CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 485/TT/2019

Coram:

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

Date of Order : 07.07.2021

In the Matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for determination of Transmission Tariff from COD to 31.3.2019 for 315 MVA, 400/220 kV ICT along with associated bays at Fatehabad Sub-station under “Augmentation of Transformation capacity at Fatehabad (PG)” in Northern Region.

And in the matter of:

Power Grid Corporation of India Limited
"Saudamini", Plot No.2,
Sector-29, Gurgaon -122 001 **……Petitioner**

Versus

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Vidyut Marg,
Jaipur - 302 005.

2. Ajmer Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur- 302 017 (Rajasthan).

3. Jaipur Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302 017 (Rajasthan).

4. Jodhpur Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302 017 (Rajasthan).

5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,

Shimla-171 004.

6. Punjab State Electricity Board,
Thermal Shed TIA, Near 22 Phatak,
Patiala-147 001.

7. Haryana Power Purchase Centre (HPPC),
Shakti Bhawan, Sector-6,
Panchkula (Haryana) 134 109.

8. Power Development Department (PDD),
Government of Jammu & Kashmir,
Mini Secretariat, Jammu.

9. Uttar Pradesh Power Corporation Limited (UPPCL),
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg
Lucknow - 226 001.

10. Delhi Transco Limited (DTL),
Shakti Sadan, Kotla Road,
New Delhi-110 002.

11. BSES Yamuna Power Limited (BYPL),
B Block, Shakti Kiran Building,
(Near Karkardooma Court),
Karkardooma, 2nd Floor,
Delhi-110 092.

12. BSES Rajdhani Power Limited (BRPL),
BSES Bhawan, Behind Nehru Place,
New Delhi-110019.

13. Tata Power Delhi Distribution Limited (TPDDL),
33 kV Substation Building,
Hudson Lane, Kingsway Camp,
North Delhi – 110009.

14. Chandigarh Administration,
Sector -9, Chandigarh.

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

16. North Central Railway,
Allahabad.

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

New Delhi-110 002. **…Respondents**

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

For Respondent: Shri R. B. Sharma, Advocate, BRPL
Shri Mohit Mudgal, Advocate, BRPL
Shri Sanjay Srivastava, BRPL

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for determination of tariff from COD to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations") in respect of 315 MVA, 400/220 kV ICT along with associated bays at Fatehabad Sub-station (hereinafter referred to as "the transmission asset") under "Augmentation of Transformation capacity at Fatehabad (PG) in Northern Region" (hereinafter referred to as "the transmission project").

2. The Petitioner has made the following prayers:

"1) Approve the Transmission Tariff for the tariff block 2014-19 for the assets covered under this petition.

2) Allow the tariff (₹10.78 lakhs for 2018-19) for replaced/shifted ICT at Ballabhgarh/ Fatehabad S/s In addition to the tariff claimed.

3) Allow tariff as 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for purpose of inclusion in the PoC charges.

4) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred / projected to be incurred.

5) Allow the petitioner to bill and recover GST on Transmission charges separately from the respondents, if GST on Transmission of electricity is withdrawn from the exempted (negative) list at any time in future. Further any taxes and duties including cess, etc. imposed by any Statutory/Govt./Municipal Authorities shall be allowed to be recovered from the beneficiaries.

6) 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 under clause 25 of the Tariff Regulations 2014.

7) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition.

8) Allow the Petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

9) 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 2014-19 period, if any, from the respondents.

10) Allow to approach the Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike from 01.01.2017 onwards.

and pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice."

Backdrop of the petition

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

(a) The Investment Approval (IA) for the transmission project was accorded by the Competent Authority of the Petitioner at an estimated cost of ₹1135 lakh including IDC of ₹72 lakh based on October, 2016 price level (communicated vide Memorandum Ref no. C/CP/IA/ICT at Fatehabad dated 24.3.2017).

(b) The scope of the work covered under the transmission project was discussed and agreed in the 36th meeting of Standing Committee on Power System Planning of Northern Region held on 13.7.2015. Subsequently, the project was also discussed and agreed in the 36th meeting of Northern Regional Power Committee held on 24.12.2015.

(c) The entire scope of the work as per IA is covered in the instant petition. The scope of work covered under the transmission project is as follows:

Sub-station

(i) Extension of 400/220 kV Fatehabad Sub-station.

(a) 315 MVA 400/220 kV Transformer : 1 number.*

(b) 400 kV ICT Bays : 1 number.

(c) 220 kV ICT Bays : 1 number.

**(The ICT at Fatehabad is to be provided from the 400/220 kV, 315 MVA ICTs at Ballabhgarh which are being replaced by 500 MVA, 400/220 ICTs).*

(d) The transmission asset consists of two parts, i.e. the 315 MVA 400/220 kV ICT, which was shifted from Ballabhgarh sub-station to Fatehbad sub-station (hereinafter referred to as "Asset-1(b)") and associated bays and equipment (one 400 kV ICT bay and one 220 kV ICT bay) (hereinafter referred to as "Asset-1(a)").

(e) Asset-1(b) was put into commercial operation in Ballabhgarh sub-station on 1.7.2002. It was agreed in the 36th Standing Committee Meeting on Power System Planning of NR held 13.7.2015 and the 36th NRPC and 32nd TCC Meeting held on 23.12.2015 to shift the said ICT from Ballabhgarh sub-station to Fatehabad sub-station.

(f) During the hearing on 19.8.2020, the Petitioner requested to submit revised tariff forms in respect of Asset-1(b) as the Commission vide order dated 9.1.2020 partly allowed the Review Petition No. 38/RP/2018 and also allowed the tariff of Asset-1(b) in Petition No. 189/TT/2014. The Commission allowed the Petitioner to submit the revised tariff forms along with other information.

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspaper by the Petitioner. Notice dated 14.1.2020 directing the beneficiaries/ Respondents to file reply in the matter was also published on the Commission's

website. Uttar Pradesh Power Corporation Limited (UPPCL), Respondent No. 9, has filed its reply *vide* affidavit dated 28.12.2019 and has raised the issues of cost variation, additional capital expenditure (ACE), initial spares, carrying cost and recovery of license filing fee etc. BSES Rajdhani Power Limited (BRPL), Respondent No. 12, vide affidavit dated 7.2.2020 has filed its reply and has raised the issues of engaging outside agencies to represent the interests of consumers in hearings before the Commission, correction in previous orders dated 28.1.2016 in Petition No. 189/TT/2014 and order dated 9.1.2020 in Review Petition No. 38/RP/2018 wherein the Commission wrongly allowed the tariff for ICT not in use and recovery of application filing fee and publication expenses, etc. The Petitioner *vide* its affidavits dated 12.2.2020 and 12.10.2020 filed its rejoinder to the reply of UPPCL and BRPL respectively. The issues raised by Respondents and the clarifications given by the Petitioner are considered in the relevant portions of this order.

