

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 479/TT/2019**

**Coram:**

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

**Date of order: 09.02.2021**

**In the matter of:**

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and revision of transmission tariff of the 2004-09 and 2009-14 tariff periods and truing-up of transmission tariff of the 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for Combined Asset consisting of **Asset-1:** 132 kV D/C Agartala-Agartala Ckt-I and II; and **Asset-2:** 132 kV S/C Agartala-Kumarghat Transmission Line under "Transmission system associated with Agartala GBPP" in the North Eastern Region.

**And in the matter of:**

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

**.....Petitioner**

**Vs**

1. Assam Electricity Grid Corporation Ltd.,  
Bijulee Bhawan, Paltan Bazar,  
Guwahati-781001.
2. Meghalaya Energy Corporation Ltd.,  
Short Round Road, "Lumjingshai",  
Shillong-793001.
3. Government of Arunachal Pradesh,  
Itanagar.
4. Power and Electricity Department,  
Government of Mizoram, Aizawl.



5. Manipur State Electricity Distribution Company Ltd.,  
Keishampat.
6. Department of Power,  
Government of Nagaland,  
Kohima.
7. Tripura State Electricity Corporation Ltd.,  
Vidyut Bhawan, North Banamalipur,  
Agartala, Tripura (W)-799001.

...Respondents

**For Petitioner** : Shri S. S. Raju, PGCIL

**For Respondents** : None

### 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 revision of transmission tariff of the 2004-09 and 2009-14 tariff periods; for truing up of transmission tariff for the 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”); and for determination of 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 the following assets under “Transmission System associated with Agartala GBPP” in the North Eastern Region (hereinafter referred to as “the transmission project”):

**Asset-1:** 132 kV D/C Agartala–Agartala Transmission Line Ck1-I and Ckt II;

**Asset-2:** 132 kV S/C Agartala–Kumarghat Transmission Line .

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



*"1) Approve the revised Transmission Tariff for 2004-09 block and transmission tariff for 2009-14 block for the assets covered under this petition, as per para 8 above.*

*2) Approve the Add-cap/ de-cap incurred during 2014-19.*

*3) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 9 and 10 above.*

*4) a) Allow the Petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9 and 10 above for respective block.*

*b) Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long-term customers / DIC as the case may be, as and when the same is materialized as per regulation 49 of 2014 and regulation 67 of 2019 tariff regulation. The Petitioner may be allowed to recover the deferred tax liability materialised directly without making any application before the commission as provided in the regulation.*

*5) 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.*

*6) 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.*

*7) 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.*

*8) Allow the Petitioner to adjust the cumulative depreciation by taking into account the depreciation recovered in tariff by the decapitalized asset during its useful life and to recover the unrecovered depreciation of the de-capitalized asset on account of reconductoring.*

*9) Allow the Petitioner to recover FERV on the foreign loans deployed as provided under clause 68 of the Tariff Regulations,2019.*

*10) Allow the Petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 10.5 above.*

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

*12) 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 Commission deems fit and appropriate under the circumstances of the case and in the interest of justice”

### **Background**

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

a) The Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner vide letter dated 15.12.1993 at an estimated cost of ₹1932 lakh, including IDC of ₹58 lakh. Subsequently, the Revised Cost Estimate-I for the transmission project was approved by Ministry of Power vide its letter dated 23.11.2000 at an estimated cost of ₹2217 lakh, including IDC of ₹210 lakh. Thereafter, the Revised Cost Estimate-II for the transmission project was approved by the Board of Directors of the Petitioner vide letter dated 31.8.2007 at an estimated cost of ₹2643 lakh, including IDC of ₹222 lakh. The scope of work falling under the transmission project is as under:

<b>Sl. No.</b>	<b>Assets</b>	<b>Asset nomenclature in order dated 18.3.2016 in Petition No. 171/TT/2014 as well as instant petition</b>
1	132 kV D/C Agartala – Agartala Transmission Line Ck1-I and Ckt II	Asset-1
2	132 kV S/C Agartala – Kumarghat Transmission Line	Asset-2

b) The dates of commercial operation of the assets covered in the instant petition are as under:

<b>Assets</b>	<b>SCOD</b>	<b>COD</b>	<b>Time over-run</b>
Asset-1	1.8.1998	1.4.1998	Nil
Asset-2	December-2000	1.1.2001	1 month

4. In the North-Eastern Region (NER), a Uniform Common Pooled Transmission Tariff (UCPTT) comprising of a certain paise per kWh rate was being followed since 1991-92. UCPTT that continued in NER through mutual consent of the regional constituents did not conform to the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2001. However, the Commission had provisionally



approved UCPTT up to 31.3.2004 for the instant assets vide order dated 1.1.2002 in Petition No. 40/2000.

5. Further, vide order dated 27.4.2007 in Petition No. 82/2006, the Commission observed the following:

*“.....7. Energy availability from Central generating stations in NER has gradually gone up in the recent years. On the other hand, the annual transmission charges, had they been calculated following the principles laid down in the Commission’s tariff regulations, would have been coming down with repayment of loans over the years. A stage has thus come where continuation of the UCPTT is no longer beneficial to the NER States. The UCPTT scheme has already continued much beyond the date contemplated by the Commission for its termination in the order dated 1.1.2002. We are therefore keen that NER system switches over without further delay from the UCPTT Scheme, in which the Petitioner’s revenue depends on the energy generated in the region (which is outside the Petitioner’s control), to a scheme of annual transmission charges based on the Petitioner’s investment in the regional system. Since this change-over has to be effected from the beginning of a financial year, it is proposed from 1.4.2007. This had also been indicated by the Commission during the hearing on 30.11.2006.”*

6. Subsequently, vide order dated 16.1.2008 in Petition No. 85/2006, the Commission directed that with effect from 1.4.2007, the transmission charges for all the transmission assets in the region are to be determined under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the 2004 Tariff Regulations”).

7. Accordingly, the transmission tariff for the period from 1.4.2004 to 31.3.2009 for the transmission project was determined vide order dated 21.8.2009 in Petition No. 86/2006 and for the period from 1.4.2009 to 31.3.2014, the same was determined vide order dated 4.11.2010 in Petition No.153/2010. The tariff for the 2009-14 period was trued up and tariff for the period from 1.4.2014 to 31.3.2019 was determined vide order dated 18.3.2016 in Petition No.171/TT/2014. The transmission tariff allowed for the 2014-19 tariff period in order dated 18.3.2016 in Petition No. 171/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 18.3.2016 in Petition No. 171/TT/2014	316.28	317.52	318.88	320.34	321.94
Claimed by the Petitioner in the instant petition	317.81	319.48	320.67	321.26	320.74

8. The Petitioner has sought revision of transmission tariff approved for the 2004-09 w.e.f. 1.4.2007 and 2009-14 tariff period on account of change in Interest on Loan (IoL) and Interest on Working Capital (IWC) to the extent of revision in IoL and Maintenance Spares in terms of the judgment of the Appellate Tribunal for Electricity (APTEL) dated 22.1.2007 and 13.6.2007 in Appeal No. 81/2005 and 139/2006 respectively. The Petitioner has also sought consequential revision of tariff allowed for the 2009-14 tariff period; truing up of tariff of the 2014-19 tariff period; and determination of tariff for the 2019-24 tariff period for the assets.

