

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 5/TT/2020

Coram:

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

Date of Order: 30.06.2021

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and truing up of transmission tariff of the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 for 400 kV D/C Ranchi–Chandwa–Gaya line along with associated bays at Ranchi, Chandwa (GIS) and Gaya Sub-stations and 2X125 MVAR 400 kV Bus Reactor along with associated bays at Chandwa (GIS) under “Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A1” in the Eastern Region.

And in the matter of:

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

.....Petitioner

Versus

1. Bihar State Power (Holding) Company Ltd.,
(Formerly Bihar State Electricity Board- BSEB)
Vidyut Bhawan, Bailey Road,
Patna-800001 (Bihar).
2. West Bengal State Electricity Distribution Company Ltd.,
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lake City,
Kolkata-700091 (West Bengal).
3. Grid Corporation of Orissa Ltd.,
Shahid Nagar, Bhubaneswar-751007 (Odisha).



4. Jharkhand State Electricity Board,
In front of Main Secretariat,
Doranda, Ranchi-834002 (Jharkhand).
5. Damodar Valley Corporation,
DVC Tower, Maniktala,
Kolkata-700054 (West Bengal).
6. Power Department,
Government of Sikkim, Gangtok-737101 (Sikkim).
7. Essar Power (Jharkhand) Ltd.,
Essar House, 11 K.K. Marg,
Mahalaxmi, Mumbai-400034 (Maharashtra).
8. Adhunik Power and Natural Resources Ltd.,
Crescent Towers (3rd Floor),
229 A J C Bose Road, Kolkata-700020 (West Bengal).
9. Corporate Power Ltd.,
8th and 9th Floor, Mahabir Tower,
Main Road, Ranchi-834001 (Jharkhand).

...Respondents

For Petitioner: Shri S. S. Raju, PGCIL
Shri A. K. Verma, PGCIL
Shri Vipin Joseph, PGCIL
Shri V. P. Rastogi, PGCIL

For Respondent: Shri G. S. Bindra, Advocate, ESSAR Power Jharkhand Limited

ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, for truing up of the tariff of the period 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”) and for determination of tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of 400 kV D/C Ranchi–Chandwa–Gaya line along with associated bays at Ranchi,



Chandwa (GIS) and Gaya Sub-stations and 2X125 MVAR 400 kV Bus Reactor along with associated bays at Chandwa (GIS) (hereinafter referred to as “the transmission asset”) under “Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A1” (hereinafter referred to as “the Transmission Project”) in the Eastern Region.

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

“1) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 10.2 and 11.0 above.

2) Approve the Completion cost and additional capitalization incurred during 2014-19 & 2019-24.

3) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 10.2 and 11.0 above for respective block.

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

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

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

7) Allow the petitioner to claimed initial spares project as whole.

8) 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 11.6 above.

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

10) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by



any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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

Background

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

a. The Investment Approval for the Transmission Project was accorded by the Board of Directors of the Petitioner Company *vide* Memorandum No. C/CP/Jharkhand and West Bengal Projects (Ph-I) Part-A1 dated 25.10.2011 with an estimated cost of ₹55826 lakh including Interest During Construction (IDC) of ₹2630 lakh, based on second quarter 2011 price level. The Petitioner, *vide* its affidavit dated 22.7.2016, has submitted the Revised Cost Estimate (RCE) for the project as ₹72777 lakh including IDC of ₹9679 lakh at February 2016 price level.

b. The Transmission Project was discussed with the regional constituents in the Standing Committee Meetings of the Eastern Region (ER), the Western Region (WR) and the Northern Region (NR) held on 20.9.2010, 10.9.2009 and 29.9.2010 respectively as a part of the common system strengthening scheme for transfer of power to ER, WR and NR from various IPPs in Jharkhand and West Bengal. Further, the Transmission Project has also been discussed in the Regional Power Committee (RPC) meetings of ER, WR and NR held on 18.12.2010, 25.9.2009 and 4.1.2011 respectively.

c. The scope of work covered under “Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A1” is as under:

Transmission line

Ranchi New (765/400 kV Sub-station) – Gaya 400 kV D/C (Quad) line via Pooling Station proposed near Essar/Corporate generation projects.