6. The hearing in this matter was held on 19.8.2020 through video conference and the order was reserved.

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

8. This order is issued considering the submissions made by the Petitioner in the petition, UPPCL and BRPL's reply and the Petitioner's rejoinders and the Petitioner's reply to queries raised in TV (technical validation) letter.

9. BRPL has submitted that representation of consumer's interest and their participation in the tariff determination proceedings is an integral part of the hearing. Referring to Regulation 18 of the Central Electricity Regulatory Commission (Conduct

of Business) Regulations, 1999, BRPL has submitted that some association, forum or body corporate recognized by the Commission may be asked to represent the interest of consumers during hearings of the instant petition. BRPL has further submitted that one of the said agencies may be instructed to represent the consumers' interest in the instant case and the same is also provided for in Section 94(3) of the Electricity Act, 2003.

10. We have considered the submissions of BRPL. The Commission, in various orders, including *vide* order dated 8.2.2021 in Petition No. 406/TT/2020 has rejected BRPL's plea for engaging an agency to represent the consumers in the proceedings before the Commission. No pressing need is felt for engagement of any agency to represent the interest of consumers as Notice was published in the newspapers in accordance with the Electricity Act, 2003 and the 2014 Tariff Regulations inviting comments from general public and the stakeholders. Accordingly, the submissions of BRPL for engaging any agency to represent the consumer's interest in the present petition are rejected.

ANNUAL FIXED CHARGES FOR 2014-19 TARIFF PERIOD

11. The Petitioner has claimed the following Annual Transmission Charges in respect of Asset-1(a) and Asset-1(b):

(₹ in lakh)

Particulars	Asset-1(a)	Asset-1(b)
	2018-19 (pro-rata for 91 days)	
Depreciation	9.01	11.90
Interest on Loan	9.82	0.70
Return on Equity	10.04	6.29
Interest on Working Capital	2.07	0.39
O & M Expenses	29.52	0.00
Total	**60.46**	**19.28**

12. The details of the Interest on Working Capital (IWC) claimed by the Petitioner in respect Asset-1(a) and Asset-1(b) are as follows:-

(₹ in lakh)

Particulars	Asset-1(a)	Asset-1(b)
	2018-19 (pro-rata for 91 days)	
Maintenance Spares	17.52	0.00
O&M expenses	9.74	0.00
Receivables	39.88	12.89
Total	**67.14**	**12.89**
Rate of Interest	12.20%	12.20%
Interest on working capital	**2.07**	**0.39**

Date of Commercial Operation (COD)

13. The Petitioner has claimed COD of the transmission asset as 31.12.2018 and has submitted CEA energisation certificate dated 21.12.2018 issued under Regulation 43 of Central Electricity Authority (Measures Related to Safety & Electricity Supply) Regulations, 2010 and CMD certificate. Taking into consideration of the CEA energisation certificate, and CMD certificate, the COD of the transmission asset-is approved as 31.12.2018.

14. We also note that Asset-1(b) is an existing asset and the Commission had approved its COD as 1.7.2002 under "315 MVA, 440/220 kV ICT-IV at Ballabhgarh Sub-station with associated bay equipment in Northern Region" vide order dated 13.4.2005 in Petition No. 110/2002 and accordingly tariff was granted.

Time over-run

15. As per the IA dated 24.3.2017, the transmission project was scheduled to be executed within 30 months from the date of IA. Accordingly, the scheduled COD of the transmission asset was 24.9.2019, against which the transmission asset was put into commercial operation on 31.12.2018. Thus, there is no time over-run.

Shifting of the 315 MVA 400/220 kV ICT from Ballabhgarh sub-station to Fatehabad sub-station i.e. Asset-1(b)

16. During the hearing on 13.2.2020, the Petitioner has submitted that Asset-1(b) is shifted from Ballabhgarh sub-station as 500 MVA 400/220 kV ICT has been installed at Ballabhgarh sub-station on 3.7.2017. The Petitioner further submitted that the cost of Asset-1(b) is not included in the Audited certificate covered in the instant petition.

17. During the hearing on 19.8.2020, the representative of the Petitioner submitted that in terms of order dated 20.7.2018 in Petition No. 116/TT/2017, the tariff in respect of 315 MVA 400/220 kV ICT-IV at Ballabhgarh sub-station [Asset-1(b) of the instant petition)] has been discontinued from 3.7.2017 after its de-capitalization. He submitted that the tariff in respect of Asset-1(b) may be allowed from 31.12.2018 to 31.3.2019 on pro-rata basis. The Petitioner also prayed to allow carrying cost from 3.7.2017 to 30.12.2018 in respect of Asset-1(b) as the same was done for proper utilization of the system in consultation with beneficiaries after concurrence of RPC.

18. The Petitioner vide affidavit dated 16.11.2020 has submitted the revised tariff forms in respect of Asset-1(b). The Petitioner has further submitted that the cost of Asset-1(b) has been de-capitalised in Petition No. 210/TT/2020 at the stage of true-up of tariff of the 2014-19 tariff period and has submitted the copy of the Auditor's Certificate dated 5.11.2019 filed in Petition No 210/TT/2020 showing the de-capitalization of cost of Asset-1(b).

19. Accordingly, the Petitioner has claimed the transmission tariff separately for Asset-1(b) and for Asset-1(a) as detailed below:

Sr. No.	Name of Asset	COD claimed	Asset Nomenclature considered by the Commission
1	Switchgear, structure for switchyard,	31.12.2018	Asset-1(a)

	bus bar, conductors, insulator etc. for installation of 315 MVA, 400/220 kV ICT along with associated bays at Fatehabad Sub-station	(actual)	
2	315 MVA 400/220 kV ICT shifted from Ballabhgarh Sub-station (only ICT)	31.12.2018 (re-capitalisation date) [1.7.2002 (actual)]	Asset-1(b)

20. We have considered the submissions of the Petitioner. As stated in earlier part of this order, COD of the transmission asset has been approved as 31.12.2018. Asset-1(a), i.e. the bays and the associated equipment in Fatehabad sub-station is a new asset and has to be serviced from its COD, i.e. 31.12.2018. However, Asset-1(b), the ICT shifted from Ballabhgarh sub-station, is an existing asset which has already been granted tariff since its COD on 1.7.2002, has completed around 16 years of its useful life. Taking into consideration the submission of the Petitioner for allowing separate tariff for Asset-1(a) and Asset-1(b) and the fact that the remaining useful life of Asset-1(a) and Asset-1(b) is not the same, separate tariff is allowed for Asset-1(a) and Asset-1(b).

