

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 492/TT/2019

Coram:

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

Date of Order: 03.09.2021

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, 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 the Combined Asset comprising of Asset-I: Extension of 400/220 kV Kolhapur (MSEB) Sub-station, Asset-II: 220 kV D/C Vapi-Magarwada Transmission Line along with associated bays and Asset-III: 220 kV D/C Vapi-Khardpada Transmission Line along with associated bays) under WRSS-III Transmission System in Western Region.

And in the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No-2,
Sector-29, Gurgaon-122001 (Haryana)

.....Petitioner

Versus

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



M. G. Road, Fort, Mumbai-400001.

5. Maharashtra State Electricity Transmission Co. Limited,
Prakashganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East) Mumbai-400051.
6. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara-390007.
7. Gujarat Energy Transmission Corporation Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara-390007.
8. Electricity Department,
Govt. of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa-403001.
9. Electricity Department,
Administration of Daman & Diu,
Daman-396210.
10. Electricity Department,
Administration of Dadra Nagar Haveli,
U.T., Silvassa-396230.
11. Chhattisgarh State Electricity Board,
P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh-492013.
12. Chhattisgarh State Power Transmission Co. Limited,
State Load Despatch Building,
Dangania, Raipur-492013.
13. Chhattisgarh State Power Distribution Co. Limited,
P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh-492013

.....Respondent(s)

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

For Respondent: Shri Anindya Kumar Khare, MPPMCL



ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Ltd., a deemed transmission licensee, for revision of transmission tariff of the 2004-09 and 2009-14 tariff periods, truing up of the capital expenditure for the period from 1.4.2014 to 31.3.2019 under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) for the period from 1.4.2019 to 31.3.2024 in respect of the following transmission assets forming part of the Combined Asset under WRSS-III Transmission System in Western Region (hereinafter referred to as “the transmission system”):

Asset-I: Extension of 400/220 kV Kolhapur (MSEB) Sub-station;

Asset-II: 220 kV D/C Vapi-Magarwada Transmission Line along with associated bays; and

Asset-III: 220 kV D/C Vapi-Khardpada Transmission Line along with associated bays.

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 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.

3) (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 transmission customers /Dlc as the case may be, as and when 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.

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

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

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

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

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

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

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

3. **Backdrop of the case**

a) The Investment Approval (I.A.) for the transmission system was accorded by the Board of Directors of the Petitioner company vide Memorandum dated 20.2.2006 at an estimated cost of ₹7565.00 lakh, that included an IDC of ₹219.00 lakh (based on at 3rd Quarter 2005 price level).



- b) The complete scope of the work as per I.A. is covered in the instant petition. The Date of Commercial Operation (COD) of the transmission assets under the transmission system was 1.7.2008.
- c) The provisional transmission charges for Asset-I were approved by the Commission vide order dated 21.5.2007 in Petition No. 36/2007 and for Asset-II and Asset-III, it was approved vide order dated 13.3.2009 in Petition No. 169/2008.
- d) The final transmission tariff for Asset-I, Asset-II and Asset-III from COD to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 after taking into account Additional Capital Expenditure (ACE) was allowed vide order dated 23.2.2010 in Petition No. 217/2009.
- e) Further, the transmission tariff for the Combined Asset comprising of Asset-I, Asset-II and Asset-III for the 2009-14 tariff period based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 was allowed vide order dated 11.2.2011 in Petition No. 175/2010.
- f) The transmission tariff of the Combined Asset for the 2009-14 tariff period was trued-up and tariff for the period from 1.4.2014 to 31.3.2019 was allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014.
- g) The Petitioner has prayed for revision of transmission tariff allowed for the 2004-09 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 in Maintenance Spares in terms of the APTEL's judgment dated 22.1.2007 in Appeal No. 81/2005 and batch matters and dated 13.6.2007 in Appeal No. 139/2006 and batch matters. The Petitioner has also prayed for 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 of the 2019-24 tariff period for the transmission assets under the transmission system in the Western Region.
- h) The APTEL in judgment dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters pertaining to generating stations of NTPC had considered 4 (four)



issues. The issues considered by the APTEL and its decisions are as given in the following table:

Sr. No.	Issue	APTEL's decision/direction
1	Whether APTEL can enquire into the validity of Regulations framed by the Commission	Challenge to the validity of Regulations framed by the Commission falls outside the purview of APTEL
2	Computation of Interest on Loan	In view of the order of the APTEL dated 14.11.2016 in Appeal Nos. 94 and 96 of 2005 and order dated 24.1.2007 passed in Appeal Nos. 81 to 87, 89 to 93 of 2005, computation of loan has to be based on loan repayment on normative basis. The Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis
3(a)	O&M Expenses: Inadequate provision of employee costs as part of O&M Expenses due to variation in salary and wages	Commission's view upheld
3(b)	O&M Expenses: Non-inclusion of incentives and ex-gratia payment to employees	Commission's view upheld
4	Cost of spares for calculation of working capital	Commission's view upheld

i) The APTEL in its judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters pertaining to generating stations of NTPC had considered 9 (nine) issues. The issues considered and the decisions of APTEL are given in the following table:

Sr. No.	Issue	APTEL's decision/direction
I	Computation of outstanding loan at the beginning of the tariff period i.e. 1.4.2004	The Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis
II	Consequence of refinance of loan	Commission to consider the issue afresh
III	Treating depreciation available as deemed repayment of loan	Commission to make a fresh computation of outstanding loan
IV	Admissibility of depreciation up to 90%	Commission to consider the issue afresh
V	Cost of Maintenance Spares	Commission to consider the issue afresh