9. APTEL, vide judgements dated 22.1.2007 in Appeal No.81/2005 and other related Appeals, and judgement dated 13.6.2007 in Appeal No. 139/2006 pertaining to generating stations of NTPC decided on, mainly the following issues:-

- (a) Computation of interest on loan
- (b) Consequences of refinancing of loan
- (c) Depreciation as deemed repayment
- (d) Admissibility of depreciation up to 90% of the value of the assets
- (e) Consideration of maintenance of spares for working capital
- (f) Depreciation of assets.

10. The Commission and certain interested parties preferred appeals against APTEL's judgments before the Hon'ble Supreme Court in 2007. The appeals were admitted and initially stay was granted by the Hon'ble Supreme Court. Subsequently, on an assurance by NTPC that the issues under appeal would not be pressed for



implementation during the pendency of the appeals, the stay was vacated by the Hon'ble Supreme Court.

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

12. The Hon'ble Supreme Court vide its judgment and final order dated 10.4.2018, dismissed the said civil appeals.

13. Consequent to the Hon'ble Supreme Court's judgment dated 10.4.2018, Petition No. 121/2007 was listed for hearing before the Commission on 8.1.2019. The Commission, vide order dated 18.1.2019 in Petition No. 121/2007, directed the Petitioner to submit its claim separately for the assets at the time of truing up of the petitions for the 2014-19 tariff period in respect of the concerned transmission assets.

14. In view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the judgement of Hon'ble Supreme Court dated 10.4.2018, the tariff is being revised. Although tariff period-wise tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods, suitable assumptions at certain places, if required, are being applied which are being indicated.

15. Assets-1 and 2 were put under commercial operation on 1.4.1998 and 1.1.2001 respectively. However, the tariff was determined by Commission from 1.4.2004 as per the 2004 Tariff Regulations based on admitted capital cost of ₹380.47 lakh and



₹2166.18 lakh for Asset-1 and Asset-2 respectively. Accordingly, considering the admitted capital cost of ₹380.47 lakh and ₹2166.18 lakh, tariff is being revised for 2004-09 and 2009-14 tariff periods in terms of the APTEL's judgement dated 22.1.2007 and 13.6.2007.

16. Further, as provided under Regulation 8(1) of the 2014 Tariff Regulations, the tariff allowed for the period from 1.4.2014 to 31.3.2019 has been trued-up. The tariff for the 2019-24 period is determined under Regulation 8 of the 2019 Tariff Regulations.

17. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid 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. However, none of the respondents have filed reply in the matter.

18. The hearing in this matter was held on 24.6.2020. Having heard the representatives of the Petitioner and having perused the material on record, we proceed to dispose of the petition.

19. This order is issued considering the submissions of the Petitioner in the petition dated 9.10.2019 and Petitioner's affidavit dated 8.7.2020.

**REVISION OF TRANSMISSION CHARGES OF THE 2004-09 AND 2009-14 TARIFF PERIODS**





20. The Petitioner has sought revision of the computation of IoL, maintenance spares for working capital and depreciation allowed for the 2004-09 period based on the judgements of the APTEL dated 22.1.2007 in Appeal No. 81/2005 and dated 13.6.2007 in Appeal No.139/2006. APTEL while dealing with the issue of computation of IoL in its judgement dated 22.1.2007 observed that IoL for the period 1.4.1998 to 31.3.2001 shall be computed only on normative loan repayment as per its judgement dated 14.11.2006 in Appeal Nos.94 and 96 of 2005. APTEL vide its judgement dated 14.11.2006 had set aside the Commission's methodology of computation of loan on the basis of actual repayment or normative repayment whichever is higher and held that the Commission is required to adopt normative debt repayment methodology for working out the IoL liability for the period from 1.4.1998 to 31.3.2001. In view of the above, the interest allowed for the 2004-09 period is being revised on the basis of the normative debt repayment methodology. Relevant portion of the judgement dated 14.11.2006 is as follows:

*"12. We have heard the arguments of the Senior Counsel(s) of appellant and respondents. We notice that the appellant has not challenged the formula for computing the annual repayment amount as provided in Appeal No. 96 of 2005 & IA No.117 of 2006 in Appeal No. 94 of 2005 para-22 of the impugned order and has only challenged the provisions at para 23 specifying that the amount of annual repayment for calculation of interest on loan is chosen higher of the normative debt and actual debt.*

*13. As mentioned earlier the servicing of the capital (equity or debt) is financed by the recovery of interest on debt capital and through earning of return on equity capital. The actual loan repayment has been normalized to 50% of the total capital by the formula in para 22 of the impugned order given in para 11 above. Once it has been decided and agreed that the financing plan would be based on normative debt-equity ratio of 50:50 and not the actual debt-equity ratio, the same normative basis should be adopted for recovery of cost of servicing the capital.*

*14. In the instant case since the normative debt-equity ratio of 50:50 has been adopted in the financing plan, the loan repayment should be computed based on normative debt. This is to ensure that whatever normative debt has been considered, tariff should ensure the recovery of the same normative debt and interest thereon."*

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*18. In its Tariff Regulation of 2004 the Central Commission perhaps recognizing the aforesaid anomaly has dispensed with the practice of adopting higher of actual or normative repayment and has corrected the method of determination of quantum of debt repayment only on the basis of the normative debt with effect from 01.04.2004*



19. *In view of the above, the Central Commission is required to adopt normative debt repayment methodology for working out the interest on loan liability for the period 01.04.1998 to 31.03.2001.*”

21. APTEL vide its judgement dated 13.6.2007 in Appeal No.139 of 2006 and others held that Additional Capital Expenditure (ACE) after the date of commercial operation should also be considered for computation of maintenance spares. The relevant portion of the judgement dated 13.6.2017 is as under:

***“Analysis and Decision***

*We are not inclined to agree with the contention of the respondents that escalation of 6% will take care of the additional capitalization. Escalation is meant to factor inflation and is allowed as per CERC Regulations whether or not additional capitalization takes place. Question before us is that: can the historical cost be frozen with the Commissioning of the station. It is quite normal and prudent to ensure earliest operation of the plant without necessarily 100% completion of plants and works, of course not at the cost of safety of the plant. Adding some of the plants and works after the commercial operation will reduce interest during construction. If technically it is possible to delay some of the plants or works, it is only prudent to do so. For example it is common to build redundancies in the plant at a little later stage. CERC’s own regulations rightly recognized additional capitalization. It is pertinent to set out excerpts pertaining to additional capitalization from CERC (Terms & Conditions of Tariff) Regulation, 2004 Clause 18 as below:-*

*“Additional capitalization (1) The following capital expenditure within the original scope of work actually incurred after the date of commercial operation and up to the cut off date may be admitted by the Commission, subject to prudence check:*

- (i) Deferred liabilities*
- (ii) Works deferred for execution*
- (iii) Procurement of initial capital spares in the original scope of work, subject to ceiling specified in regulation 17.*
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and*
- (v) On account of change in law.*

*Provided that original scope of work along with estimates of expenditure shall be submitted along with the application for provisional tariff.*

*Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation of the generating station.”*

*It is clear from the abovementioned Clause 18 of the CERC Regulations that additional capitalization after the date of commercial operation is recognized as part of the capital expenditure Historical cost does not literally mean that the cost on the date of the commercial operation. The term historical cost is used so as to distinguish it from ‘book value’ or ‘the replacement cost’. The cost of maintenance spares limited to 1% of the historical cost corresponds to the plant and equipment and installations which are required to be maintained. If the cost of additional equipment is not included in the historical cost, how spares for the additional equipment be procured for maintenance of*



*the additional equipment. In this view of the matter, the CERC needs to examine afresh in the light of the aforesaid observations.”*

22. In view of the above, the maintenance spares to be considered for computation of working capital for the 2004-09 period are also required to be revised taking into consideration the ACE after the date of commercial operation.