Capital Cost

21. Clauses (1), (2), (3) and (6) of Regulation 9 of the 2014 Tariff Regulations provide as follows:

> *"(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of 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;*
> *(bi) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period shall form part of the capital cost.*
> *(c) Increase in cost in contract packages as approved by the Commission;*
> *(d) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;*

(e) capitalised Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;
(f) expenditure on account of additional capitalization and de-capitalisation determined in accordance with Regulation 14 of these regulations;
(g) adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and
(h) adjustment of any revenue earned by the transmission licensee by using the assets before COD.

(3) The Capital cost of an existing project shall include the following:
(a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014;
(b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 14; and
(c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15;"

"(6) The following shall be excluded or removed from the capital cost of the existing and new project:
(a) The assets forming part of the project, but not in use;
(b) Decapitalisation of Asset;
(c) In case of hydro generating station any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State government by following a two stage transparent process of bidding; and
(d) the proportionate cost of land which is being used for generating power from generating station based on renewable energy: Provided that any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation;"

22. The Petitioner has claimed the following capital cost incurred as on COD and additional capital expenditure (ACE) projected to be incurred in respect of Asset-1(a) and submitted Auditor's Certificate in support of the same:

(₹ in lakh)

Asset	FR Approved Capital Cost	Capital Cost up to COD	Projected Additional Capital Expenditure		Estimated Completion Cost
			2018-19	2019-20	
Asset-1(a)	1134.65	445.11	460.44	99.34	1004.89

23. The Petitioner has submitted that against the total FR cost of ₹1134.65 lakh, the estimated completion cost of Asset-1(a) is ₹1004.89 lakh. The estimated completion cost is within the FR approved cost. Hence, there is no cost over-run.

24. UPPCL has submitted that as per Form-5 submitted by the Petitioner, the capital cost including IDC, FC, FARB and hedging cost is ₹1134.65 lakh and the cost

variation when compared to the FR approved capital cost is to be tune of ₹129.76 lakh. Therefore, the Petitioner should explain the reasons for variation in the cost item-wise.

25. In response, the Petitioner has submitted that the estimates are prepared as per well-defined procedures of cost estimating. The FR cost estimate is broad indicative cost worked out generally on the basis of average unit rates of recently awarded contracts/ general practice. The estimated cost of the Asset-1(a) at October, 2016 price level works out to ₹1135 lakh including an IDC of ₹72 lakh. Unit rates for 400/220 kV sub-station works has been taken from Schedule of Rates (which has been prepared based on the average of unit rates of latest LoAs/ bids and/or from raw material prices) for October, 2016 price level.

26. We have considered the submissions of the Petitioner and UPPCL. It is observed that the estimated capital cost is lower than the FR approved cost as pointed out by UPPCL.

Interest During Construction (IDC)

27. The Petitioner has claimed Interest During Construction (IDC) of ₹0.14 lakh for Asset-1(a) and submitted Auditor's Certificate dated 28.3.2019 in support of the same. The Petitioner has submitted the statement showing IDC discharged up to COD as follows:-

(₹ in lakh)

Asset	IDC as per Auditor's certificate	IDC discharged up to COD	IDC discharged during 2018-19
Asset-1(a)	0.14	0.00	0.14

28. The Petitioner has submitted IDC computation statements which consist of the name of the loan, drawl date, loan amount, interest rate and interest claimed. IDC is

worked out based on the details given in the IDC statement. Further, the loan amount as on COD has been mentioned in Form 6 and Form 9C. The allowable IDC has been worked out based on the available information and relying on loan amount as given in Form 9C. Accordingly, the details of IDC considered for tariff computation, subject to revision at the true up is as follows:

(₹ in lakh)

Asset	IDC claimed as per Auditor's certificate	Allowable IDC as on COD (Accrual)	Allowable IDC as on COD (Cash basis)	Un-discharged liability discharged in 2018-19
Asset-1(a)	0.14	0.14	0.00	0.14

Incidental Expenditure During Construction (IEDC)

29. The Petitioner has claimed Incidental Expenditure During Construction (IEDC) of ₹11.36 lakh for Asset-1(a) and submitted Auditor's Certificate dated 28.3.2019, in support of the same. The details of IEDC claimed and allowed is tabulated below which shall be reviewed at the time of truing up:

(₹ in lakh)

Asset	IEDC claimed as per Auditor's certificate	Allowable IEDC as on COD
Asset-1(a)	11.36	11.36

Initial Spares

30. The Petitioner has claimed initial spares of ₹77.02 lakh corresponding to brownfield sub-station for Asset-1(a) and has submitted Auditor's Certificate dated 28.3.2019 in support of the same. UPPCL has contended that the Petitioner has claimed initial spares up to 7.75% as against 6% specified in Regulation 13 of the 2014 Tariff Regulations for brownfield sub-station. The initial spares should be allowed @6% as provided in Regulation 13 of the 2014 Tariff Regulations. In response, the Petitioner has submitted that initial spares for the sub-station exceeded the ceiling prescribed in the 2014 Tariff Regulations. However, the same has been procured for the smooth and reliable operation of the asset. The Petitioner has further

submitted that the details and justification of initial spares procured has already been submitted in the instant petition and requested to allow the initial spares as claimed.

31. The Petitioner vide affidavit dated 18.3.2020 has submitted details of year-wise capitalisation and discharge of initial spares up to COD. The details of initial spares claimed by the Petitioner is as follows:

(₹ in lakh)

Asset	Element	Plant and machinery Cost excluding IDC, IEDC, Land Expenditure	Initial spares claimed	Expenditure on Initial Spares up to COD and included in Auditor Certificate	Expenditure on Initial Spares and included in ACE of 2018-19	Expenditure on Initial Spares and included in ACE of 2019-20
Asset-1(a)	Sub-station (Brown field)	993.39	77.02	45.03	25.59	6.40

32. We have considered the submissions made by the Petitioner and UPPCL. The initial spares have been allowed for the purpose of tariff calculation considering the Plant and Machinery cost excluding IDC, IEDC and land expenses up to 31.3.2019, subject to ceiling limit of 6% as specified in the 2014 Tariff Regulations. Accordingly, the initial spares allowed is as follows:

(₹ in lakh)

Asset	Element	Plant and machinery Cost excluding IDC, IEDC, Land Expenditure up to 31.03.2019	Initial spares claimed	Initial spares allowed	Initial spares allowed up to COD	Initial spares allowed in 2018-19
	1	**2**	**3**	**4**	**5**	**6**
Asset-1(a)	Sub-station	894.05	77.02	52.15	45.03	7.12

Re-capitalisation of Asset-1(b)

33. The Petitioner vide affidavit dated 18.3.2020 has submitted the revised Form-10B in respect of the Asset-1(b) and the Auditor's Certificate and claimed re-capitalisation of Asset-1(b) as per the following details:

(₹ in lakh)