VI	Impact of de-capitalisation of the assets on cumulative repayment of Loan	The cumulative repayment of the loan proportionate to the assets decapitalized required to be reduced. Commission to act accordingly
VII	Non-consideration of normative transit loss for coal import.	Commission to consider afresh the transit losses for coal imported from coal mines other than the dedicated ones
VIII	Foreign Exchange Rate Variation (FERV)	FERV has been kept as pass through to ensure that any liability or gain, if any, arising on account of any variation in foreign exchange rates is passed on to the beneficiary as held in order dated 4.10.2006 in Appeal No. 135 to 140 of 2005. Commission to act accordingly
IX	Computation of interest on loan in Singrauli Station	Net loan closing at the end of a year is reflected as net loan opening on the first day of the next year. Commission shall recompute the interest accordingly

j) The Commission and certain interested parties preferred Civil Appeals against the 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.

k) Based on the APTEL's judgments dated 22.1.2007 and dated 13.6.2007, the Petitioner had prayed for re-determination of tariff of its transmission assets for 2001-04 and 2004-09 tariff periods vide Petition No. 121/2007. The Commission after taking into consideration the pendency of 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.

l) The Hon'ble Supreme Court *vide* its judgment dated 10.4.2018, dismissed the said Civil Appeals filed against the APTEL's said judgments. Thus, the judgments of the APTEL have attained finality.

m) Consequent to the Hon'ble Supreme Court's order dated 10.4.2018 in NTPC matters, Petition No. 121/2007 was listed for hearing 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 filing of truing up petitions for 2014-19 tariff period.

n) The instant petition was heard on 18.5.2021 and in view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the order of Hon'ble Supreme Court dated 10.4.2018, tariff is being revised. Period-wise transmission tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods and suitable assumptions have been made at certain places and applied, which are indicated.

4. The Respondents are distribution licensees and power departments, which are procuring transmission service from the Petitioner, mainly beneficiaries of Western 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. Madhya Pradesh Power Management Company Ltd. (MPPMCL), Respondent No. 1, has filed its reply vide affidavit dated 17.1.2020 and has raised the issues of revision of transmission tariff for the 2004-09 and 2009-14 tariff periods and effective tax rates considered for grossing up of rate of Return on Equity (RoE). The Petitioner has submitted its rejoinder vide affidavit dated 30.4.2021. The issues raised by MPPMCL and the clarifications given by the Petitioner are dealt in the relevant paragraphs of this order.

Re: Interest on Loan (IoL)

6. APTEL while dealing with the issue of computation of IoL, in judgment dated



22.1.2007 observed that IoL for the period from 1.4.1998 to 31.3.2001 shall be computed only on normative loan repayment as per its judgment dated 14.11.2006 in Appeal Nos. 94 and 96 of 2005. APTEL vide its judgment dated 14.11.2006 had set aside the Commission's methodology of computation of loan on the actual repayment basis or normative repayment whichever is higher and held that the Commission is required to adopt normative debt repayment methodology for working out 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 tariff period is revised on the basis of the normative debt repayment methodology.

Re: Additional Capital Expenditure (ACE)

7. APTEL vide judgment dated 13.6.2007 in Appeal No. 139/2006 and others held that ACE after COD should also be considered for computation of maintenance spares. 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 ACE after COD.

Re: Depreciation

8. As regards 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. In view of the above directions of APTEL, the outstanding loan allowed for the transmission assets for the 2004-09 period is revised in the instant order.

9. The revision of transmission tariff allowed for the 2004-09 tariff period necessitates the revision of transmission tariff allowed for the 2009-14 period, which is



also being done in the present order. The implementation of the directions of APTEL in judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters was kept pending in case of the Petitioner awaiting the outcome of the Civil Appeals filed before the Hon'ble Supreme Court. 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, we direct that the Petitioner will neither claim nor pay any carrying cost from or to the beneficiaries for the difference, if any, in the tariff allowed earlier and the tariff being 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.

10. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavit dated 22.8.2019, Petitioner's affidavit dated 8.6.2020 filed in compliance of Technical Validation letter, MPPMCL's reply filed vide affidavit dated 17.1.2020 and Petitioner's rejoinder to MPPMCL's reply filed vide affidavit dated 30.4.2021.

11. The hearing in this matter was held on 18.5.2021 through video conference and the order was reserved. Having heard the representatives of the Petitioner, MPPMCL and after perusal of the materials on record, we proceed to dispose of the petition.

Revision of Transmission Charges allowed for the 2004-09 and 2009-14 Tariff Periods

2004-09 Period

12. The Commission vide order dated 23.2.2010 in Petition No. 217/2009 had



approved the following transmission charges for the transmission assets from COD to 31.3.2009:

(₹ in lakh)

Particulars	Asset-I			Asset-II	Asset-III
	2006-07 (Pro-rata 4 months)	2007-08	2008-09	2008-09 (Pro-rata 11 months)	2008-09 (Pro-rata 9 months)
Depreciation	4.63	15.56	17.22	42.21	27.90
Interest on Loan	7.80	25.33	26.72	97.16	63.60
Return on Equity	5.40	18.15	20.10	61.98	40.72
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	0.71	2.26	2.41	8.00	5.72
O&M Expenses	10.14	31.63	32.90	72.85	61.18
Total	28.68	92.94	99.35	282.20	199.12

13. The Petitioner has claimed the following revised transmission charges for the transmission assets from COD to 31.3.2009:

(₹ in lakh)

Particulars	Asset-I			Asset-II	Asset-III
	2006-07 (Pro-rata 4 months)	2007-08	2008-09	2008-09 (Pro-rata 11 months)	2008-09 (Pro-rata 9 months)
Depreciation	4.63	15.56	17.22	42.21	27.90
Interest on Loan	7.86	26.42	29.24	99.01	64.61
Return on Equity	5.40	18.15	20.10	61.98	40.72
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	0.71	2.34	2.57	8.36	5.90
O&M Expenses	10.14	31.63	32.90	72.85	61.18
Total	28.74	94.10	102.03	284.41	200.31

14. MPPMCL has submitted that the Commission may allow the revision in transmission tariff of 2004-09 and 2009-14 tariff periods after prudence check of the claim and calculations submitted by the Petitioner. In response, the Petitioner has submitted that the revision of transmission tariff is claimed on account of change in IoL and IWC to the extent of revision in IoL and maintenance spares in terms of judgments of APTEL dated 22.1.2007 and dated 13.6.2007 in Appeal Nos. 81 of 2005 and 139 of 2006 for the 2004-09 period and consequent revised transmission tariff of



the 2009-14 period.

15. We have considered the submissions of the Petitioner and MPPMCL. The tariff is allowed in respect of the transmission assets on the basis of the following:

- a) Asset-wise admitted capital cost as on COD, admitted ACE during 2004-09 tariff period and admitted capital cost as on 31.3.2009 as per order dated 23.2.2010 in Petition No. 217/2009 which are as follows:

Name of the Asset	COD	Admitted Capital Cost (as on COD)	ACE		Capital Cost (as on 1.4.2009)
			2007-08	2008-09	(₹ in lakh)
Asset-I	1.12.2006	386.04	92.43	0.00	478.47
Asset-II	1.5.2008	1332.57	0.00	555.70	1888.27
Asset-III	1.7.2008	1117.44	0.00	350.36	1467.80

- b) Weighted Average Rate of Interest on actual loan, Weighted Average Rate of Depreciation (WAROD), Rate of Interest for Working Capital (IWC) and O&M Expenses adopted from order dated 23.2.2010 in Petition No. 217/2009.

- c) With respect to calculation of IoL, moratorium period was availed by the Petitioner for the transmission assets from COD to 31.3.2009 and no actual repayment of loan was made. Earlier, the Commission vide order dated 23.2.2010 in Petition No. 217/2009 had considered depreciation provided from COD to 31.3.2009 as loan repayment. Therefore, depreciation from COD to 31.3.2009 has been considered as loan repayment in accordance with Regulation 56(i)(f) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004. The relevant extract of Regulation 56(i)(f) is as follows:

“56 (i) Interest on Loan Capital

(f) In case any moratorium period is availed of by the transmission licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly;”

16. In view of the above, the revised transmission charges approved for the transmission assets from COD to 31.3.2009 is as follows:



(₹ in lakh)

Particulars	Asset-I			Asset-II	Asset-III
	2006-07 (Pro-rata 4 months)	2007-08	2008-09	2008-09 (Pro-rata 11 months)	2008-09 (Pro-rata 9 months)
Depreciation	4.63	15.56	17.22	42.21	27.90
Interest on Loan	7.80	25.33	26.72	97.16	63.60
Return on Equity	5.40	18.15	20.10	61.98	40.72
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	0.71	2.31	2.51	8.32	5.88
O&M Expenses	10.14	31.63	32.90	72.85	61.18
Total	28.68	92.98	99.44	282.51	199.28

17. Annual Fixed Charges (AFC) allowed for the transmission assets from COD to 31.3.2009 vide order dated 23.2.2010 in Petition No. 217/2009, the revised AFC claimed in the instant petition and AFC approved in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I			Asset-II	Asset-III
	2006-07 (Pro-rata 4 months)	2007-08	2008-09	2008-09 (Pro-rata 11 months)	2008-09 (Pro-rata 9 months)
AFC allowed vide order dated 23.2.2010 in Petition No. 217/2009	28.68	92.94	99.35	282.20	199.12
AFC claimed by the Petitioner in the instant Petition	28.74	94.10	102.03	284.41	200.31
AFC approved in the instant order	28.68	92.98	99.44	282.51	199.28

2009-14 Period

18. The Commission vide order dated 11.2.2011 in Petition No. 175/2010 had allowed the tariff for the Combined Asset for the 2009-14 tariff period and subsequently vide order dated 30.12.2015 in Petition No. 357/TT/2014 had trued-up the tariff allowed for the 2009-14 tariff period which is as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	204.09	216.17	228.04	231.04	232.88



Interest on Loan	232.80	227.60	221.04	203.19	183.75
Return on Equity	216.22	237.42	250.72	254.03	259.13
Interest on Working Capital	24.32	25.51	26.55	26.99	27.46
O&M Expenses	214.01	226.25	239.24	252.89	267.34
Total	891.45	932.95	965.59	968.14	970.56

19. The Petitioner has claimed the revised transmission charges in respect of the Combined Asset for the 2009-14 tariff period in the instant petition:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	204.09	216.17	228.04	231.04	232.88
Interest on Loan	242.85	237.62	231.04	213.17	193.73
Return on Equity	216.22	237.42	250.72	254.03	259.13
Interest on Working Capital	24.53	25.72	26.76	27.20	27.66
O&M Expenses	214.01	226.25	239.24	252.89	267.34
Total	901.69	943.19	975.80	978.34	980.74

20. We have considered the Petitioner's claim. The tariff is approved in respect of the Combined Asset on the basis of the following:

- a) Admitted capital cost of ₹3834.54 lakh as on 1.4.2009.
- b) Weighted Average Rate of Interest on actual loan and WAROD derived/adopted from order dated 30.12.2015 in Petition No 357/TT/2014.