Sub-stations:

Establishment of 400 kV GIS Pooling Station (Jharkhand Pool) near Essar and Corporate generation projects.



d. The annual fixed charges approved by the Commission vide order dated 29.7.2016 in Petition No. 90/TT/2016 and trued-up tariff claimed by the Petitioner in this petition is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Annual Fixed Charges (AFC) approved vide order dated 29.7.2016 in Petition No. 90/TT/2016	8649.80	12376.57	12302.01
AFC claimed by the Petitioner based on truing up in the instant petition	8578.71	12091.18	12000.85

4. The Respondents are distribution licensees, power departments, centralized power procurement companies of States and private generating companies, which are procuring or had intended to procure transmission service from the Petitioner, mainly beneficiaries of the Eastern Region.

5. The Petitioner has served the petition on the Respondents and notice of this application has been published in newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments/ objections have been received from the general public in response to the aforesaid notice published in the newspaper by the Petitioner. Reply to the petition has been filed by Essar Power (Jharkhand) Limited (in short, "Essar Power"), Respondent No.7, vide affidavit dated 27.6.2020.

6. The hearing in the matter was held on 9.6.2020 through video conference. The representative of the Petitioner submitted that the Ranchi-Chandwa-Gaya 400 kV D/C (quad) line was originally planned for evacuation of power from generation projects of Essar Power and Corporate Power Ltd. (in short, "Corporate Power) to be pooled at Chandwa Pooling Station. However, due to delay of these generation projects, the high capacity 400 kV D/C line would be serving the requirement of the regional strengthening scheme in place of Ranchi-Gaya section till the commissioning of any



new generation project in this area. The Commission directed the Petitioner to submit copy of RPC/ SCM approval for use of the transmission asset as regional strengthening scheme. The Petitioner was also directed to provide copy of LTA agreement with Essar Power along with present status of the project and if Essar Power had relinquished its generation project, the details of relinquishment charges, if any. In reply, the Petitioner, vide affidavit dated 25.6.2020, has submitted the information as directed by the Commission.

7. This order is issued considering the submissions made by the Petitioner in the instant petition, submission of the Petitioner vide affidavits dated 5.5.2020 and 25.6.2020 and reply by the Respondent No.7 vide affidavit dated 27.6.2020.

8. The liquidator of Essar Power has appointed an advocate to appear, plead and act on behalf of Essar Power, who has filed Statement of Objections vide affidavit dated 27.6.2020. The liquidator of Essar Power, through its advocate, submitted that Essar Power is under liquidation as per the Liquidation Order dated 3.1.2020 passed by the NCLT and, hence, no recovery proceedings can be initiated against it.

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

TRUING UP OF ANNUAL FIXED CHARGES OF THE 2014-19 TARIFF PERIOD

10. The details of the transmission charges claimed by the Petitioner in respect of the transmission asset is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Depreciation	2406.02	3500.16	3565.57
Interest on Loan	2713.29	3576.13	3309.28
Return on Equity	2682.16	3904.84	3989.58



Interest on Working Capital	200.25	282.66	281.55
O&M Expenses	576.99	827.39	854.87
Total	8578.71	12091.18	12000.85

11. The details of the Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission asset is as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 263 days)	2017-18	2018-19
O&M Expenses	66.73	68.95	71.24
Maintenance Spares	120.12	124.11	128.23
Receivables	1984.30	2015.20	2000.14
Total Working Capital	2171.15	2208.26	2199.61
Rate of Interest (%)	12.80	12.80	12.80
Interest on Working Capital	200.25	282.66	281.55

Capital Cost

12. The details of FR apportioned approved capital cost, actual expenditure up to COD and Additional Capital Expenditure (ACE) incurred during the 2014-19 tariff period as claimed by the Petitioner are as follows:

(₹ in lakh)