Year of decapitali-sation	Year and COD of the asset/ equipment being decapitali-sed	Original book value of the asset being decapitali-sed	Debt-Equity ratio at the time of capitali-sation	Cumulative depreciation corresponding to decapitali-sation date	Cumulative repayment of loan corresponding to decapitali-sation	Net Book Value	Year and date of recapitali-sation claimed in the instant petition
2017-18 (2.7.2017)	2002-03 (1.7.2002)	428.91	70:30	266.98	266.98	161.93	2018-19 (31.12.2018)

34. UPPCL has submitted that the Petitioner has requested for the payment of carrying cost of ICT from 3.7.2017 to 31.12.2018 which is about ₹172 lakh. The carrying cost is the O&M Expenses of the equipment from the date of de-capitalisation to the date of re-capitalisation. UPPCL has submitted that the carrying cost is not payable as the Commission in order dated 20.7.2018 in Petition No. 116/TT/2017 had disallowed the O&M Expenses or carrying cost of 315 MVA 400/220 kV ICT, which covers the entire tariff of 315 MVA 400/220 kV 3rd ICT for the 2017-18 and 2018-19 period. Therefore, carrying cost or O&M Expense of the de-capitalized ICT for the period from 3.7.2017 to 31.1.20218 is not allowable. Asset-1(b) was de-capitalized on 3.7.2017 and re-capitalized on 31.12.2018 and during the intervening period, it was under the suspense head “stock”. Therefore, additional O&M Expenses in the name of carrying cost is not payable by the beneficiaries.

35. In response, the Petitioner has submitted that no O&M Expenses are claimed w.r.t replaced ICT in the instant petition as respective bays of replaced ICTs at Ballabhgarh sub-station are being utilized along with 500 MVA 400/220 kV ICT in Petition No. 116/TT/2017 under NRSS XXXII. The Petitioner has further submitted that in the instant petition, the Petitioner is claiming carrying cost of replaced/ shifted ICT to meet the liability of loan and RoE.

36. BRPL has submitted that the Petitioner is claiming tariff of the transmission asset for 2014-15, 2015-16 and part of 2017-18 at Ballabhgarh sub-station in the

current petition when it is not entitled for it as it was not in use. Further, the Petitioner is claiming tariff for the period from 31.12.2018 to 31.3.2019 of Asset-1(b) at Ballabhgarh sub-station though the same is shifted to Fatehabad sub-station. The Petitioner does not follow the regulatory provisions and conceals vital information. BRPL has submitted that the order dated 20.7.2018 in Petition No. 116/TT/2017 is perfectly in order even correcting the erroneous order in Petition No. 189/TT/2014. BRPL by placing reliance on APTEL's judgment dated 12.5.2015 in Appeal No. 129 & Ors. has requested to now correct the order dated 28.1.2016 in Petition No. 189/TT/2014 and the order dated 9.1.2020 in Review Petition No. 38/RP/2018 in Petition No. 116/TT/2016. BRPL further requested to direct the Petitioner to file the modified petition by including the depreciated value of Asset-1(b) in the capital cost.

37. In response, the Petitioner has made the following submissions:

(a) All the details have been submitted with regard to replacement and shifting of ICT-IV at Ballabhgarh sub-station and the details of de-capitalization (Form 10B) along with the order dated 20.7.2018 in Petition No. 116/TT/2017, wherein it has been stated that the year of de-capitalization is 2017-18. Further, the Petitioner has also de-capitalized the Gross Block of ICT-IV at Ballabhgarh sub-station in Petition No. 210/TT/2020. Copy of Auditor certificate of ICT-IV at Ballabhgarh sub-station showing the de-capitalization has been enclosed in the instant petition.

(b) The Petitioner filed Petition No. 116/TT/2017 claiming tariff for "Augmentation of Transformation capacity at 400/220 kV Ballabhgarh sub-station by installing 500MVA ICT-IV" under NRSS-XXXII. The Commission vide order dated 20.7.2018 in Petition No. 116/TT/2017 disallowed the Gross Block of ₹428.91 lakh of replaced ICT-IV at Ballabhgarh sub-station and additionally discontinued the transmission tariff of ICT-IV at Ballabhgarh sub-station in Petition No. 189/TT/2014. Thereafter, the Petitioner filed Petition No. 38/RP/2018 against the order dated 20.7.2018 in Petition No. 116/TT/2017 as there was double reduction of tariff, i.e. deduction of Gross Block and discontinuation of transmission tariff approved vide order dated 28.1.2016 in Petition No. 189/TT/2014. Accordingly, the Petitioner has claimed the additional transmission tariff in the instant petition just to mitigate the double deduction of transmission tariff w.r.t. ICT-IV at Ballabhgarh sub-station.

(c) The Commission *vide* order dated 9.1.2020 in Review Petition No. 38/RP/2018 has already withdrawn the direction of discontinuation of tariff in Petition No. 189/TT/2014.

38. The Petitioner was directed to submit the revised tariff forms for the shifted asset. In response, the Petitioner *vide* affidavit dated 16.11.2020 has submitted the revised tariff forms for the shifted ICT i.e. Asset-1(b) and made the following submissions:

(a) As the Petitioner has already de-capitalized the gross block of shifted ICT in Petition No.210/TT/2020, transmission tariff for shifted ICT is being claimed in the instant petition. Transmission tariff for shifted ICT is as follows:

(₹ in lakh)

Sr. No.	Name of the Asset	2018-19
1	Asset-1(b): 315 MVA ICT at Fatehabad (Shifted from Ballabhgarh Sub-station) (only ICT)	19.28

(b) Entire actual loan has already been repaid. However, normative loan is still outstanding as shown in revised tariff Form-2. Therefore, weighted average rate of interest is being considered as per weighted average rate of interest *vide* order dated 30.4.2021 in Petition No. 210/TT/2020.

(c) The Petitioner has de-capitalized gross block of shifted ICT on 2.7.2017 and further re-capitalized it on 31.12.2018 and requested to allow carrying cost of ₹5.14 lakh from 3.7.2017 to 30.12.2018.

(d) ICT was shifted from Ballabhgarh sub-station to Fatehabad sub-station as per discussion/ consent vide 36th Standing Committee Meeting on Power System Planning in Northern Region held on 13.7.2015 and in 36th NRPC held on 24.12.2015. Therefore, carrying cost from 3.7.2017 to 30.12.2018 may be allowed under Regulation 54 (Power to Relax) and Regulation 55 (Power to remove difficulty) of the 2014 Tariff Regulations.