21. In view of the above, the revised transmission charges approved in respect of the Combined Asset for the 2009-14 tariff period are as follows:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	204.09	216.17	228.04	231.04	232.88
Interest on Loan	232.80	227.60	221.04	203.19	183.75
Return on Equity	216.22	237.42	250.72	254.03	259.13
Interest on Working Capital	24.32	25.51	26.55	26.99	27.46
O&M Expenses	214.01	226.25	239.24	252.89	267.34
Total	891.45	932.95	965.59	968.14	970.56

22. AFC allowed for the Combined Asset for the 2009-14 tariff period vide order dated 30.12.2015 in Petition No 357/TT/2014, the revised AFC claimed in the instant petition and AFC approved in the instant order are as follows:



(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
AFC allowed <i>vide</i> order dated 30.12.2015 in Petition No. 357/TT/2014	891.45	932.95	965.59	968.14	970.56
AFC claimed by the Petitioner in the instant petition	901.69	943.19	975.80	978.34	980.74
AFC approved in the instant order	891.45	932.95	965.59	968.14	970.56

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

23. The details of the trued-up transmission charges claimed by the Petitioner in respect of the Combined Asset are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	232.88	232.88	232.88	232.88	232.88
Interest on Loan	172.07	150.46	128.84	107.23	85.61
Return on Equity	259.32	260.51	260.38	260.38	261.08
Interest on Working Capital	28.88	28.85	28.82	28.80	28.82
O&M Expenses	245.92	254.07	262.55	271.21	280.27
Total	939.07	926.77	913.47	900.50	888.66

24. The details of trued-up IWC claimed by the Petitioner in respect of the Combined Asset are as follows:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	20.49	21.17	21.88	22.60	23.36
Maintenance Spares	36.89	38.11	39.38	40.68	42.04
Receivables	156.51	154.46	152.25	150.08	148.11
Total Working Capital	213.89	213.74	213.51	213.36	213.51
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	28.88	28.85	28.82	28.80	28.82

Capital Cost

25. The capital cost of the Combined Asset has been calculated in accordance with Regulation 9(3) of the 2014 Tariff Regulations.

26. The Commission *vide* order dated 30.12.2015 in Petition No. 357/TT/2014 had allowed capital cost of ₹4405.35 lakh as on 1.4.2014 for the Combined Asset and the



same has been claimed by the Petitioner as on 1.4.2014. The Petitioner has not claimed any ACE during the 2014-19 tariff period. Accordingly, the capital cost considered for determination of tariff of the 2014-19 tariff period in respect of the Combined Asset is as follows.

(₹ in lakh)		
Capital Cost (as on 1.4.2014)	ACE (2014-19)	Capital Cost (as on 31.3.2019)
4405.35	0.00	4405.35

Debt-Equity Ratio

27. As per Regulation 19(3) of the 2014 Tariff Regulations, debt-equity ratio allowed by the Commission for determination of tariff for the period ending on 31.3.2014 shall be considered. The details of the debt-equity ratio as on 1.4.2014 and 31.3.2019 in respect of the Combined Asset is as follows:

Funding	Capital Cost as on 1.4.2014 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2019 (₹ in lakh)	(in %)
Debt	3083.95	70.00	3083.95	70.00
Equity	1321.40	30.00	1321.40	30.00
Total	4405.35	100.00	4405.35	100.00

Depreciation

28. The gross block during the 2014-19 tariff period has been depreciated at WAROD. WAROD at Annexure-I has been worked out after taking into account the depreciation rates of assets as specified in the 2014 Tariff Regulations. The trued-up depreciation for the 2014-19 tariff period in respect of the Combined Asset is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	4405.35	4405.35	4405.35	4405.35	4405.35
ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	4405.35	4405.35	4405.35	4405.35	4405.35
Average Gross Block	4405.35	4405.35	4405.35	4405.35	4405.35



Weighted average rate of Depreciation (WAROD) (in %)	5.29	5.29	5.29	5.29	5.29
Depreciable Value	3964.82	3964.82	3964.82	3964.82	3964.82
Balance useful life of the asset (Year)	26	25	24	23	22
Lapsed life at the beginning of the year (Year)	5	6	7	8	9
Depreciation during the year	232.88	232.88	232.88	232.88	232.88
Cumulative Depreciation	1452.62	1685.50	1918.38	2151.26	2384.14
Remaining Depreciable Value	2512.19	2279.31	2046.43	1813.55	1580.68

29. The details of depreciation approved vide order dated 30.12.2015 in Petition No.357/TT/2014, depreciation claimed by the Petitioner in the instant petition and trued-up depreciation in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014	232.88	232.88	232.88	232.88	232.88
Claimed by the Petitioner in the instant petition	232.88	232.88	232.88	232.88	232.88
Approved after true-up in this order	232.88	232.88	232.88	232.88	232.88

Interest on Loan (IoL)

30. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and rate of interest. We have considered the submissions of the Petitioner and accordingly calculated IoL based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. Trued-up IoL allowed for the Combined Asset for the 2014-19 tariff period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	3083.95	3083.95	3083.95	3083.95	3083.95
Cumulative Repayments up to Previous Year	1219.74	1452.62	1685.50	1918.38	2151.26
Net Loan-Opening	1864.20	1631.32	1398.44	1165.56	932.68
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	232.88	232.88	232.88	232.88	232.88
Net Loan-Closing	1631.32	1398.44	1165.56	932.68	699.81
Average Loan	1747.76	1514.88	1282.00	1049.12	816.24



Weighted Average Rate of Interest on Loan (in %)	9.2747	9.2737	9.2723	9.2705	9.2680
Interest on Loan	162.10	140.49	118.87	97.26	75.65

31. The details of IoL allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014, IoL claimed by the Petitioner in the instant petition and trued-up IoL in the instant order is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014	162.10	140.48	118.87	97.26	75.65
Claimed by the Petitioner in the instant petition	172.07	150.46	128.84	107.23	85.61
Approved after true-up in this order	162.10	140.49	118.87	97.26	75.65

Return on Equity (RoE)

32. The Petitioner has claimed RoE in respect of the Combined Asset in terms of Regulation 24 and Regulation 25 of the 2014 Tariff Regulations. The Petitioner has submitted that it is liable to pay income tax at Minimum Alternate Tax (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	19.625
2015-16	21.382	19.715
2016-17	21.338	19.705
2017-18	21.337	19.705
2018-19	21.549	19.758

33. MPPMCL has submitted that the Petitioner has grossed-up RoE on the basis of actual taxes paid during 2016-17 and 2017-18 and has not placed on record the assessment orders for 2016-17 and 2017-18. For 2018-19, the Petitioner has grossed-up RoE and has not claimed the effective tax rate based on actual taxes paid for 2018-19 period. MPPMCL has further submitted that the Petitioner's Income Tax Assessment Orders for Financial Years 2016-17, 2017-18 and 2018-19 have not been



finalized. MPPMCL has submitted that the Petitioner has neither submitted copy of assessment orders for 2014-15 and 2015-16 periods nor audited accounts in respect of actual taxes paid for 2016-17 and 2017-18 periods and in the absence of these essential documents, it is not possible to scrutinize the claim of the Petitioner in a proper way.

34. In response, the Petitioner has submitted that the Assessment Orders for years 2014-15, 2015-16 and 2016-17 have been issued by the Income Tax Department and Income Tax returns for years 2017-18 and 2018-19 have been filed. The Petitioner has further submitted that assessment order for the years 2014-15 and 2015-16 was submitted in reply to Technical Validation letter in Petition No. 20/TT/2020 and a copy of the Assessment Order for the year 2016-17 has been filed in the instant petition along with the rejoinder.

35. In view of the above, the Petitioner has submitted that grossed-up RoE (in %) and effective tax rate for 2014-19 tariff period has already been allowed by the Commission. Further, the Petitioner requested to allow its claim of differential tariff on account of the trued-up RoE based on effective tax rate calculated as above and Income Tax assessment/ re-assessment for 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 on receipt of the respective assessment orders.

36. We have considered the submissions of the Petitioner and MPPMCL. The Commission vide order dated 2.2.2021 in Petition No. 312/TT/2020 has already dealt with the issue raised by MPPMCL. In terms of our findings in Petition No. 312/TT/2020, we do not find merit in the submissions made by MPPMCL and the same are accordingly rejected.



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

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

38. The MAT rates as allowed vide order dated 27.4.2020 in Petition No. 274/TT/2019 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 is considered in the instant case, as follows:

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

39. RoE is trued-up on the basis of MAT rate applicable in the respective years and is allowed for the Combined Asset as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	1321.40	1321.40	1321.40	1321.40	1321.40
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	1321.40	1321.40	1321.40	1321.40	1321.40
Average Equity	1321.40	1321.40	1321.40	1321.40	1321.40
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (%)	19.610	19.705	19.705	19.705	19.758
Return on Equity	259.13	260.38	260.38	260.38	261.08



40. The details of RoE allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014, as claimed by the Petitioner in the instant petition and as trued-up in the instant order are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014	259.13	259.13	259.13	259.13	259.13
Claimed by the Petitioner in the instant petition	259.32	260.51	260.38	260.38	261.08
Approved after true-up in this order	259.13	260.38	260.38	260.38	261.08

Operation & Maintenance Expenses (O&M Expenses)

41. The total O&M Expenses claimed by the Petitioner in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
220 kV Vapi-Kharadpada Ckt. I and II (29.660 kms) D/C Single Conductor	16.78	17.33	17.94	18.49	19.16
220 kV Vapi-Magarwada Ckt. I and II (25.710 kms) D/C Single Conductor					
400 kV Conventional (1 Number) Bay 80 MVAR Bus Reactor-I	60.30	62.30	64.37	66.51	68.71
200 kV Conventional (4 Numbers) Bays (Vapi-Kharadpada I and II and Vapi-Magarwada I and II)	168.84	174.44	180.24	186.20	192.40
Total	245.92	254.07	262.55	271.21	280.27

42. O&M Expenses have been considered and allowed as per Regulation 29(3) of the 2014 Tariff Regulations and are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Lines					
220 kV Vapi-Kharadpada Ckt. I and II (29.660 kms) D/C Single Conductor					
220 kV Vapi-Magarwada Ckt. I and II (25.710 kms) D/C Single Conductor					
D/C Single Conductor (kms)	55.370	55.370	55.370	55.370	55.370
Norms (₹ lakh / kms)	0.303	0.313	0.324	0.334	0.346
O&M Expenses (A)	16.78	17.33	17.94	18.49	19.16
Substation Bays					
400 kV Conventional (1 Number) 80 MVAR Bus Reactor-I Bay					