23. With regard to depreciation, APTEL in its judgement dated 13.6.2007 in Appeal No.139 of 2006 observed that depreciation is an expense and it cannot be deployed for deemed repayment of loan and accordingly directed the Commission to compute the outstanding loan afresh. The relevant portion of the judgement is as under:

***“Analysis and Decision***

*In the orders of this Tribunal dated November 14, 2006 and January 24, 2007 it has been laid down that the computation of outstanding loan will be on normative basis only (instead of normative or actual whichever is higher). In view of this there is no question of any adjustment of the depreciation amount as deemed repayment of loan.*

*It is to be understood that the depreciation is an expense and not an item allowed for repayment of loan. If a corporation does not borrow, it would not mean that the corporation will not be allowed any depreciation. Depreciation is an expense it represents a decline in the value of asset because of use, wear or obsolescence. The Accounting Principles Board of USA defines depreciation as under:-*

*“The cost of a productive facility is one of the costs of the service it renders during its useful economic life. Generally accepted accounting principles require that this cost be spread over the expected useful life of the facility in such a way as to allocate it as equitably as possible to the periods during which services are obtained from the use of the facility. This procedure is known as depreciation accounting, a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation”*

*It is well established that the depreciation is an expense and therefore, it cannot be deployed for deemed repayment of loan. In this view of the matter the CERC shall need to make a fresh computation of outstanding loan in the light of the aforesaid observations.”*

24. Accordingly, in view of the above directions of APTEL, the outstanding loan allowed for the instant assets for the 2004-09 tariff periods is revised in the instant order.



25. The revision of tariff allowed for 2004-09 tariff period necessitates the revision of tariff allowed for the 2009-14 period, which is also being done in the instant order. The implementation of the directions of APTEL in case of the Petitioner was kept pending the outcome of civil appeals filed before the Hon'ble Supreme Court. Hence, taking into consideration the facts of the case and keeping in view the interest of the consumers, we are of the view that the beneficiaries should not be burdened with the carrying cost for the difference in the tariff allowed earlier and allowed in the instant order for the 2004-09 and 2009-14 tariff periods. Therefore, the Petitioner will neither claim nor pay any carrying cost from the beneficiaries for the difference, if any, in the tariff allowed earlier and that allowed in the instant order. Further, the said difference in tariff shall be recovered/paid over a period of six months from the date of issue of this order.

### **2004-09 Period**

26. The Commission vide order dated 21.8.2009 in Petition No.86/2006 had approved the following transmission charges for the instant assets for the 2004-09 period:

(₹ in lakh)

<b>Asset-1</b>					
<b>Particular</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Depreciation	12.60	12.60	12.60	12.60	12.60
Interest on Loan	12.93	11.98	11.04	10.09	9.14
Return on Equity	28.28	28.28	28.28	28.28	28.28
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	3.06	3.14	3.23	3.32	3.41
O&M Expenses	60.05	62.46	64.96	67.54	70.26
<b>Total</b>	<b>116.92</b>	<b>118.47</b>	<b>120.11</b>	<b>121.83</b>	<b>123.70</b>

(₹ in lakh)

<b>Asset-2</b>					
<b>Particular</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Depreciation	58.33	58.33	58.33	58.33	58.33
Interest on Loan	115.66	109.01	101.68	93.60	84.68
Return on Equity	50.32	50.32	50.32	50.32	50.32
Advance against Depreciation	25.90	34.54	44.06	54.55	66.13



<b>Asset-2</b>					
<b>Particular</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Interest on Working Capital	8.61	8.87	9.15	9.44	9.76
O&M Expenses	51.73	53.80	56.01	58.16	60.57
<b>Total</b>	<b>310.56</b>	<b>314.88</b>	<b>319.55</b>	<b>324.41</b>	<b>329.80</b>

27. The Petitioner has claimed the revised transmission charges for the transmission assets with effect from 1.4.2007 and the same has been summarised hereunder:

(₹ in lakh)

<b>Asset-1</b>		
<b>Particular</b>	<b>2007-08</b>	<b>2008-09</b>
Depreciation	12.60	12.60
Interest on Loan	10.09	9.14
Return on Equity	28.28	28.28
Advance against Depreciation	0.00	0.00
Interest on Working Capital	3.32	3.41
O&M Expenses	67.54	70.26
<b>Total</b>	<b>121.83</b>	<b>123.70</b>

(₹ in lakh)

<b>Asset-2</b>		
<b>Particular</b>	<b>2007-08</b>	<b>2008-09</b>
Depreciation	58.33	58.33
Interest on Loan	93.60	84.68
Return on Equity	50.32	50.32
Advance against Depreciation	54.56	66.14
Interest on Working Capital	9.54	9.86
O&M Expenses	58.16	60.57
<b>Total</b>	<b>324.50</b>	<b>329.91</b>

28. We have considered the Petitioner's claim. The transmission charges allowed for the instant transmission assets for the 2004-09 tariff period are being revised based on the following:

- a) Admitted capital cost of ₹380.47 lakh as on 1.4.2004 in respect of Asset-1 and ₹2166.18 lakh for Asset-2 after adjusting FERV difference of ₹95.46 lakh;
- b) Weighted Average Rate of Interest on actual loan adopted from order dated 21.8.2009 in Petition No.86/2006;



- c) Weighted Average Rate of Depreciation, Rate of Interest for Working Capital and O&M Expenses as per order dated 21.8.2009 in Petition No.86/2006; and
- d) The impact of de-capitalisation on maintenance spares has been considered in the same year in which de-capitalisation was done.