39. The Commission in order dated 30.4.2021 in Petition No. 210/TT/2020 has already dealt with the issue of de-capitalisation of Asset-1(b) at Ballabhgarh sub-station in detail. The relevant portion of the order dated 30.4.2021 is extracted hereunder for reference:

> *"48. Accordingly, the Petitioner should have de-capitalised the entire capital cost of ₹585.52 lakh as on 3.7.2017 but did not de-capitalise the complete cost of the 315 MVA ICT at Ballabgarh Sub-station in Petition No. 116/TT/2017. Out of the total admitted capital cost of ₹585.52 lakh, only ₹428.91 lakh has been de-capitalised as on 3.7.2017 and the cost of bays of ₹156.61 lakh has not been de-capitalised. The Petitioner has sought truing up of the unrecovered capital cost of ₹156.61 lakh towards bays at Ballabgarh Sub-station beyond 3.7.2017 in Petition No. 210/TT/2020. After de-capitalisation, the remaining unrecovered capital cost if any towards bays at Ballabhgarh Sub-station shall be dealt in the relevant true up petition of 500 MVA ICT at Ballabhgarh Sub-station. The Petitioner should have de-capitalised the entire capital cost of ₹585.52 lakh as on 12.6.2017 and claimed the written down value of the asset where it is capitalised. Accordingly, the Petitioner should have claimed the cost of the bays at Ballabgarh Sub-station alongwith the capital cost of the 500 MVA ICT in Petition No.116/TT/2017. If the Petitioner has not claimed the unrecovered cost of the 315 MVA ICT, if any, in Petition No.116/TT/2017, it may claim the same at the time of truing up alongwith the cost of the 500 MVA ICT at Ballabgarh Sub-station from 3.7.2017 and the same will be dealt as per applicable Regulations.*
>
> *49. The Petitioner vide affidavit dated 9.3.2021 has submitted that the actual date of removal of 315 MVA ICT-IV at Ballabhgarh is 12.6.2017, however, the same is de-capitalised w.e.f. 2.7.2017 i.e. one day prior to augmentation to 500 MVA ICT. As the 315 MVA ICT has been actually removed on 12.6.2017, it was not in use for the period from 12.6.2017 till it was installed in Fatehabad. Therefore, we consider 12.6.2017 as the date of de-capitalisation. Accordingly, we true-up the capital cost of the transmission asset from 1.4.2014 to the date of actual de-capitalisation date i.e. 12.6.2017 in this order.*
>
> *50. As regards issue of shifting cost, transportation cost etc., the Commission made the following observations in RoP of hearing dated 10.3.2021 in Petition No.210/TT/2020:*
>
> > *(a) The Commission may allow trued up tariff till the date of de-capitalization which was 12.6.2017. The cost related to decommissioning, shifting and storage of the decommissioned ICT was claimed under NRSS-XXXII in Petition No. 116/TT/2017 and cost related to transportation and re-erection was claimed under Augmentation of Transformation Capacity at Fatehabad in Petition No. 485/TT/2019.*
> >
> > *(b) In response to a query, the representative of the Petitioner submitted that only ₹428.91 lakh out of total capital cost of ₹585.52 lakh is capitalised and the remaining cost pertains to the existing bays which are being utilized under the NRSS-XXXII. In response to another query whether the information pertaining to the utilization of existing bays was submitted in Petition No. 116/TT/2017, the*

Petitioner submitted that only de-capitalization details was filed in Petition No. 116/TT/2017 and no specific information pertaining to utilization of existing bays was filed.

(c) After hearing the representatives of the Petitioner at length on the issue of de-capitalization and recapitalisation involved in numerous petitions, the Commission observed that whenever an asset or element is moved from one place to another with the consent of the beneficiaries in the RPC, it should be completely de-capitalised from the place it is removed and capitalised in the place where it is placed as per the applicable tariff regulations. The Commission also observed that the cost of shifting and the carrying cost, if any, will be considered in petition where recapitalisation is claimed, on the basis of the applicable tariff regulations as per the prevailing practice after prudence check. The Commission directed the Petitioner to make claims accordingly in all future cases. In the instant case, the Commission directed the Petitioner to claim the tariff for the recapitalized asset as stated above under Fatehabad Sub-station along with the true-up petition for NRSS-XXXII."

51. The costs related to decommissioning, shifting and storage of the de-commissioned ICT is ₹12.07 lakh and the same has been claimed in Petition No. 116/TT/2017. Further, on re-utilization of de-commissioned 315 MVA ICT, the cost related to transportation and re-erection is ₹42.30 lakh and the same is claimed in the project under which the ICT is re-utilized i.e. under Augmentation of Transformation capacity at Fatehabad (PG) in the Northern Region covered under Petition No. 485/TT/2019. So the same will be dealt in Petition No. 485/TT/2019.

52. The details of the approved capital cost as on 12.6.2017 is as under:

Capital Cost as on 31.3.2014	***Decapitalisation as on 12.6.2017***
585.52	*-585.52*

"

40. As per Regulation 9(6)(a) of the 2014 Tariff Regulations, the capital cost of the assets forming part of the project but "not in use" should be excluded from the capital cost. The Regulation 9(6) of 2014 Tariff Regulations provides as under:

"6. The following shall be excluded or removed from the capital cost of the existing and new project:
(a) The assets forming part of the project, but not in use;
(b) Decapitalisation of Asset;
(c) In case of hydro generating station any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State government by following a two stage transparent process of bidding; and
(d) the proportionate cost of land which is being used for generating power from generating station based on renewable energy:
Provided that any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation;".

41. Accordingly, we have considered the date of de-capitalisation of Asset-1(b) as 12.6.2017 and date of its re-capitalisation as 31.12.2018 in the instant petition. The Commission vide order dated 30.4.2021 in Petition No. 210/TT/2020 has de-capitalised the entire capital cost of ₹585.52 lakh against the capital cost of ₹428.91 lakh claimed by the Petitioner in respect of Asset-1(b). As regards the unrecovered cost of the 315 MVA 400/220 kV ICT, the Commission had observed that the Petitioner may claim the same at the time of truing up alongwith the cost of the 500 MVA 400/220 kV ICT at Ballabhgarh sub-station and the same will be dealt as per applicable Regulations. This is not a subject matter of this Petition. Accordingly, the re-capitalisation of the capital cost of ₹428.91 lakh in respect of 315 MVA ICT only has been considered in the instant petition. It is further observed that the Petitioner vide affidavit dated 18.3.2020 has submitted the revised Form-10B in respect of Asset-1(b) considering the date of de-capitalisation as 2.7.2017 and cumulative depreciation of ₹266.98 lakh corresponding to the gross block value of ₹428.91 lakh as on the date of de-capitalisation. However, the Commission in order dated 30.4.2021 in Petition No. 210/TT/2020 has carried out the de-capitalisation of Asset-1(b) with effect from 12.6.2017 and de-capitalised the entire gross block value of ₹585.52 lakh. Accordingly, based on the information available on record, the cumulative depreciation till the date of de-capitalisation i.e. 12.6.2017 in respect of Asset-1(b) corresponding to the gross block value of ₹428.91 lakh works out to be ₹272.38 lakh and the same has been considered in the instant petition.