Apportioned Approved Capital Cost as per FR	Capital Cost as per approved RCE	Capital Cost as on COD approved vide order dated 29.7.2016 in Petition No. 90/TT/2016	ACE claimed (including accrual Interest During Construction)			Total Capital Cost as on 31.3.2019
			2016-17 (Pro-rata 263 days)	2017-18	2018-19	
56181.64	72777.00	60934.27**	4068.79	2104.03	400.74	67507.83

**After adjustment of accrual IDC and added in the respective year add cap.

13. We have considered the submissions of the Petitioner and it is observed that the estimated completion cost of the transmission asset as on 31.3.2019 including ACE is within the capital cost as per the approved RCE. Thus, there is no cost over-run.



Time over-run

14. The details of the date of commercial operation of the transmission asset is as follows:

Scheduled COD (SCOD)	Actual COD	Time over-run	Time over-run condoned
24.11.2013	12.7.2016	31 months and 18 days	31 months and 18 days

15. There was time over-run of 31 months and 18 days in case of the transmission asset and the same was condoned *vide* order dated 29.7.2016 in Petition no. 90/TT/2016.

Interest During Construction (IDC) and Incidental Expenditure During Construction (IEDC)

16. As time over-run was condoned *vide* order dated 29.7.2016 in Petition No. 90/TT/2016, IDC and IEDC for the delay were allowed to be capitalised.

17. IDC and IEDC allowed to be capitalised by the Commission in the order dated 29.7.2016 are as follows:

Particulars	(₹ in lakh)	
	IDC	IEDC
IDC and IEDC discharged upto COD	6937.96	925.64
Accrual IDC to be discharged in 2016-17	1443.66	0.00
Accrual IDC to be discharged in 2017-18	98.95	0.00

18. The accrual IDC for 2016-17 and 2017-18 claimed by the Petitioner for the transmission asset is same as allowed by the Commission *vide* order dated 29.7.2016 in Petition 90/TT/2016. Therefore, IDC and IEDC allowed earlier by the Commission in order dated 29.7.2016 in Petition No. 90/TT/2016 have been considered in the instant petition.



Capital Cost as on COD

19. The Commission had approved the capital cost of ₹60934.27 lakh, vide order dated 29.7.2016 in Petition No. 90/TT/2016. The capital cost of ₹60934.27 lakh for the transmission asset as on date of commercial operation has been considered as opening capital cost by the Petitioner for determination of tariff. We have considered the same capital cost of ₹60934.27 lakh as on COD to work out trued-up tariff for the 2014-19 tariff period, in accordance with Regulation 9(3) of the 2014 Tariff Regulations.

Additional Capital Expenditure (ACE)

20. The Commission had allowed ACE of ₹7607.38 lakh for the transmission asset in the 2014-19 period towards un-discharged liabilities under Regulation 14(1) of the 2014 Tariff Regulations *vide* order dated 29.7.2016 in Petition No. 90/TT/2016.

21. The Petitioner has claimed that ACE of ₹6573.56 lakh incurred for the transmission asset in the 2014-19 period is on account of un-discharged liabilities towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date under Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations. The details of the claim and the justification provided by the Petitioner is as follows:

Work/Equipment added after COD up to cut off date of 31.3.2019	Amount Capitalised (₹ in lakh)	Justification	Regulation under which ACE claimed
Year: 2016-17			
Accrual IDC	1443.66	IDC Discharged after COD	14(1)(i)
Balance and retention payment	2334.68	Balance & Retention payment	14(1)(i)
Addition in Gross Block	290.45	Balance Work / O&M additional capitalization	14(1)(ii)
Total (2016-17)	4068.79		
Year: 2017-18			



Accrual IDC	98.95	IDC discharged after COD	14(1)(i)
Balance and retention payment	55.43	Balance & Retention Payment	14(1)(i)
Addition in Gross Block	1949.65	Balance Work / O&M additional capitalization	14(1)(ii)
Total (2017-18)	2104.03		
Year: 2018-19			
Balance and retention payment	400.74	Balance & Retention payment	14(1)(i)
Total (2018-19)	400.74		