400 kV Bay	1	1	1	1	1
Norms (₹ lakh/ Bay)	60.30	62.30	64.37	66.51	68.71
O&M Expenses (B)	60.30	62.30	64.37	66.51	68.71
200 kV Conventional (4 Numbers) Bays (Vapi-Kharadpada I and II and Vapi-Magarwada I and II)					
200 kV Bays	4	4	4	4	4
Norms (₹ lakh/ Bay)	42.21	43.61	45.06	46.55	48.10
O&M Expenses (C)	168.84	174.44	180.24	186.20	192.40
Total O&M Expenses (A+B+C)	245.92	254.07	262.55	271.20	280.27

43. The details of O&M Expenses allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014, as claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014	245.92	254.07	262.55	271.20	280.27
Claimed by the Petitioner in the instant petition	245.92	254.07	262.55	271.21	280.27
Approved after true-up in this order	245.92	254.07	262.55	271.20	280.27

Interest on Working Capital (IWC)

44. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and the trued-up IWC approved for the Combined Asset for the 2014-19 tariff period are as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses (O&M Expenses for 1 month)	20.49	21.17	21.88	22.60	23.36
Maintenance Spares (15% of O&M Expenses)	36.89	38.11	39.38	40.68	42.04
Receivables (Equivalent to 2 months of annual fixed cost)	154.78	152.74	150.55	148.38	146.41
Total Working Capital	212.16	212.02	211.81	211.66	211.81
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	28.64	28.62	28.59	28.57	28.59

45. The details of IWC allowed vide order dated 30.12.2015 in Petition No.



357/TT/2014, as claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014	28.64	28.59	28.56	28.54	28.55
Claimed by the Petitioner in the instant petition	28.88	28.85	28.82	28.80	28.82
Approved after true-up in this order	28.64	28.62	28.59	28.57	28.59

Approved Annual Fixed Charges for the 2014-19 Tariff Period

46. The trued-up AFC approved in respect of the Combined Asset for the 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	232.88	232.88	232.88	232.88	232.88
Interest on Loan	162.10	140.49	118.87	97.26	75.65
Return on Equity	259.13	260.38	260.38	260.38	261.08
Interest on Working Capital	28.64	28.62	28.59	28.57	28.59
O&M Expenses	245.92	254.07	262.55	271.20	280.27
Total	928.67	916.44	903.28	890.30	878.47

47. Accordingly, the Annual Transmission Charges as allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014, as claimed by the Petitioner in the instant petition and approved after truing up in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 30.12.2015 in Petition No. 357/TT/2014	928.67	915.16	902.00	889.02	876.48
Claimed by the Petitioner in the instant petition	939.07	926.77	913.47	900.50	888.66
Approved after true-up in this order	928.67	916.44	903.28	890.30	878.47

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

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



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	232.88	232.88	58.68	58.68	58.68
Interest on Loan	64.00	42.40	28.86	23.26	17.48
Return on Equity	261.08	261.08	261.08	261.08	261.08
Interest on Working Capital	14.65	14.57	11.97	12.12	12.25
O&M Expenses	143.59	148.66	153.83	159.23	164.77
Total	716.20	699.59	514.42	514.37	514.26

49. The details of IWC claimed by the Petitioner for the 2019-24 period are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	11.97	12.39	12.82	13.27	13.73
Maintenance Spares	21.54	22.30	23.07	23.88	24.72
Receivables	88.06	86.25	63.42	63.42	63.23
Total Working Capital	121.57	120.94	99.31	100.57	101.68
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	14.65	14.57	11.97	12.12	12.25

Capital Cost

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

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

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

- The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- 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;
- Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
- Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
- Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
- Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- 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 Jyoti Yojana (DDUGJY) project in the affected area.



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

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

(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be 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.”

51. The Petitioner has claimed the same admitted capital cost of ₹4405.34 lakh as on 31.3.2019 in respect of the Combined Asset. The opening capital cost as on 1.4.2019 of ₹4405.35 lakh is considered for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

52. The Petitioner has not projected any ACE during the 2019-24 tariff period in respect of the Combined Asset. Accordingly, the capital cost considered for the 2019-24 tariff period is as follows:

(₹ in lakh)		
Capital Cost (as on 1.4.2019)	Projected ACE (2019-24)	Capital Cost (as on 31.3.2024)
4405.35	0.00	4405.35

Debt-Equity Ratio

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

“18. Debt-Equity Ratio: (1) For new projects, the debt-equity ratio of 70:30 as on date



of commercial operation shall be considered. If the equity actually deployed is more than 30% of the Capital Cost, equity in excess of 30% shall be treated as normative loan:

Provided that:

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

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

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

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

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

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

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

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as ACE 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.”



54. The debt-equity ratio considered for the purpose of computation of tariff for the 2019-24 tariff period are as follows:

Funding	Capital Cost (as on 1.4.2019) (₹ in lakh)	(in %)	Capital Cost (as on 31.3.2024) (₹ in lakh)	(in %)
Debt	3083.95	70.00	3083.95	70.00
Equity	1321.40	30.00	1321.40	30.00
Total	4405.35	100.00	4405.35	100.00

Depreciation

55. Regulation 33(1), 33(2) and 33(5) of the 2019 Tariff Regulations provide 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 project or element thereof including communication project. In case of the tariff of all the units of a generating station or all elements of a transmission project including communication project 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 project 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 project, 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 project, weighted average life for the generating station of the transmission project 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.”