42. As regards the shifting cost, the Commission in order dated 30.4.2021 in Petition No. 210/TT/2020 observed that the cost related to transportation of de-commissioned 315 MVA ICT is ₹42.30 lakh will be dealt at the time of truing up, i.e. in the instant petition. As per Form-5 of Asset-1(a), the Petitioner has claimed an

amount of ₹223.77 lakh (cash expenditure of ₹99.12 lakh up to COD and ₹124.65 lakh for committed liabilities) towards ICT refurbishment, transportation and shifting costs in respect 315 MVA ICT. However, the Petitioner has not submitted the break-up of refurbishment, transportation and shifting costs. As the Commission in earlier orders has decided that the transportation and shifting cost is in the nature of revenue expenditure and therefore the same will not be capitalised and will be allowed to be recovered as one-time exercise directly from the beneficiaries. Accordingly, out of ₹223.77 lakh, ₹42.30 lakh is allowed to be recovered on one-time basis and the remaining amount is allowed to be capitalised.

Capital Cost as on COD

43. Accordingly, the capital cost allowed as on COD under Regulation 9(2) of the 2014 Tariff Regulations is as follows:

(₹ in lakh)

Asset	Capital Cost as on COD as per Auditor's Certificate	Less: IDC disallowed as on COD due to excess claim/ time over-run	Less: amount of Shifting, transportation and re-erection of the shifted ICT cost as on COD	Capital Cost as on COD considered for tariff calculation
	1	2	3	4=1-2-3
Asset-1(a)*	445.11	0.14	42.30	402.67

**In the capital cost of Asset-1(a), the Petitioner has claimed ₹223.77 lakh (cash expenditure of ₹99.12 lakh+₹124.65 lakh of liabilities) towards ICT refurbishment/ shifting cost. Out of 223.77 lakh, 42.30 lakh is allowed to be recovered directly from the beneficiaries on one time basis and the balance amount is capitalised.*

(₹ in lakh)

Asset	Original COD	Date of recapitalisation considered in the instant petition	Original book value of the asset being recapitalised	Corresponding cumulative depreciation as on date of decapitalisation	Corresponding cumulative repayment as on date of decapitalisation
Asset-1(b)	1.7.2002	31.12.2018	428.91	272.38	272.38

Additional Capital Expenditure (ACE)

44. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cut-off date for Asset-1(a) is 31.3.2021. The Petitioner has submitted Auditor's Certificate dated 28.3.2019 for Asset-1(a) in support of the ACE for the period 2018-19 and 2019-20 which is as follows:

(₹ in lakh)

Asset	Additional Capital Expenditure claimed		Total
	2018-19	2019-20	
Asset-1(a)	460.44	99.34	559.78

45. The Petitioner has claimed ACE during 2018-19 and 2019-20 in respect of Asset-1(a). Since, 2019-20 falls beyond the 2014-19 tariff period and are not covered under the 2014 Tariff Regulations, the projected ACE claimed beyond 2018-19 has not been taken into consideration and the same shall be dealt during the next tariff period as per the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.

46. UPPCL has submitted that as per Form-7 of the petition, the Petitioner has claimed ACE to the tune of ₹460.58 lakh. The Petitioner should submit the details pertaining to item-wise balance and retention payment of ₹93.11 lakh and work executed after COD of ₹367.33 lakh with details of work, justification of work and a certificate of Auditor/ BOD to the effect that ACE is on account of works executed, which is within the original scope of work.

47. In response, the Petitioner has made the following submissions:

(a) The details of item-wise cost of ₹93.11 lakh and ₹367.33 lakh and justification of work is as follows:

(₹ in lakh)

ACE after COD		Detail of ACE after COD		
Particulars	Estimated Balance Expenditure	Balance and Retention	Work Executed after COD	Remarks

	for 2018-19	payment		
Sub-station	460.44	93.11	367.33	1) ₹93.11 lakh of Balance & Retention Payments. 2) The work was completed before COD i.e. 31.12.2018. Hence, the ACE for 2018-19 is well with cut-off date and has been claimed as per Regulation 14(1)(ii) of the 2014 Tariff Regulations.

(b) The amount of ₹ 367.33 lakh was withheld and payment has been made to contractor i.e. KEC after COD. Further, the ACE after COD during 2018-19 and 2019-20 is well within the cut-off date and is claimed under Regulation 14(1) (ii) of the 2014 Tariff Regulations.

48. We have considered the submissions of the Petitioner and UPPCL. The following ACE is approved which is subject to true up:

(₹ in lakh)

Asset-1(a)		
Particulars	**Regulation**	**2018-19**
ACE to the extent of Balance & Retention Payment and Unexecuted work	14(1) (i) & 14(1) (ii)	460.44
Add: IDC Discharged	14 (1) (i)	0.14
Less: Initial spares to be discharged in 2018-19 (disallowed)		18.47
Total Add-Cap allowed for tariff		**442.11**

<u>Capital cost for the 2104-19 tariff period</u>

49. Accordingly, the capital cost considered for the 2014-19 tariff period, subject to truing up, is as follows:

(₹ in lakh)

Asset	**Capital Cost as on COD considered for tariff calculation**	**ACE allowed during 2018-19**	**Total estimated completion cost up to 31.3.2019**
Asset-1(a)	402.67	442.11	844.78
Asset-1(b)	428.91*	-	428.91

**Gross Block Value as on the date of re-capitalisation*

Debt-Equity Ratio

50. Debt-Equity Ratio is considered in accordance with Regulation 19 of the 2014 tariff Regulations. The financial package up to COD as submitted in Form 6 has been considered to determine the debt-equity ratio in respect of Asset-1(a). In case of Asset-1(b), the debt-equity ratio of 70:30 as on the date of de-capitalisation and allowed in Petition No. 210/TT/2020 has been considered. The debt-equity as on date of commercial operation and 31.3.2019 considered on normative basis are as follows:

(₹ in lakh)

Asset-1(a) Particulars	As on COD		As on 31.3.2019	
Debt	281.87	70.00%	591.35	70.00%
Equity	120.80	30.00%	253.43	30.00%
Total	**402.67**	**100.00%**	**844.78**	**100.00%**

Asset-1(b) Particulars	As on the date of recapitalisation		As on 31.3.2019	
Debt	300.24	70.00%	300.24	70.00%
Equity	128.67	30.00%	128.67	30.00%
Total	**428.91**	**100.00%**	**428.91**	**100.00%**

51. Based on the above, tariff in respect of the transmission assets from the date of COD/ re-capitalisation date (31.12.2018) to 31.3.2019 (period of 91 days in 2018-19) is determined in subsequent paragraphs.