22. We have considered the submissions made by the Petitioner. ACE claimed by the Petitioner under Regulation 14(1)(i) of the 2014 Tariff Regulations has been allowed as it pertains to un-discharged liabilities towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date and ACE claimed by the Petitioner under Regulation 14(1)(ii) of the 2014 Tariff Regulations is allowed as it is towards works deferred for execution. ACE allowed for the transmission asset for the 2014-19 tariff period is as follows:

Capital Cost as on COD	ACE			Total Capital Cost as on 31.3.2019
	2016-17	2017-18	2018-19	
60934.27	4068.79	2104.03	400.74	67507.83

Debt-Equity ratio

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

Particulars	Capital cost as on COD (₹ in lakh)	(%)	ACE during the 2014-19 period (₹ in lakh)	(%)	Total cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	42653.99	70.00	4601.49	70.00	47255.48	70.00
Equity	18280.28	30.00	1972.07	30.00	20252.35	30.00



Total	60934.27	100.00	6573.56	100.00	67507.83	100.00
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Depreciation

24. The Petitioner has claimed the capital cost of the IT equipment in Petition No. 90/TT/2016 as part of the capital cost of the sub-station. The Petitioner now at the time of truing-up for the 2014-19 period has segregated the IT equipment cost from sub-station cost. The Petitioner did not claim any capital expenditure towards "IT Equipment" in the above said petition where tariff for the instant assets for the 2014-19 period was allowed even though there was a clear provision in the 2014 Tariff Regulations. For the first time at the stage of truing up of the tariff allowed for the 2014-19 period, the Petitioner has apportioned a part of the capital expenditure to "IT Equipment" and has claimed depreciation under the head "IT Equipment" @15%. Therefore, we are not inclined to consider the Petitioner's prayer for apportionment of capital expenditure towards IT Equipment and allowing depreciation @ 15% from 1.4.2014 onwards. Accordingly, the depreciation @ 5.28% has been considered for IT Equipment as part of the sub-station from COD up to 31.3.2019 while truing up the capital expenditure for the 2014-19 period. During the 2019-24 tariff period, the IT Equipment has been considered separately and depreciation has been allowed @ 15% for the balance depreciable value of IT Equipment in accordance with Regulation 33 read with Sr. No. (p) of the Appendix-I (Depreciation Schedule) of the 2019 Tariff Regulations. The Commission took similar view in order dated 9.5.2020 in Petition No. 19/TT/2020.

25. The calculation of weighted average rate of depreciation (WAROD) is placed in Annexure-1. The Gross Block during the tariff period 2014-19 has been depreciated at WAROD. WAROD has been worked out after taking into account the depreciation



rates of transmission asset as prescribed in the 2014 Tariff Regulations and the trued-up depreciation allowed during the 2014-19 tariff period is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Opening Gross Block	60934.27	65003.06	67107.09
ACE	4068.79	2104.03	400.74
Closing Gross Block	65003.06	67107.09	67507.83
Average Gross Block	62968.67	66055.08	67307.46
Freehold Land	23.10	23.10	23.10
Weighted Average Rate of Depreciation (WAROD) (%)	5.27%	5.27%	5.27%
Balance useful life of the asset	33.00	33.00	32.00
Elapsed Life of the asset	0.00	0.00	1.00
Aggregated Depreciable Value	56651.01	59428.78	60555.92
Combined Depreciation during the year	2391.78	3480.14	3545.55
Aggregate Cumulative Depreciation	2391.78	5871.93	9417.48
Remaining Aggregate Depreciable Value	54259.23	53556.85	51138.45

26. The details of depreciation approved vide order dated 29.7.2016 in the Petition No.90/TT/2016, depreciation claimed by the Petitioner in the instant petition and trued up depreciation allowed in the instant order is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Approved vide order dated 29.7.2016 in the Petition No.90/TT/2016	2410.58	3527.08	3592.32
Claimed by the Petitioner in the instant petition	2406.02	3500.16	3565.57
Allowed after true-up in this order	2391.78	3480.14	3545.55