“(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.”

56. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. WAROD has been worked out at Annexure-II taking into account the depreciation rates of assets as specified in the 2019 Tariff Regulations. The Combined Asset will be



completing 12 years of useful life as on 31.3.2021. Accordingly, for the computation of depreciation for 2019-20 and 2020-21, WAROD has been considered. From 2021-22 onwards, for the computation of depreciation, the remaining depreciable value as on 31.3.2021 is spread over the balance useful life in accordance with Regulation 33(5) of the 2019 Tariff Regulations. The depreciation allowed in respect of the Combined Asset for the 2019-24 period is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	4405.35	4405.35	4405.35	4405.35	4405.35
ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	4405.35	4405.35	4405.35	4405.35	4405.35
Average Gross Block	4405.35	4405.35	4405.35	4405.35	4405.35
Weighted average rate of Depreciation (WAROD) (in %)	5.29	5.29	1.33	1.33	1.33
Balance useful life of the asset (Year)	21	20	19	18	17
Lapsed life at the beginning of the year (Year)	10	11	12	13	14
Depreciable Value	3964.82	3964.82	3964.82	3964.82	3964.82
Depreciation during the year	232.88	232.88	58.68	58.68	58.68
Cumulative Depreciation at the end of the year	2617.02	2849.90	2908.58	2967.26	3025.94
Remaining Aggregate Depreciable Value at the end of the year	1347.80	1114.92	1056.24	997.56	938.88

Interest on Loan (IoL)

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

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

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

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



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

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

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

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

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

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

58. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted. We have considered the submissions of the Petitioner. The floating rate of interest, if any, shall be considered at the time of true up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	3083.95	3083.95	3083.95	3083.95	3083.95
Cumulative Repayments up to Previous Year	2384.14	2617.02	2849.90	2908.58	2967.26
Net Loan-Opening	699.81	466.93	234.05	175.37	116.69
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	232.88	232.88	58.68	58.68	58.68
Net Loan-Closing	466.93	234.05	175.37	116.69	58.01
Average Loan	583.37	350.49	204.71	146.03	87.35
Weighted Average Rate of Interest on Loan (in %)	9.2640	9.2575	9.2440	9.1742	8.9709



Interest on Loan	54.04	32.45	18.92	13.40	7.84
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Return on Equity (RoE)

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

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

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

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope 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 RLDC;

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

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

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

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

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

“31. Tax on Return on Equity: (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the



concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

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

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

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

Illustration-

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

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

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

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

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

60. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. Accordingly, the MAT rate applicable in 2019-20 has been considered for the purpose of RoE which shall be trued-up with actual tax rate in accordance with



Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the Combined Asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	1321.40	1321.40	1321.40	1321.40	1321.40
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	1321.40	1321.40	1321.40	1321.40	1321.40
Average Equity	1321.40	1321.40	1321.40	1321.40	1321.40
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50	15.50
MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity	248.19	248.19	248.19	248.19	248.19

Operation & Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Lines					
220 kV Vapi-Kharadpada Ckt I and II (29.660 kms) D/C Single Conductor					
220 kV Vapi-Magarwada Ckt I and II (25.710 kms) D/C Single Conductor					
D/C Single Conductor (km)	55.370	55.370	55.370	55.370	55.370
Norms (₹ lakh / km)	0.377	0.391	0.404	0.419	0.433
O&M Expenses (A)	20.87	21.65	22.37	23.20	23.98
Sub-station Bays					
400 kV Conventional (1 Number) 80 MVAR Bus Reactor-I Bay					
400 kV Bay	1	1	1	1	1
Norms (₹ lakh/ Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses (B)	32.15	33.28	34.45	35.66	36.91
200 kV Conventional (4 Numbers) Bays (Vapi-Kharadpada I and II and Vapi-Magarwada I)					
200 kV Bays	4	4	4	4	4
Norms (₹ lakh/ Bay)	22.51	23.3	24.12	24.96	25.84
O&M Expenses (C)	90.04	93.20	96.48	99.84	103.36
PLCC					
Capital Cost	26.36	26.36	26.36	26.36	26.36
Norms (2% of ₹26.36 lakh)	2.00	2.00	2.00	2.00	2.00
O&M Expenses (D)	0.53	0.53	0.53	0.53	0.53
Total O&M Expenses (A+B+C+D)	143.59	148.66	153.83	159.23	164.77

62. Regulations 35(3)(a) and 33(4) of the 2019 Tariff Regulations provide as



follows:

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor	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	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
<i>Norms for HVDC stations</i>					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
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.”*

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

64. The O&M Expenses have been worked out as per the norms specified in the 2019 Tariff Regulations and are as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Lines					
220 kV Vapi-Kharadpada Ckt. I and II (29.660 kms) D/C Single Conductor					
220 kV Vapi-Magarwada Ckt. I and II (25.710 kms) D/C Single Conductor					
D/C Single Conductor (km)	55.370	55.370	55.370	55.370	55.370
Norms (₹ lakh / km)	0.377	0.391	0.404	0.419	0.433
O&M Expenses (A)	20.87	21.65	22.37	23.20	23.98
Sub-station Bays					
400 kV Conventional (1 Number) 80 MVAR Bus Reactor-I Bay					
400 kV Bay	1	1	1	1	1
Norms (₹ lakh/ Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses (B)	32.15	33.28	34.45	35.66	36.91
200 kV Conventional (4 Numbers) Bays (Vapi-Kharadpada I and II and Vapi-Magarwada I)					
200 kV Bays	4	4	4	4	4
Norms (₹ lakh/ Bay)	22.51	23.3	24.12	24.96	25.84
O&M Expenses (C)	90.04	93.20	96.48	99.84	103.36
Total O&M Expenses (A+B+C)	143.06	148.13	153.30	158.70	164.25

Interest on Working Capital (IWC)

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

“34. Interest on Working Capital

(1) ...