Depreciation

52. Depreciation has been dealt with in accordance with Regulation 27 of 2014 Tariff Regulations. Asset-1(a) was put under commercial operation during 2018-19. Accordingly, it will complete 12 years beyond the 2014-19 tariff period. Depreciation has been calculated annually based on Straight Line Method at the rates specified in Appendix-II to the 2014 Tariff Regulations. The Gross Block during 2018-19 has been

depreciated at weighted average rate of depreciation (WAROD) (as placed in Annexure-1). WAROD has been worked out taking into account the depreciation rates as specified in the 2014 Tariff Regulations

53. Asset-1(b) has already completed 12 years of life as on 31.3.2015, the remaining depreciable value of has been spread across the balance useful life in accordance with Regulation 27(5) of the 2014 Tariff Regulations.

54. Details of the depreciation allowed for the transmission assets are as follows:

(₹ in lakh)

Particulars	**Asset-1(a)**	**Asset-1(b)**
	2018-19 (pro-rata for 91 days)	
Opening Gross Block	428.91	428.91
Additional Capital expenditure	0.00	0.00
Closing Gross Block	428.91	428.91
Average Gross Block	428.91	428.91
Weighted Average Rate of Depreciation (WAROD) %	5.28%	5.28%
Balance useful life of the asset at the beginning of the FY (year)	25	10
Elapsed life of the asset at the beginning of the year (year)	0	15
Aggregated Depreciable Value	561.35	386.02
Depreciation during the Year	**8.21**	**2.83**
Aggregate Cumulative Depreciation at the end of the year	8.21	275.21
Remaining Aggregate Depreciable Value at the end of the year	553.14	110.81

<u>Interest on Loan (IoL)</u>

55. The IoL has been calculated as per the provisions of Regulation 26 of the 2014 Tariff Regulations as follows:-

(i) Gross amount of loan, repayment of instalments and rate of interest on actual loans have been considered.

(ii) The yearly repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that year.

(iii) Weighted average rate of interest on actual average loan worked out as per (i) above is applied on the notional average loan during the year to arrive at the IoL.

56. The Petitioner has submitted that the IoL has been claimed on the basis of rate prevailing as on COD and the change in interest due to floating rate of interest applicable, if any, needs to be claimed/ adjusted over the tariff block 2014-19.

57. We have considered the submissions of Petitioner. IoL is allowed on the basis of rate prevailing as on the date of commercial operation. Any change in rate of interest subsequent to the date of commercial operation will be considered at the time of truing-up. IoL is allowed considering all the loans submitted in Form-9C. The Petitioner is directed to submit the loan details (including foreign currency loan), i.e. drawl dates, repayment schedule, exchange rates, interest rates etc. and also directed to reconcile the total Gross Loan for the calculation of Weighted Average Rate of Interest and for the calculation of IDC, which would be reviewed at the time of truing-up.

58. The details of IoL approved for Asset-1(a) and Asset-1(b) are as follows:

(₹ in lakh)

Particulars	Asset-1(a)	Asset-1(b)
	2018-19 (pro-rata for 91 days)	
Gross Normative Loan	281.87	300.24
Cumulative Repayment upto previous Year	0.00	272.38
Net Loan-Opening	281.87	27.86
Addition due to Additional Capitalization	309.48	0.00
Repayment during the year	8.21	2.83
Net Loan-Closing	583.14	25.03
Average Loan	432.50	26.44
Weighted Average Rate of Interest on Loan (%)	8.30	10.33
Interest on Loan	**8.95**	**0.68**

Return on Equity (RoE)

59. The Petitioner has submitted that in respect of Asset-1(a), ROE has been calculated at the rate of 19.61% after grossing up RoE with Minimum Alternative Tax (MAT) rate of 20.961%. The Petitioner has further submitted that the grossed-up RoE is subject to truing up based on the effective tax rate of respective financial year

applicable to the Petitioner. The Petitioner has claimed RoE at the rate of 19.61% for Asset-1(b) after grossing up RoE with MAT rate of 20.961% for the year 2018-19.

60. The Petitioner has submitted that as the Petitioner is liable to pay income tax at MAT rate, the RoE has been calculated @ 19.610 % after grossing up the RoE with MAT rate of 20.961% based on the rate prescribed by the Commission as per illustration under Regulation 25(2)(i) of the 2014 Tariff Regulations. As per Regulation 25(3) of the 2014 Tariff Regulations, the grossed up rate of RoE at the end of every financial year shall be trued up 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 IT authorities pertaining to the 2014-15 to 2018-19 tariff period on actual gross income of any financial year. Any under-recovery or over-recovery of grossed up rate on RoE after truing up shall be recovered or refunded to beneficiaries on year to year basis. The Petitioner has further submitted that adjustment due to any additional tax demand including interest duly adjusted for any refund of tax including interest received from IT authorities shall be recoverable/ adjustable during/ after completion of income tax assessment of the financial year.

61. We have considered the submissions made by the Petitioner. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of RoE with the effective tax rate for the purpose of return on equity. It further provides that in case the generating company or transmission licensee is paying MAT, the MAT rate including surcharge and cess will be considered for the grossing up of return on equity. Accordingly, MAT rate applicable during the 2018-19 has been considered for the purpose of RoE, which shall be trued up with actual tax rate in accordance with Regulation 25(3) of the 2014 Tariff Regulations.

62. Accordingly, RoE approved for Asset-1(a) and Asset-1(b) is as follows:

(₹ in lakh)

Particulars	**Asset-1(a)**	**Asset-1(b)**
	2018-19 (pro-rata for 91 days)	
Opening Equity	120.80	128.67
Addition due to Additional Capitalization	132.63	0.00
Closing Equity	253.43	128.67
Average Equity	187.12	128.67
Return on Equity (Base Rate) (%)	15.50	15.50
MAT rate for the FY (%)	21.549	21.549
Rate of Return on Equity (Pre-tax) (%)	19.758	19.758
Return on Equity (Pre-tax)	**9.22**	**6.34**

Operation and Maintenance Expenses (O&M Expenses)

63. The Petitioner has claimed the `29.52 lakh of O&M Expenses for Asset-1(a). The Petitioner has submitted that O&M rates for the 2014-19 tariff period are arrived on the basis of normalized actual O&M Expenses during the period 2008-09 to 2012-13. The wage revision of the employees is due during 2014-19 and actual impact of wage hike effective from a future date has not been factored in fixation of the normative O&M rates specified for the tariff block 2014-19. The Petitioner has submitted that it would approach the Commission for suitable revision in norms for O&M Expenses for claiming the impact of wage hike during 2014-19, if any.

64. BRPL has submitted that increase in employee cost, if any, due to wage revision must be taken care by increasing the productivity levels of the Petitioner and the beneficiaries should not be burdened over and above the provisions in the 2014 Tariff Regulations. In response, the Petitioner has submitted that the wage revision of the employees of the Petitioner Company has been made effective from 1.1.2017 and actual impact of wage hike which has been effective from time to time has also not been factored in fixation of the normative O&M rates prescribed for the tariff block

2014-19. The scheme of wage revision applicable to CPSUs is binding on the Petitioner. Therefore, the Petitioner would approach the Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike from 1.1.2017 onwards. The Petitioner has submitted that the O&M Expenses have been claimed as per the 2014 Tariff Regulations and requested to allow O&M Expenses as claimed.