29. In view of the above, the revised transmission charges allowed for the instant transmission assets for the 2004-09 tariff period are as follows:

(₹ in lakh)

Asset-1		
Particular	2007-08	2008-09
Depreciation	12.60	12.60
Interest on Loan	10.09	9.14
Return on Equity	28.28	28.28
Advance against Depreciation	0.00	0.00
Interest on Working Capital	3.32	3.41
O&M Expenses	67.54	70.26
<b>Total</b>	<b>121.83</b>	<b>123.69</b>

(₹ in lakh)

Asset-2		
Particular	2007-08	2008-09
Depreciation	58.33	58.33
Interest on Loan	93.60	84.68
Return on Equity	50.32	50.32
Advance against Depreciation	54.56	66.14
Interest on Working Capital	9.39	9.70
O&M Expenses	58.16	60.57
<b>Total</b>	<b>324.35</b>	<b>329.75</b>

### 2009-14 Period

30. The Commission vide order dated 4.11.2010 in Petition No.153/2010 had approved the tariff for the transmission assets for the 2009-14 period and subsequently, vide order dated 18.3.2016 in Petition No. 171/TT/2014 had trued up the tariff allowed for the 2009-14 period and the same is as follows:

(₹ in lakh)

Asset -1					
Particular	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	20.22	9.20	9.20	9.20	9.20
Interest on Loan	6.53	4.83	4.30	4.08	3.89



Return on Equity	37.72	39.10	39.14	39.14	39.61
Interest on Working Capital	4.08	4.00	4.15	4.32	4.51
O&M Expenses	54.66	57.78	61.08	64.59	68.28
<b>Total</b>	<b>123.21</b>	<b>114.91</b>	<b>117.88</b>	<b>121.34</b>	<b>125.50</b>

(₹ in lakh)

<b>Asset – 2</b>					
<b>Particular</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Depreciation	114.56	114.56	114.56	114.56	34.29
Interest on Loan	62.47	47.58	41.13	37.54	36.44
Return on Equity	67.12	69.58	69.65	69.65	70.49
Interest on Working Capital	7.33	7.20	7.20	7.27	5.75
O&M Expenses	44.82	47.36	50.08	53.01	56.03
<b>Total</b>	<b>296.30</b>	<b>286.28</b>	<b>282.63</b>	<b>282.03</b>	<b>203.00</b>

31. The Petitioner has claimed the following revised transmission charges for the transmission assets for the 2009-14 tariff period:

(₹ in lakh)

<b>Asset – 1</b>					
<b>Particular</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Depreciation	20.22	9.20	9.20	9.20	9.20
Interest on Loan	6.53	4.83	4.30	4.08	3.89
Return on Equity	37.72	39.10	39.14	39.14	39.61
Interest on Working Capital	4.08	4.00	4.15	4.32	4.51
O&M Expenses	54.66	57.78	61.08	64.59	68.28
<b>Total</b>	<b>123.21</b>	<b>114.91</b>	<b>117.88</b>	<b>121.34</b>	<b>125.50</b>

(₹ in lakh)

<b>Asset – 2</b>					
<b>Particular</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Depreciation	114.56	114.56	114.56	114.56	34.29
Interest on Loan	62.47	47.58	41.13	37.54	36.44
Return on Equity	67.12	69.58	69.65	69.65	70.49
Interest on Working Capital	7.33	7.20	7.20	7.27	5.75
O&M Expenses	44.82	47.36	50.08	53.01	56.03
<b>Total</b>	<b>296.30</b>	<b>286.28</b>	<b>282.62</b>	<b>282.03</b>	<b>203.00</b>

32. We have considered the Petitioner's claim. The tariff is allowed for the transmission assets for the 2009-14 tariff period based on the following:

- Admitted capital cost of ₹380.47 lakh and ₹2166.18 lakh as on 1.4.2009 for Assets-1 and 2 respectively;





- b) Weighted Average Rate of Interest on actual loan derived/ adopted from order dated 18.3.2016 in Petition No. 171/TT/2014;
- c) Weighted Average Rate of Depreciation as per order dated 18.3.2016 in Petition No.171/TT/2014; and
- d) There is no ACE during 2009-14 tariff period.

33. In view of the above, the revised transmission charges allowed for the transmission assets for the 2009-14 tariff period are as follows:

(₹ in lakh)

<b>Asset –1</b>					
<b>Particular</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Depreciation	20.22	9.20	9.20	9.20	9.20
Interest on Loan	6.53	4.83	4.30	4.08	3.89
Return on Equity	37.72	39.10	39.14	39.14	39.61
Interest on Working Capital	4.08	4.00	4.15	4.32	4.51
O&M Expenses	54.66	57.78	61.08	64.59	68.28
<b>Total</b>	<b>123.21</b>	<b>114.91</b>	<b>117.88</b>	<b>121.34</b>	<b>125.50</b>

(₹ in lakh)

<b>Asset – 2</b>					
<b>Particular</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Depreciation	114.56	114.56	114.56	114.56	34.29
Interest on Loan	62.47	47.58	41.13	37.54	36.44
Return on Equity	67.12	69.58	69.65	69.65	70.49
Interest on Working Capital	7.33	7.20	7.20	7.27	5.75
O&M Expenses	44.82	47.36	50.08	53.01	56.03
<b>Total</b>	<b>296.30</b>	<b>286.28</b>	<b>282.63</b>	<b>282.03</b>	<b>202.99</b>

### **TRUING UP OF ANNUAL FIXED CHARGES FOR 2014-19 TARIFF PERIOD**

34. The Commission vide order dated 18.3.2016 in Petition No. 171/TT/2014 had approved the tariff for the 2014-19 period as under:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particular</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Depreciation	41.99	41.99	41.99	41.99	41.99
Interest on Loan	39.48	36.77	34.05	31.33	28.62
Return on Equity	110.10	110.10	110.10	110.10	110.10
Interest on Working Capital	10.71	10.86	11.01	11.17	11.34
O&M Expenses	114.00	117.81	121.73	125.75	129.90
<b>Total</b>	<b>316.28</b>	<b>317.52</b>	<b>318.88</b>	<b>320.34</b>	<b>321.94</b>





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

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

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particular</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Depreciation	42.00	42.00	42.00	42.40	41.27
Interest on Loan	40.89	38.08	35.26	32.17	29.09
Return on Equity	110.18	110.69	110.63	109.75	109.17
Interest on Working Capital	10.74	10.90	11.05	11.19	11.31
O&M Expenses	114.00	117.81	121.73	125.75	129.90
<b>Total</b>	<b>317.81</b>	<b>319.48</b>	<b>320.67</b>	<b>321.26</b>	<b>320.74</b>

37. The details of the Interest on Working Capital claimed by the Petitioner in respect of the Combined Asset are as under:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particular</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
O & M Expenses	9.50	9.82	10.14	10.48	10.83
Maintenance Spares	17.10	17.67	18.26	18.86	19.49
Receivables	52.97	53.25	53.44	53.54	53.46
Total	79.57	80.74	81.84	82.88	83.78
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
<b>Interest on Working Capital</b>	<b>10.74</b>	<b>10.90</b>	<b>11.05</b>	<b>11.19</b>	<b>11.31</b>

### **Effective Date of Commercial Operation (E-COD)**

38. The Petitioner has claimed E-COD of the Combined Asset as 3.8.2000. Based on the trued up admitted capital cost and actual COD of all assets, the E-COD has been worked out as follows:



Computation of Effective COD						
Asset	Actual COD	Admitted Capital Cost as on 31.3.2014 (₹ in lakh)	Weight of the cost (%)	No. of Days from last COD	Weighted Days	Effective COD (Latest COD – Total weighted Days)
Asset - 1	1-4-1998	380.47	14.94	1006	150.30	3.8.2000
Asset - 2	1-1-2001	2166.18	85.06	0	0	
<b>Total</b>			<b>100.00</b>		<b>150.30</b>	

39. E-COD has been used to determine the lapsed life of the project, which works out as thirteen (13) years as on 1.4.2014 (i.e. the number of completed years as on 1.4.2014 from E-COD).