Interest on Loan (IoL)

27. The Petitioner has claimed that the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. Accordingly, IoL has been calculated based on actual interest rate in accordance with the Regulation 26 of the 2014 Tariff Regulations. Trued-up IoL is as follows:



(₹ in lakh)

Particulars	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Interest on Loan			
Gross Normative Loan	42653.99	45502.14	46974.96
Cumulative Repayments up to Previous Year	0.00	2391.78	5871.93
Net Loan-Opening	42653.99	43110.36	41103.04
Additions	2848.15	1472.82	280.52
Repayment during the year	2391.78	3480.14	3545.55
Net Loan-Closing	43110.36	41103.04	37838.00
Average Loan	42882.17	42106.70	39470.52
Weighted Average Rate of Interest on Loan (%)	8.7827	8.4978	8.3935
Interest on Loan	2713.74	3578.15	3312.97

28. The details of IoL approved vide order dated 29.7.2016 in Petition No. 90/TT/2016, IoL claimed by the Petitioner in the instant petition and true-up IoL allowed in the instant order is as follows:

(₹ in lakh)

Particular	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Approved vide order dated 29.7.2016 in Petition No. 90/TT/2016	2769.74	3793.15	2769.74
Claimed by the Petitioner in the instant petition	2713.29	3576.13	3309.28
Allowed after true-up in this order	2713.74	3578.15	3312.97

Return on Equity (RoE)

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

Year	Claimed effective tax rate (in %)	Grossed up ROE [Base Rate/(1-t)] (in %)
2016-17	21.338	19.705
2017-18	21.337	19.705
2018-19	21.549	19.758



30. The Commission in order dated 27.4.2020 in Petition No. 247/TT/2019 has arrived at the effective tax rate for the Petitioner based on the notified MAT rates and the same is as follows.

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

31. The MAT rates considered in order dated 27.4.2020 in Petition No. 274/TT/2019 are considered for the purpose of grossing up of rate of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations, as follows:

Year	Notified MAT rates (inclusive of surcharge & cess) (in %)	Base rate of RoE (in %)	Grossed up RoE [Base Rate/(1-t)] (in %)
2014-15	20.961	15.50	19.610
2015-16	21.342	15.50	19.705
2016-17	21.342	15.50	19.705
2017-18	21.342	15.50	19.705
2018-19	21.549	15.50	19.758

32. The Petitioner has claimed RoE for the 2014-19 period after grossing up RoE of 15.50% with Effective Tax rates (based on MAT rates) each year. Trued-up RoE is on the basis of the MAT rate applicable in the respective years and is allowed as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Opening Equity	18280.28	19500.92	20132.13
Additions	1220.64	631.21	120.22
Closing Equity	19500.92	20132.13	20252.35
Average Equity	18890.60	19816.52	20192.24
Return on Equity (Base Rate) (%)	15.500	15.500	15.500
MAT Rate for respective year (%)	21.342	21.342	21.549
Rate of Return on Equity (%)	19.705	19.705	19.758
Return on Equity	2682.16	3904.85	3989.58



33. The details of RoE approved vide order dated 29.7.2016 in Petition No. 90/TT/2016, RoE claimed by the Petitioner in the instant petition and the true-up RoE allowed in the instant order are as follows:

Particular	(₹ in lakh)		
	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Approved vide order dated 29.7.2016 in Petition No. 90/TT/2016	2690.72	3940.20	4014.47
Claimed by Petitioner in the instant petition	2682.16	3904.84	3989.58
Allowed after true-up in this Order	2682.16	3904.85	3989.58

Operation & Maintenance Expenses (O&M Expenses)