65. The O&M expense norms specified for Asset-1(a) under Regulation 29(4) of the 2014 Tariff Regulations are as follows:

Element	2018-19
Sub-station: 400 kV bay - (₹ lakh/bay)	68.71
Sub-station: 220 kV bay - (₹ lakh/bay)	48.10

66. We have considered the submissions of Petitioner and BRPL. O&M Expenses have been worked out for Asset-1(a) as per the norms specified in the 2014 Tariff Regulations. As regards the impact of wage revision, any application filed by the Petitioner in this regard will be dealt with in accordance with the appropriate provisions of the 2014 Tariff Regulations. The O&M Expenses claimed by the Petitioner for Asset-1(a) are in accordance with Regulation 29(4)(a) of the 2014 Tariff Regulations. Accordingly, the allowed O&M Expenses approved for Asset-1(a) is as follows:

(₹ in lakh)

Asset	Details	2018-19 (Pro-rata for 91 days)
Asset-1(a)	1 number of 400 kV ICT bay (AIS)	17.00
	1 number of 220 kV ICT bay (AIS)	12.00
	Total O&M Expenses Allowed	**29.00**

Interest on Working Capital (IWC)

67. As per the 2014 Tariff Regulations, the components of the working capital and the interest thereon are to be allowed as follows:-

a) Maintenance spares:

Maintenance spares @ 15% of O&M Expenses as specified in Regulation 28.

b) O & M expenses:

O&M Expenses have been considered for one month of the O&M Expenses.

c) Receivables:

The receivables have been worked out on the basis of 2 months of annual fixed cost as worked out above.

d) Rate of IWC:

As per Regulation 28(3) of the 2014 Tariff Regulations, SBI Base Rate as on 1.4.2018 (8.70%) plus 350 Bps i.e. 12.20% has been considered as the rate of IWC for 2018-19.

68. Accordingly, IWC approved for Asset-1(a) and Asset-1(b) is as follows:

(₹ in lakh)

Particulars	**Asset-1(a)**	**Asset-1(b)**
	2018-19 (pro-rata for 91 days)	**2018-19 (pro-rata for 91 days)**
Maintenance Spares	17.45	0.00
O&M expenses	9.69	0.00
Receivables	38.35	6.72
Total	**65.49**	**6.72**
Rate of Interest (%)	12.20	12.20
Interest on working capital	**1.99**	**0.20**

Annual Transmission charges

69. Accordingly, the annual transmission charges allowed for Asset-1(a) and Asset-1(b) are as follows:-

(₹ in lakh)

Particulars	**Asset-1(a)**	**Asset-1(b)**
	2018-19 (pro-rata for 91 days)	**2018-19 (pro-rata for 91 days)**
Depreciation	8.21	2.83
Interest on Loan	8.95	0.68
Return on Equity	9.22	6.34
Interest on Working Capital	1.99	0.20
O & M Expenses	29.00	0.00

Particulars	Asset-1(a)	Asset-1(b)
	2018-19 (pro-rata for 91 days)	2018-19 (pro-rata for 91 days)
Total	57.37	10.06

Filing fee and the publication expenses

70. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses in terms of Regulation 52 of the 2014 Tariff Regulations. BRPL has requested the Commission to reject the claim for recovery of filing fees and publication expenses. In response, the Petitioner has submitted that the claim is admissible under the 2014 Tariff Regulations.

71. We have considered the submissions of the Petitioner and BRPL. 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 52(1) of the 2014 Tariff Regulations.

License fee and RLDC Fees and Charges

72. The Petitioner has prayed to allow the Petitioner to bill and recover license fee and RLDC fees and charges, separately from the respondents. UPPCL has submitted that license fee is onus of the Petitioner. In response, the Petitioner has submitted that fees and charges to be paid by the Petitioner as an ISTS licensee under the Central Electricity Regulatory Commission (Fees and Charges of RLDC and other matters) Regulations, 2014 and is also be recoverable from the DICs as provided under Regulation 52(2) (a) of 2014 Tariff Regulations.

73. We have considered the submissions of the Petitioner and UPPCL. We are of the view that the Petitioner is entitled for reimbursement of license fee and RLDC

fees and charges in accordance with Regulation 52(2)(b) and 52(2)(a) respectively of the 2014 Tariff Regulations.

Goods and Services Tax

74. The Petitioner has prayed for reimbursement of tax, if any, on account of implementation of GST. GST is not levied on transmission service at present and we are of the view that Petitioner's prayer is premature.

Sharing of Transmission Charges

75. With effect from 1.11.2020, sharing of transmission charges is governed by provisions of the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2020 (in short, 'the 2020 Sharing Regulations'). Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be recovered through Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations as provided in Regulation 43 of the 2014 Tariff Regulations.

76. To summarise:

a. The transmission asset consists of two parts, i.e Asset-1(a), new asset consisting of bays and associated equipment in Fatehabad Sub-station and Asset-1(b), (old asset) 315 MVA, 400/220 kV ICT shifted from Ballabhgarh Sub-station to Fatehabad Sub-station. Hence, two separate streams of tariff are approved for Asset-1(a) and Asset-1(b). The transportation and shifting cost of ₹42.30 lakh, as stated in paragraph 44, is allowed to be recovered directly from the beneficiaries on one-time basis.

b. The Annual Fixed Charges allowed in respect of Asset-1(a) and Asset-1(b) from their COD to 31.3.2019 in this order are:

(₹ in lakh)

Asset-1(a)	Asset-1(b)
2018-19 (pro-rata for 91 days)	**2018-19 (pro-rata for 91 days)**
57.37	**10.06**

77. Annexure-1 given hereinafter forms part of the instant order.

78. This order disposes of Petition No. 485/TT/2019 in terms of above discussions and findings.

sd/-	sd/-	sd/-
(Arun Goyal)	**(I. S. Jha)**	**(P. K. Pujari)**
Member	**Member**	**Chairperson**

ANNEXURE-1

DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD) FOR THE 2014-19 TARIFF PERIOD

Asset-1(a)

Asset-1(a) (2014-19)	Admitted Capital Cost as on COD (excluding shifting cost)	Admitted ACE during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations
Capital Expenditure					**2018-19**
Sub-Station Equipment	402.67	442.11	844.78	5.28%	32.93
Total	**402.67**	**442.11**	**844.78**	**Total**	**32.93**
Average Gross Block (₹ in lakh)					**623.73**
Weighted Average Rate of Depreciation (WAROD)					**5.28%**