### **Weighted Average Life (WAL)**

40. The life as defined in Regulation 27 of the 2014 Tariff Regulations has been considered for determination of Weighted Average Life.

41. 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.

42. WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2014 and their respective life as stipulated in the 2014 Tariff Regulations. Accordingly, WAL of the Combined Asset has been worked out as 33 years as shown below:

Admitted Capital Cost as on 31.3.2014				
Particulars	Combined Cost (₹ in lakh) (a)	Life as per 2014 Regulation (Years) (b)	Weighted Cost (₹ in lakh) (a) x (b)	Weighted average life of asset (in years)
Building	10.75	25	268.75	<b>33.09 years rounded</b>
Transmission Line	2112.33	25	73931.55	
Sub-station	373.41	35	9335.25	



PLCC	50.16	25	752.40	<b>to 33 years</b>
Leasehold Land	0.00	15	0.00	
<b>Total</b>	<b>2546.65</b>		<b>84287.95</b>	

43. WAL as on 1.4.2014 determined above is applicable prospectively (i.e. for 2014-19 tariff period onwards) and no retrospective adjustment of depreciation in previous tariff period is required to be done. As discussed at para 37 and 38 above, E-COD of the Combined Asset is 3.8.2000 and the lapsed life of the project as a whole works out as thirteen (13) years on 1.4.2014 (i.e. number of completed years as on 1.4.2014 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2014 to be 20 (i.e. 33 – 13) years.

#### **Capital Cost as on 1.4.2014**

44. The capital cost of the Combined Asset has been calculated in accordance with the Regulation 9(3) and Regulation 9(6) of the 2014 Tariff Regulations. The Commission vide order dated 18.3.2016 in Petition No.171/TT/2014 had approved the transmission tariff for the instant assets for the 2014-19 period based on admitted capital cost of ₹2546.65 lakh as on 1.4.2014 for the Combined Asset. The Petitioner has not claimed any additional capital expenditure during the 2014-19 tariff period. Accordingly, the capital cost of ₹2546.65 lakh has been considered for the purpose of truing up of the tariff of the 2014-19 tariff period.

#### **De-capitalization**

45. The Petitioner has claimed de-capitalization of ₹40.52 lakh during 2017-18 on account of re-conductoring in Asset-1, i.e. 132 kV D/C Agartala-Agartala transmission line w.e.f. 8.2.2018. The Petitioner has submitted that re-conductoring has been done in the NERSS-IV project covered under the Petition No. 237/TT/2018 as approved by NERPC. The Petitioner has reduced the gross block of the instant assets by the original value of the de-capitalized asset i.e. ₹40.52 lakh in the year of de-



capitalization i.e. 2017-18 and has submitted Auditor's certificate dated 31.7.2019 in support of the same.

46. The Petitioner has claimed adjustment in cumulative depreciation by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful life. The Petitioner has submitted Form-10B with details of original value of asset de-capitalized, debt-equity ratio at the time of capitalization, cumulative depreciation and cumulative repayment w.r.t to the de-capitalized asset. The Petitioner has prayed to allow recovery of the unrecovered depreciation of the de-capitalized asset in the petition where reconductoring in the NERSS-IV project has been covered.

47. Taking into consideration of the decapitalization amounting to ₹40.52 lakh as also corresponding cumulative depreciation and repayment, the capital cost considered for computation of tariff (with no recovery of unrecovered depreciation as claimed) is as follows:

(₹ in lakh)

Particular	Capital cost as on 31.3.2014 (1)	De-capitalization during 2014-19 2017-18 (2)	Total capital cost including additional capitalization as on 31.3.2019 (3)=(1)-(2)
	Capital Cost allowed in this order	2546.65	40.52

### **Debt-Equity Ratio**

48. The debt-equity ratio has been allowed in accordance with Regulation 19(3) of the 2014 Tariff Regulations by considering the debt-equity ratio allowed for determination of tariff for the period ending on 31.3.2014. Accordingly, the debt-equity ratio of 77.95:22.05 for the period ending on 31.3.2014, considered for the purpose of determination of tariff of the 2014-19 tariff period has been considered for the purpose



of truing up of the tariff of the Combined Asset for the 2014-19 tariff period. The details of the debt-equity ratio as on 1.4.2014 and 31.3.2019 of the Combined Asset are as follows:

<b>Funding</b>	<b>Capital cost as on 1.4.2014 (₹ in lakh)</b>	<b>(%)</b>	<b>Total cost as on 31.3.2019 (₹ in lakh)</b>	<b>(%)</b>
Debt	1985.20	77.95	1953.61	77.95
Equity	561.45	22.05	552.52	22.05
<b>Total</b>	<b>2546.65</b>	<b>100.00</b>	<b>2506.13</b>	<b>100.00</b>

### **Interest on Loan (“IoL”)**

49. The Petitioner has fully repaid the actual loan availed for the purpose of the Combined Asset during 2014-15. However, normative loan is outstanding. Accordingly, as per Regulation 26(5) of the 2014 Tariff Regulations, IoL is allowed for 2014-19 tariff period are as under:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particular</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Gross Normative Loan	1985.20	1985.20	1985.20	1985.20	1953.61
Cumulative Repayments up to Previous Year	1353.90	1395.89	1437.88	1479.87	1497.24
Net Loan-Opening	631.30	589.31	547.32	505.33	456.37
Addition due to Additional Capitalization	0.00	0.00	0.00	-31.59	0.00
Repayment during the year	41.99	41.99	41.99	40.92	41.35
Adjustment of cumulative repayment pertaining to decapitalized asset	0.00	0.00	0.00	23.55	0.00
Net Loan-Closing	589.31	547.32	505.33	456.37	415.02
Average Loan	610.30	568.31	526.32	480.85	435.69
Weighted Average Rate of Interest on Loan (%)	6.700	6.700	6.700	6.700	6.700
<b>Interest on Loan</b>	<b>40.89</b>	<b>38.08</b>	<b>35.26</b>	<b>32.22</b>	<b>29.19</b>

50. Accordingly, IoL approved vide order dated 18.3.2016 in Petition No. 171/TT/2014, claimed by the Petitioner in the instant petition and trued up in respect of the Combined 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 18.3.2016 in Petition No. 171/TT/2014	39.48	36.77	34.05	31.33	28.62
Claimed by the Petitioner in the instant petition	40.89	38.08	35.26	32.17	29.09
Allowed after true-up in this order	40.89	38.08	35.26	32.22	29.19