34. O&M Expenses for the transmission asset claimed by the Petitioner are as follows:

O&M Expenses	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Sub-station bays			
400 kV			
Number of bays	4	4	4
400 kV GIS			
Number of bays	6	6	6
Transmission line			
D/C Bundled conductor (four or more sub-conductors) (km)	183.58	183.58	183.58
Multi Circuit (Bundled Conductor with four or more sub-conductor) (km)	2.6	2.6	2.6
Total O&M expense (₹ in lakh)	576.99	827.40	854.87

35. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system which are as follows:

O&M Expenses	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Sub-station bays			
400 kV			
Norms (₹ lakh/Bay)	64.37	66.51	68.71
400 kV GIS			
Norms (₹ lakh/Bay)	55.02	56.84	58.73
Transmission line			
D/C Bundled conductor (four or more sub-conductors)			



Norms (₹ lakh/km)	1.133	1.171	1.21
Multi Circuit (Bundled Conductor with four or more sub-conductor)			
Norms (₹ lakh/km)	1.989	2.055	2.123

36. Trued-up O&M Expenses allowed as per the norms specified in the 2019 Tariff Regulations are as follows:

O&M Expenses	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Sub-station bays			
400 kV			
Number of bays	4	4	4
Norms (₹ lakh/Bay)	64.37	66.51	68.71
400 kV GIS			
Number of bays	6	6	6
Norms (₹ lakh/Bay)	55.02	56.84	58.73
Transmission line			
D/C Bundled conductor (four or more sub-conductors)	183.58	183.58	183.58
Norms (₹ lakh/km)	1.133	1.171	1.21
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.6	2.6	2.6
Norms (₹ lakh/km)	1.989	2.055	2.123
Total O&M expense (₹ in lakh)	576.99	827.40	854.87

37. The details of the O&M Expenses approved vide order dated 29.7.2016 in Petition No. 90/TT/2016, claimed by the Petitioner in the instant petition and trued-up O&M Expenses allowed in the instant order are as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Approved vide order dated 29.7.2016 in Petition No. 90/TT/2016	576.99	827.40	854.87
Claimed by the Petitioner in the instant petition	576.99	827.39	854.87
Allowed after true-up in this order	576.99	827.40	854.87

Interest on Working Capital (IWC)

38. IWC has been worked out as per the methodology provided in the Regulation 28 of the 2014 Tariff Regulations. Trued-up IWC allowed is as follows:



(₹ in lakh)

Particulars	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Working Capital for O & M Expenses	66.73	68.95	71.24
Working Capital for Maintenance Spares	120.12	124.11	128.23
Working Capital for Receivables	1981.04	2012.13	1997.36
Total Working Capital	2167.89	2205.19	2196.83
Rate of Interest (%)	12.80	12.80	12.80
Interest on Working Capital	199.94	282.26	281.19

39. The details of IWC approved vide order dated 29.7.2016 in Petition No. 90/TT/2016, IWC claimed by the Petitioner in the instant petition and trued-up IWC allowed in the instant order are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Approved vide order dated 29.7.2016 in Petition No. 90/TT/2016	201.76	288.75	287.98
Claimed by the Petitioner in the instant petition	200.25	282.66	281.55
Allowed after true-up in this order	199.94	282.26	281.19

Approved Annual Fixed Charges of the 2014-19 Tariff Period

40. The trued up annual fixed charges for the transmission asset for the tariff period 2014-19 are as follows:

(₹ in lakh)

Particulars	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Depreciation	2391.78	3480.14	3545.55
Interest on Loan	2713.74	3578.15	3312.97
Return on Equity	2682.16	3904.85	3989.58
Interest on Working Capital	199.94	282.26	281.19
O & M Expenses	576.99	827.40	854.87
Total	8564.62	12072.80	11984.17

41. Accordingly, the Annual Transmission Charges approved vide order dated 29.7.2016 in Petition No. 90/TT/2016, claimed by the Petitioner in the instant petition and approved after truing up in the instant order is as follows:



Particulars	(₹ in lakh)		
	2016-17 (Pro-rata 263 days)	2017-18	2018-19
Approved vide order dated 29.7.2016 in Petition No. 90/TT/2016	8649.80	12376.57	12302.01
Claimed by the Petitioner in the instant petition	8578.71	12091.18	12000.85
Allowed after true-up in this order	8564.62	12072.80	11984.17

42. The Annual Transmission Charges approved after truing up have increased for the transmission asset in comparison to that approved earlier vide order dated 29.7.2016 in Petition No. 90/TT/2016 mainly due to increase in ACE.