(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;”

66. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. Rate of Interest considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-21 and 10.50% (SBI 1 year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for 2021-22 onwards. The components of the working capital and interest allowed thereon are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M Expenses for 1 month)	11.92	12.34	12.77	13.23	13.69
Maintenance Spares (15% of O&M Expenses)	21.46	22.22	22.99	23.81	24.64
Receivables (Equivalent to 45 days of annual transmission charges)	85.14	83.21	60.31	60.31	60.16
Total Working Capital	118.52	117.77	96.08	97.34	98.48
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	14.28	13.25	10.09	10.22	10.34

Annual Fixed Charges of the 2019-24 Tariff Period

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



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	232.88	232.88	58.68	58.68	58.68
Interest on Loan	54.04	32.45	18.92	13.40	7.84
Return on Equity	248.19	248.19	248.19	248.19	248.19
Interest on Working Capital	14.28	13.25	10.09	10.22	10.34
O&M Expenses	143.06	148.13	153.30	158.70	164.25
Total	692.45	674.89	489.18	489.18	489.29

Filing Fee and the Publication Expenses

68. 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

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

Goods and Services Tax

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

71. We have considered the submission of the Petitioner. Since, GST is not levied



on transmission service at present, we are of the view that Petitioner's prayer is premature.

Security Expenses

72. The Petitioner has submitted that security expenses for the transmission assets/ Combined Asset are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential IWC.

73. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses for all the transmission assets owned by it on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The said petition has already been disposed of by the Commission vide order dated 3.8.2021. Therefore, the Petitioner's prayer in the instant petition for allowing it to file a separate petition for claiming the overall security expenses and consequential IWC has become infructuous.

Capital Spares

74. 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

75. During the tariff periods 2004-09 and 2009-14 (up to 30.6.2011), the transmission charges for inter-State transmission systems were being shared in accordance with the tariff regulations for the respective tariff periods. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission system was governed by Central Electricity Regulatory Commission (Sharing of Transmission



Charges and Losses) Regulations, 2010. With effect from 1.11.2020, sharing of transmission charges is governed by the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2020 (in short, “the 2020 Sharing Regulations”). Accordingly, the liabilities of the DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and shall be recovered from the concerned DICs through Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations. For subsequent period, the billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

76. To summarise:

- (a) The revised AFC approved for the transmission assets for the 2004-09 tariff period are as follows:

(₹ in lakh)				
Asset-I			Asset-II	Asset-III
2006-07 (Pro-rata 4 months)	2007-08	2008-09	2008-09 (Pro-rata 11 months)	2008-09 (Pro-rata 9 months)
28.68	92.98	99.44	282.51	199.28

- (b) The consequential revision of AFC approved for the Combined Asset for the 2009-14 tariff period are as follows:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
891.45	932.95	965.59	968.14	970.56

- (c) The trued-up AFC approved for the Combined Asset for the 2014-19 tariff period are as follows:

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
928.67	916.44	903.28	890.30	878.47



(d) AFC allowed for the Combined Asset for the 2019-24 tariff period in the instant order are as follows:

(₹ in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
692.45	674.89	489.18	489.18	489.29

77. Annexure-I and Annexure-II given hereinafter shall form part of the order.

78. This order disposes of Petition No. 492/TT/2019 in terms of the above discussion and findings.

sd/-
(Pravas Kumar Singh)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



Annexure-I

2014-19 Capital Expenditure	Capital Cost as on 1.4.2014 / COD (₹ in lakh)	ACE (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations (%)	Annual Depreciation as per Regulations (₹ in lakh)				
		2014-19			2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	2999.77	0.00	2999.77	5.28	158.39	158.39	158.39	158.39	158.39
Sub Station	1379.22	0.00	1379.22	5.28	72.82	72.82	72.82	72.82	72.82
PLCC	26.36	0.00	26.36	6.33	1.67	1.67	1.67	1.67	1.67
Total	4405.35	0.00	4405.35	Total	232.88	232.88	232.88	232.88	232.88
Average Gross Block (₹ in lakh)					4405.35	4405.35	4405.35	4405.35	4405.35
Weighted Average Rate of Depreciation					5.29%	5.29%	5.29%	5.29%	5.29%

Annexure-II

2019-24 Capital Expenditure	Combined Admitted Capital Cost as on 1.4.2019 / COD (₹ in lakh)	ACE (₹ in lakh)	Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations (%)	Annual Depreciation as per Regulations (₹ in lakh)				
		2019-24			2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line	2999.77	0.00	2999.77	5.28	158.39	158.39	Spreading		
Sub Station	1379.22	0.00	1379.22	5.28	72.82	72.82			
PLCC	26.36	0.00	26.36	6.33	1.67	1.67			
Total	4405.35	0.00	4405.35	Total	232.88	232.88	58.68	58.68	58.68
Average Gross Block (₹ in lakh)					4405.35	4405.35	4405.35	4405.35	4405.35
Weighted Average Rate of Depreciation					5.29%	5.29%	1.33%	1.33%	1.33%