### **Return on Equity ("RoE")**

51. The Petitioner is entitled to RoE for the Combined Asset in terms of Regulations 24 and 25 of the 2014 Tariff Regulations. The Petitioner has submitted that it is liable to pay income tax at MAT rates and has claimed 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	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

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

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

Year	Notified MAT rates (inclusive of surcharge & cess) (in %)	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

53. The MAT rates 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 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

54. Accordingly, RoE allowed for the Combined Asset is as follows:

(₹ in lakh)

Combined Asset					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	561.45	561.45	561.45	561.45	552.52
Additions	0.00	0.00	0.00	-8.93	0.00
Closing Equity	561.45	561.45	561.45	552.52	552.52
Average Equity	561.45	561.45	561.45	556.99	552.52
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50	15.50
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
<b>Return on Equity</b>	<b>110.10</b>	<b>110.63</b>	<b>110.63</b>	<b>109.75</b>	<b>109.17</b>

55. Accordingly, RoE approved vide order dated 18.3.2016 in Petition No. 171/TT/2014, claimed by the Petitioner in the instant petition, allowed and trued up in the instant order in respect of the Combined 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 18.3.2016 in Petition No. 171/TT/2014	110.10	110.10	110.10	110.10	110.10
Claimed by the Petitioner in the instant petition	110.18	110.69	110.63	109.75	109.17
Allowed after true-up in this order	110.10	110.63	110.63	109.75	109.17

### Depreciation

56. The depreciation has been worked out as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. The depreciation allowed for the Combined Asset is as follows:

(₹ in lakh)

Combined Asset					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	2546.65	2546.65	2546.65	2546.65	2506.13
Additional Capitalisation	0.00	0.00	0.00	-40.52	0.00
Closing Gross Block	2546.65	2546.65	2546.65	2506.13	2506.13
Average Gross Block	2546.65	2546.65	2546.65	2526.39	2506.13
Weighted Average Rate of Depreciation (%)	Spread	Spread	Spread	Spread	Spread
Balance useful life of the asset	20	19	18	17	16
Elapsed life at the beginning of the year	13	14	15	16	17
Aggregated Depreciable Value	839.83	797.83	755.84	2273.75	2255.52
<b>Depreciation during the year</b>	<b>41.99</b>	<b>41.99</b>	<b>41.99</b>	<b>40.92</b>	<b>41.35</b>
Aggregate Cumulative Depreciation	1494.15	1536.14	1578.13	1593.94	1635.29
Remaining Aggregate Depreciable Value at the end of the year	797.83	755.84	713.85	654.70	620.23

57. Accordingly, depreciation approved vide order dated 18.3.2016 in Petition No. 171/TT/2014, claimed by the Petitioner in the instant petition, allowed and trued up in the instant order in respect of the Combined 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 18.3.2016 in Petition No. 171/TT/2014	41.99	41.99	41.99	41.99	41.99
Claimed by the Petitioner in the instant petition	42.00	42.00	42.00	42.40	41.27
Allowed after true-up in this order	41.99	41.99	41.99	40.92	41.35

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**Operation & Maintenance Expenses (O&M Expenses)**

58. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. The details of the O&M Expenses claimed by the Petitioner for Combined Asset and allowed under Regulation 29(4)(a) of the 2014 Tariff Regulations for purpose of tariff are as under:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particulars</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Sub-station bays</b>					
132 kV Bays (AIS)at Agartala S/s – Nos.	2	2	2	2	2
132 kV Bay (AIS) Agartala-Kumarghat – Nos.	1	1	1	1	1
<b>Norm (₹ lakh/bay)</b>					
132 kV (AIS)	30.15	31.15	32.18	33.25	34.36
<b>Total Sub-station O&amp;M</b>	<b>90.45</b>	<b>93.45</b>	<b>96.54</b>	<b>99.75</b>	<b>103.08</b>
<b>AC &amp; HVDC Lines</b>					
132 kV D/C Single Conductor R C Nagar – Agartala (km)	8.384	8.384	8.384	8.384	8.384
132 kV S/C Single Conductor R C Nagar – Kumarghat (km)	104.020	104.020	104.020	104.020	104.020
<b>Norms(₹ lakh/km)</b>					
S/C Single Conductor	0.20	0.21	0.22	0.22	0.23
D/C Single Conductor	0.30	0.31	0.32	0.33	0.35
<b>Total Transmission Line</b>	<b>23.55</b>	<b>24.36</b>	<b>25.18</b>	<b>26.00</b>	<b>26.83</b>
<b>Total O&amp;M Expenses</b>	<b>114.00</b>	<b>117.81</b>	<b>121.72</b>	<b>125.75</b>	<b>129.91</b>

59. Accordingly, O&M Expenses approved vide order dated 18.3.2016 in Petition No. 171/TT/2014, claimed by the Petitioner in the instant petition, allowed and trueed up in the instant order in respect of the Combined Asset is shown in the table below:

(₹ in lakh)

<b>Particulars</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Allowed earlier in order dated 18.3.2016 in Petition No. 171/TT/2014	114.00	117.81	121.73	125.75	129.90
Claimed by the Petitioner in the instant petition	114.00	117.81	121.73	125.75	129.90
Allowed after true-up in this order	114.00	117.81	121.72	125.75	129.91



### **Interest on Working Capital (IWC)**

60. The Petitioner is entitled for 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**

Operation and maintenance 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.



61. 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	9.50	9.82	10.14	10.48	10.83
Maintenance Spares	17.10	17.67	18.26	18.86	19.49
Receivables	52.95	53.24	53.44	53.30	53.49
Total Working Capital	79.55	80.73	81.85	82.64	83.80
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
<b>Interest of working capital</b>	<b>10.74</b>	<b>10.90</b>	<b>11.05</b>	<b>11.16</b>	<b>11.31</b>

62. Accordingly, IWC approved vide order dated 18.3.2016 in Petition No. 171/TT/2014, claimed by the Petitioner in the instant petition, allowed and trued up in the instant order in respect of the Combined 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 18.3.2016 in Petition No. 171/TT/2014	10.71	10.86	11.01	11.17	11.34
Claimed by the Petitioner in the instant petition	10.74	10.90	11.05	11.19	11.31
Allowed after true-up in this order	10.74	10.90	11.05	11.16	11.31

### **Approved Annual Fixed Charges for the 2014-19 Tariff Period**

63. The trued up annual fixed charges for the Combined Assets for the tariff period 2014-19 are summarised below:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	41.99	41.99	41.99	40.92	41.35
Interest on Loan	40.89	38.08	35.26	32.22	29.19
Return on Equity	110.10	110.63	110.63	109.75	109.17
Interest on Working Capital	10.74	10.90	11.05	11.16	11.31
O & M Expenses	114.00	117.81	121.72	125.75	129.91
<b>Total</b>	<b>317.73</b>	<b>319.42</b>	<b>320.66</b>	<b>319.79</b>	<b>320.93</b>

64. Accordingly, the annual fixed charges in respect of the Combined Asset as approved vide order dated 18.3.2016 in Petition No. 171/TT/2014, claimed by the