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

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	3626.84	3677.54	3677.54	3676.19	3646.64
Interest on Loan	3091.26	2839.37	2534.15	2228.73	1920.00
Return on Equity	3858.66	3913.52	3913.52	3913.52	3913.52
Interest on Working Capital	181.62	180.66	176.87	173.08	168.43
O&M Expenses	517.76	535.68	554.31	573.63	593.47
Total	11276.14	11146.77	10856.39	10565.15	10242.06

44. The details of IWC claimed by the Petitioner in respect of the transmission asset is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	43.15	44.64	46.19	47.80	49.46
Maintenance Spares	77.66	80.35	83.15	86.04	89.02
Receivables	1386.41	1374.26	1338.46	1320.55	1259.27
Total Working Capital	1507.22	1499.25	1467.80	1436.39	1397.75
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	181.62	180.66	176.87	173.08	168.43

Capital Cost

45. Regulation 19 of 2019 Tariff Regulations provide as follows: -



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

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

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

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

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

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

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

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

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

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

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

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

(k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*

(l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*

(m) *Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*

(n) *Expenditure on account of change in law and force majeure events; and*

(o) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

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

(a) *Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*

(b) *Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*

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

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



(e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
(f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.”

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

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

46. The Petitioner has claimed capital cost of ₹67507.83 lakh as on 31.3.2019 for the transmission asset vide Auditor Certificate dated 31.7.2019. The same has been computed and allowed by the Commission and has been considered as opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.



Additional Capital Expenditure (ACE)

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

“24. Additional Capitalisation within the original scope and upto the cut-off date

(1) The ACE in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law; and*
- (f) Force Majeure events:*

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.

25. Additional Capitalisation within the original scope and after the cut-off date:

(1) The ACE incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:

- a) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;*
- b) Change in law or compliance of any existing law;*
- c) Deferred works relating to ash pond or ash handling system in the original scope of work;*
- d) Liability for works executed prior to the cut-off date;*
- e) Force Majeure events;*
- f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and*
- g) Raising of ash dyke as a part of ash disposal system.*

(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:



(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.

48. The Petitioner has claimed ACE of ₹1947.45 lakh for the 2019-24 period (which is beyond the cut-off date for the transmission asset) under Regulation 25(1)(d) of the 2019 Tariff Regulations. The Petitioner has claimed the following ACE on the basis projected expenditure to be made to the contractor(s) after receipt of final invoices from the contractor(s) and incorporating the amendments:

Period	ACE claimed (₹ in lakh)	Regulation
2019-20	1947.45	25(1)(d)
Total ACE claimed in the 2019-24 period	1947.45	

49. The Petitioner has submitted the following justification for the projected ACE during the 2019-24 period vide affidavit dated 5.5.2020:

Party Name	Package	Year	Balance & retention amount (₹ in lakh)
Deepak cables	Transmission Line	2019-20	1606.97
Hyosung Corporation	Sub-station	2019-20	208.40
Petty contractors (BHEL, M.S. Enterprise, Siemens, Kumar Piyush Construction Pvt. Ltd. & M.S Enterprises and others etc.)	Sub-station	2019-20	132.08
Total			1947.45

50. We have considered the submission made by the Petitioner. ACE claimed by the Petitioner has been allowed under Regulation 25(1)(d) of the 2019 Tariff Regulations as it is on account of undischarged liabilities towards final payment/ withheld payment payable at a future date for works executed within the cut-off date.



Accordingly, the capital cost considered for the 2019-24 tariff period for the transmission asset is as follows:

(₹ in lakh)		
Capital cost as on 1.4.2019	Admitted ACE	Capital cost as on 31.3.2024
	2019-20	
67507.83	1947.45	69455.28

Debt-Equity ratio

51. 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.*

(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.”

