/2017 clarified that the transmission charges of the transmission asset shall be borne by BRBCL till COD of the first unit of Nabinagar. The relevant portion of the order dated 3.8.2017 is as under :

“17. In view of the above discussion, it is clarified that the words “till the commissioning of the Nabinagar TPP” used in para 55 of the order dated 21.6.2013 in Petition No. 83/TT/2012 have been used in the sense of “till the date of commercial operation of Nabinagar TPP”. Therefore, the Respondent shall be liable to pay the applicable transmission charges from 21.3.2016 till the date of commercial operation of Unit 1 of Nabinagar TPP. Accordingly, it is directed that the Respondent shall pay the outstanding transmission charges alongwith the applicable surcharge to the petitioner within the period of one month from the date of issue of this order. The Respondent has paid the transmission charges for the disputed period under protest during the pendency of this petition. The Petitioner is directed to adjust the said amount while raising the bills. The Respondent is further directed to maintain the payment security mechanism with the petitioner in accordance with the applicable provisions of the Regulations.”

81. During the hearing on 10.8.2020, the Petitioner submitted that 3 out of 4 generating units of BRBCL have been put into commercial operation and, therefore, 3/4th of the transmission charges approved for the transmission asset is being billed as per the PoC mechanism and 1/4th of the transmission charges is being billed to BRBCL. The Petitioner further submitted that it is in line with the Commission’s order dated 6.11.2018 in Petition No. 261/MP/2017.

82. The Petitioner’s methodology of including the transmission charges in proportion to the generation put into commercial operation in the PoC computation and billing the generator for the proportion of generation not put into commercial



operation is in consonance with the spirit of the Commission's order dated 3.8.2017 in Petition No.10/MP/2017. Further, this principle of billing the generator for the proportion of generation not put into commercial operation and including the remaining proportion in the PoC mechanism is reiterated by the Commission in order dated 6.11.2018 in Petition No. 261/MP/2017 pertaining to Kudgi Transmission System associated with the Kudgi Generating Station of NTPC.

83. In view of the above, the transmission charges in proportion to the generation put into commercial operation shall be included in the PoC computation and the transmission charges in proportion to generation not put into commercial operation shall be borne by BRBCL. Thereafter, the billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of 2010 Sharing Regulations or 2020 Sharing Regulations, as applicable, as provided in Regulation 43 of 2014 Tariff Regulations for the 2014-19 tariff period and Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period.

84. To summarise, the trued-up Annual Fixed Charges allowed for the transmission asset for the 2014-19 tariff period are as under:

(₹ in lakh)					
Instant Asset	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	3742.66	3654.21	3558.30	3457.09	3363.44

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

(₹ in lakh)					
Instant Asset	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	3103.08	3003.21	2906.57	2810.13	2713.35



85. This order disposes of Petition No. 475/TT/2019.

**Sd/
(Arun Goyal)
Member**

**Sd/
(I.S. Jha)
Member**

**Sd/
(P. K. Pujari)
Chairperson**



Annexure - I

Asset	2014-19	Combined admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation	Annual Depreciation as per Regulations				
	Capital Expenditure as on 1.4.2014				2014-15 (₹ in lakh)	2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Instant Asset	Land	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
	Building	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
	Transmission Line	19698.06	19699.59	5.28%	1040.10	1040.14	1040.14	1040.14	1040.14
	Sub-Station	1259.72	1308.10	5.28%	66.79	68.07	69.07	69.07	69.07
	PLCC	95.60	95.60	6.33%	6.05	6.05	6.05	6.05	6.05
	Leasehold Land	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
	IT Equipment and software	0.00	0.00	15.00%	0.00	0.00	0.00	0.00	0.00
	TOTAL	21053.38	21103.29		1112.94	1114.26	1115.26	1115.26	1115.26
Average Gross Block (₹ in lakh)					21059.48	21084.44	21103.29	21103.29	21103.29
Weighted Average Rate of Depreciation (%)					5.28	5.28	5.28	5.28	5.28



Annexure-II

Asset	2019-24	Combined admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation	Annual Depreciation as per Regulations				
	Capital Expenditure as on 1.4.2019				2019-20 (₹ in lakh)	2020-21 (₹ in lakh)	2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)
Asset	Land	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
	Building	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
	Transmission Line	19699.59	19699.59	5.28%	1040.14	1040.14	1040.14	1040.14	1040.14
	Sub-Station	1308.10	1308.10	5.28%	69.07	69.07	69.07	69.07	69.07
	PLCC	95.60	95.60	6.33%	6.05	6.05	6.05	6.05	6.05
	Leasehold Land	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
	IT Equipment and software	0.00	0.00	15.00%	0.00	0.00	0.00	0.00	0.00
	TOTAL	21103.29	21103.29		1115.26	1115.26	1115.26	1115.26	1115.26
Average Gross Block (₹ in lakh)					21103.29	21103.29	21103.29	21103.29	21103.29
Weighted Average Rate of Depreciation (%)					5.28	5.28	5.28	5.28	5.28