Petitioner in the instant petition and tried up in the instant order in respect of the Combined Asset are shown in the table below:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 18.3.2016 in Petition No. 171/TT/2014	316.28	317.52	318.88	320.34	321.94
Claimed by the Petitioner in the instant petition	317.81	319.48	320.67	321.26	320.74
Allowed after true-up in this order	317.73	319.42	320.66	319.79	320.93

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

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	41.26	41.27	41.25	41.27	41.24
Interest on Loan	26.33	23.56	20.80	18.04	15.27
Return on Equity	103.77	103.77	103.77	103.77	103.77
Interest on Working Capital	6.00	6.09	6.17	6.26	6.34
O&M Expenses	78.61	81.25	84.17	87.02	90.07
<b>Total</b>	<b>255.97</b>	<b>255.94</b>	<b>256.16</b>	<b>256.36</b>	<b>256.69</b>

66. The details of the Interest on Working Capital claimed by the Petitioner for the Combined Asset for 2019-24 tariff period is as under:

Particular	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O & M Expenses	6.55	6.77	7.01	7.25	7.51
Maintenance Spares	11.79	12.19	12.63	13.05	13.51
Receivables	31.47	31.55	31.58	31.61	31.56
<b>Total</b>	<b>49.81</b>	<b>50.51</b>	<b>51.22</b>	<b>51.91</b>	<b>52.58</b>
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
<b>Interest on Working Capital</b>	<b>6.00</b>	<b>6.09</b>	<b>6.17</b>	<b>6.26</b>	<b>6.34</b>

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



## **Capital Cost**

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

*“(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.”

69. The capital cost of ₹2506.13 lakh has been considered for the Combined Asset as on 31.3.2019. The Petitioner has not claimed any ACE during the 2019-24 tariff period. Therefore, the capital cost of ₹2506.13 lakh as on 31.3.2019 has been



considered for the purpose of determination of transmission tariff for the 2019-24 tariff period in accordance with Regulation 19 of the 2019 Tariff Regulations.

### **Debt-Equity Ratio**

70. 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.”*

71. 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:

<b>Particulars</b>	<b>Capital cost as on 1.4.2019 (₹ in lakh)</b>	<b>%</b>	<b>Capital cost as on 31.3.2024 (₹ in lakh)</b>	<b>%</b>
Debt	1953.61	77.95	1953.61	77.95
Equity	552.52	22.05	552.52	22.05
<b>Total</b>	<b>2506.13</b>	<b>100.00</b>	<b>2506.13</b>	<b>100.00</b>

### **Return on Equity (RoE)**

72. Regulation 30 and Regulation 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. 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.”

73. 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. The RoE has been allowed for the Combined Asset as follows:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Opening Equity	552.52	552.52	552.52	552.52	552.52
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	552.52	552.52	552.52	552.52	552.52
Average Equity	552.52	552.52	552.52	552.52	552.52
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
<b>Return on Equity</b>	<b>103.77</b>	<b>103.77</b>	<b>103.77</b>	<b>103.77</b>	<b>103.77</b>

### **Interest on Loan (“IoL”)**

74. 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 project, 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”.

75. We have considered the submissions of Petitioner. The Petitioner has repaid the entire loan availed for the purpose of the instant asset before 1.4.2019. However, normative loan is outstanding as on 1.4.2019. Accordingly, as per Regulation 32(5) of the 2019 Tariff Regulations, IoL is allowed for the 2019-24 tariff period are as under:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particular</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Gross Normative Loan	1953.61	1953.61	1953.61	1953.61	1953.61
Cumulative Repayments up to Previous Year	1562.14	1603.49	1644.84	1686.19	1727.53
Net Loan-Opening	391.47	350.12	308.77	267.42	226.08
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Repayment during the year	41.35	41.35	41.35	41.35	41.35
Net Loan-Closing	350.12	308.77	267.42	226.08	184.73
Average Loan	370.79	329.45	288.10	246.75	205.40
Weighted Average Rate of Interest on Loan (%)	6.700	6.700	6.700	6.700	6.700



Interest on Loan	24.84	22.07	19.30	16.53	13.76
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## Depreciation

76. 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 up to 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.”

77. IT equipment has been considered as a part of the Gross Block and depreciated using WAROD. WAROD has been worked out after taking into account the depreciation rates of IT and non-IT assets as prescribed 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:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	2506.13	2506.13	2506.13	2506.13	2506.13
Additional Capital Expenditure	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	2506.13	2506.13	2506.13	2506.13	2506.13



Average Gross Block	2506.13	2506.13	2506.13	2506.13	2506.13
Weighted Average Rate of Depreciation (%)	Spread	Spread	Spread	Spread	Spread
Balance useful life of the asset	15	14	13	12	11
Elapsed life at the beginning of the year	18	19	20	21	22
Aggregate Depreciable Value	2255.52	2255.52	2255.52	2255.52	2255.52
<b>Depreciation during the year</b>	<b>41.35</b>	<b>41.35</b>	<b>41.35</b>	<b>41.35</b>	<b>41.35</b>
Aggregate Cumulative Depreciation	1676.64	1717.99	1759.34	1800.68	1842.03
Remaining Aggregate Depreciable Value at the end of the year	578.88	537.53	496.18	454.83	413.48

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

78. Regulation 35(3)(a) and 35(4) of the 2019 Tariff Regulations specifies 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:*

<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433





Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

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

*Provided further that:*

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;*
  - ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
  - iii. the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*
  - iv. the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;*
  - v. the O&M expenses of ±800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme; and*
  - vi. the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.*
- (b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of sub-station bays, transformer capacity of the transformer (in MVA) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA and per km respectively.*



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

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

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

79. The O&M Expenses claimed by the Petitioner are as follows:

(₹ in lakh)					
<b>Combined Asset</b>					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Sub-station bays</b>					
132 kV Bays (AIS) at Agartala S/s – Nos.	2	2	2	2	2
132 kV Bays (AIS) Agartala-Kumarghat – Nos.	1	1	1	1	1
<b>Norm (₹ lakh/bay)</b>					
132 kV	16.080	16.640	17.230	17.830	18.460
<b>Total Sub-station O&amp;M</b>	<b>48.24</b>	<b>49.92</b>	<b>51.69</b>	<b>53.49</b>	<b>55.38</b>
<b>AC &amp; HVDC Lines</b>					
132 kV D/C Single Conductor RC Nagar – Agartala (km)	8.384	8.384	8.384	8.384	8.384
132 kV S/C Single Conductor RC Nagar – Kumarghat(km)	104.020	104.020	104.020	104.020	104.020
<b>Norms(₹ lakh/km)</b>					
S/C Single Conductor	0.252	0.260	0.270	0.279	0.289
D/C Single Conductor	0.377	0.391	0.404	0.419	0.433
<b>Total Transmission Line O&amp;M</b>	<b>29.37</b>	<b>30.33</b>	<b>31.48</b>	<b>32.53</b>	<b>33.69</b>
<b>Communication System</b>					
PLCC (₹ in lakh)	50.16	50.16	50.16	50.16	50.16
<b>Norms (%)</b>					
Communication System	2.000	2.000	2.000	2.000	2.000
<b>Total Communication System</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b>Total O&amp;M Expenses</b>	<b>78.61</b>	<b>81.25</b>	<b>84.17</b>	<b>87.02</b>	<b>90.07</b>

80. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. 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 has 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.”*

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



81. O&M Expenses are allowed as per the norms specified in the 2019 Traiff Regulations for the Combined Asset for the 2019-24 tariff period and they are as follows:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Sub-station bays</b>					
132 kV Bays (AIS) at Agartala S/s – Nos.	2	2	2	2	2
132 kV Bays (AIS) Agartala-Kumarghat – Nos.	1	1	1	1	1
<b>Norm (₹ lakh/bay)</b>					
132 kV	16.080	16.640	17.230	17.830	18.460
<b>Total Sub-station O&amp;M</b>	<b>48.24</b>	<b>49.92</b>	<b>51.69</b>	<b>53.49</b>	<b>55.38</b>
<b>AC &amp; HVDC Lines</b>					
132 kV D/C Single Conductor RC Nagar – Agartala (km)	8.384	8.384	8.384	8.384	8.384
132 kV S/C Single Conductor RC Nagar – Kumarghat (km)	104.020	104.020	104.020	104.020	104.020
<b>Norms(₹ lakh/km)</b>					
S/C Single Conductor	0.252	0.260	0.270	0.279	0.289
D/C Single Conductor	0.377	0.391	0.404	0.419	0.433
<b>Total Transmission Line O&amp;M</b>	<b>29.37</b>	<b>30.32</b>	<b>31.47</b>	<b>32.53</b>	<b>33.69</b>
<b>Total O&amp;M Expenses</b>	<b>77.61</b>	<b>80.24</b>	<b>83.16</b>	<b>86.02</b>	<b>89.07</b>

### **Interest on Working Capital (“IWC”)**

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

*“34. Interest on Working Capital*

*(1)...*

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

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

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



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

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

**“3. Definitions ...**

*(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;”*

83. The Petitioner has submitted that it has computed IWC for the 2019-24 tariff period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1year 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 the Combined Asset is as follows:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
O&M Expenses	6.47	6.69	6.93	7.17	7.42
Maintenance Spares	11.64	12.04	12.47	12.90	13.36
Receivables	31.17	31.20	31.23	31.25	31.21
Total Working Capital	49.28	49.92	50.63	51.32	51.99
Rate of Interest (%)	12.05%	11.25%	11.25%	11.25%	11.25%
<b>Interest on Working Capital</b>	<b>5.94</b>	<b>5.62</b>	<b>5.70</b>	<b>5.77</b>	<b>5.85</b>

**Annual Fixed Charges for the 2019-24 Tariff Period**

84. The transmission charges allowed for the Combined Asset for the 2019-24 tariff period are summarised below:

(₹ in lakh)

<b>Combined Asset</b>					
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Depreciation	41.35	41.35	41.35	41.35	41.35



<b>Combined Asset</b>					
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Interest on Loan	24.84	22.07	19.30	16.53	13.76
Return on Equity	103.77	103.77	103.77	103.77	103.77
Interest on Working Capital	5.94	5.62	5.70	5.77	5.85
O & M Expenses	77.61	80.24	83.16	86.02	89.07
<b>Total</b>	<b>253.52</b>	<b>253.06</b>	<b>253.28</b>	<b>253.45</b>	<b>253.81</b>

### **Filing Fee and Publication Expenses**

85. 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**

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

### **Security Expenses**

87. 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 a yearly basis based on 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.

88. 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 based on 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**

89. 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.

90. We have considered the submissions of the Petitioner. GST is not levied on transmission service at present and we are of the view that Petitioner's prayer is premature and the Petitioner is at liberty to approach the Commission if GST is levied subsequently.



### **Capital Spares**

91. 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**

92. 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.

93. To summarise, revised Annual Fixed Charges (AFC) allowed for the Assets-1 and 2 for the 2007-09 tariff period and revised AFC for the Assets-1 and 2 for the 2009-14 tariff period and the trued-up AFC approved for the Combined Asset for the 2014-19 tariff period are as under:

(₹ in lakh)		
Assets	2007-08	2008-09
Asset-1	121.83	123.69
Asset-2	324.35	329.75

(₹ in lakh)					
Assets	2009-10	2010-11	2011-12	2012-13	2013-14
Asset-1	123.21	114.91	117.88	121.34	125.50
Asset-2	296.30	286.28	282.63	282.03	202.99

(₹ in lakh)					
Combined Asset	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	317.73	319.42	320.66	319.79	320.93

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



	(₹ in lakh)				
<b>Combined Asset</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Annual Fixed Charges</b>	<b>253.52</b>	<b>253.06</b>	<b>253.28</b>	<b>253.45</b>	<b>253.81</b>

94. This order disposes of Petition No. 479/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)
Asset	Land	0.00	0.00	0.00	-	-	-	-	-
	Building	10.75	10.75	3.34	-	-	-	-	-
	Transmission Line	2112.33	2078.45	5.28	-	-	-	-	-
	Sub-Station	373.41	366.77	5.28	-	-	-	-	-
	PLCC	50.16	50.16	6.33	-	-	-	-	-
	Leasehold Land	0.00	0.00	3.34	-	-	-	-	-
	IT Equipment and software	0.00	0.00	15.00	-	-	-	-	-
	<b>TOTAL</b>	<b>2546.65</b>	<b>2506.13</b>		<b>41.99</b>	<b>41.99</b>	<b>41.99</b>	<b>40.92</b>	<b>41.35</b>
<b>Average Gross Block (₹ in lakh)</b>					<b>2546.65</b>	<b>2546.65</b>	<b>2546.65</b>	<b>2526.39</b>	<b>2506.13</b>
<b>Weighted Average Rate of Depreciation (%)</b>					<b>Spread</b>	<b>Spread</b>	<b>Spread</b>	<b>Spread</b>	<b>Spread</b>



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 1.4.2014				2014-15 (₹ in lakh)	2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Asset	Land	0.00	0.00	0.00	-	-	-	-	-
	Building	10.75	10.75	3.34	-	-	-	-	-
	Transmission Line	2078.45	2078.45	5.28	-	-	-	-	-
	Sub-Station	366.77	366.77	5.28	-	-	-	-	-
	PLCC	50.16	50.16	6.33	-	-	-	-	-
	Leasehold Land	0.00	0.00	3.34	-	-	-	-	-
	IT Equipment and software	0.00	0.00	15.00	-	-	-	-	-
	<b>TOTAL</b>	<b>2506.13</b>	<b>2506.13</b>		<b>41.35</b>	<b>41.35</b>	<b>41.35</b>	<b>41.35</b>	<b>41.35</b>
<b>Average Gross Block (₹ in lakh)</b>					<b>2506.13</b>	<b>2506.13</b>	<b>2506.13</b>	<b>2506.13</b>	<b>2506.13</b>
<b>Weighted Average Rate of Depreciation (%)</b>					<b>Spread</b>	<b>Spread</b>	<b>Spread</b>	<b>Spread</b>	<b>Spread</b>