52. The details of the debt and equity considered for the purpose of tariff for 2019-24 tariff period are as follows:

Particulars	Capital cost as on 1.4.2019 (₹ in lakh)	%	ACE for 2019-24 (₹ in lakh)	%	Capital cost as on 31.3.2024 (₹ in lakh)	%
Debt	47255.48	70.00	1363.22	70.00	48618.70	70.00
Equity	20252.35	30.00	584.24	30.00	20836.58	30.00
Total	67507.83	100.00	1947.45	100.00	69455.28	100.00

Depreciation

53. Regulation 33 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 system or element there of including communication system. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

(3) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;



Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:

Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

(4) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2019 from the gross depreciable value of the assets.

(7) The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure five years before the completion of useful life of the project along with justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure.

(8) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the decapitalized asset during its useful services.”

54. The IT equipment has been considered as a part of the Gross Block and depreciated using Weighted Average Rate of Depreciation (WAROD). WAROD has been worked out (as placed in Annexure-2) after taking into account the depreciation rates of IT and non-IT assets as prescribed in the 2019 Tariff Regulations. The



salvage value of IT equipment has been considered nil, i.e. IT asset has been considered as 100 per cent depreciable. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation allowed for the transmission asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	67507.83	69455.28	69455.28	69455.28	69455.28
Addition during the year 2019-24 due to projected ACE	1947.45	0.00	0.00	0.00	0.00
Closing Gross Block	69455.28	69455.28	69455.28	69455.28	69455.28
Average Gross Block	68481.56	69455.28	69455.28	69455.28	69455.28
Freehold Land	23.10	23.10	23.10	23.10	23.10
Weighted Average Rate of Depreciation (WAROD) (%)	5.30%	5.29%	5.29%	5.29%	5.29%
Balance useful life at the beginning of the year (Year)	31.00	30.00	29.00	28.00	27.00
Elapsed Life of the asset (Year)	2.00	3.00	4.00	5.00	6.00
Aggregated Depreciable Value	61633.21	62509.56	62509.56	62509.56	62509.56
Combined Depreciation during the year	3626.85	3677.54	3677.54	3677.54	3677.54
Aggregate Cumulative Depreciation	13044.33	16721.86	20399.40	24076.94	27754.47
Remaining Aggregated Depreciable Value	48588.88	45787.70	42110.16	38432.62	34755.09

Interest on Loan (IoL)

55. 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.”

56. 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 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed for the transmission asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	47255.48	48618.70	48618.70	48618.70	48618.70
Cumulative Repayments up to Previous Year	9417.48	13044.33	16721.86	20399.40	24076.94
Net Loan-Opening	37838.00	35574.37	31896.83	28219.30	24541.76
Additions	1363.22	0.00	0.00	0.00	0.00
Repayment during the year	3626.85	3677.54	3677.54	3677.54	3677.54
Net Loan-Closing	35574.37	31896.83	28219.30	24541.76	20864.22
Average Loan	36706.19	33735.60	30058.06	26380.53	22702.99
Weighted Average Rate of Interest on Loan (%)	8.4341	8.4301	8.4461	8.4656	8.4710
Interest on Loan	3095.85	2843.93	2538.72	2233.26	1923.16



Return on Equity (RoE)

57. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations specify 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.

(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.”

58. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. Accordingly, the MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which shall be trued up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the transmission asset is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	20252.35	20836.58	20836.58	20836.58	20836.58
Additions	584.24	0.00	0.00	0.00	0.00
Closing Equity	20836.58	20836.58	20836.58	20836.58	20836.58
Average Equity	20544.47	20836.58	20836.58	20836.58	20836.58
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	3858.56	3913.42	3913.42	3913.42	3913.42



Operation & Maintenance Expenses (O&M Expenses)

59. The O&M Expenses claimed by the Petitioner for the various elements included in the transmission asset for the 2019-24 tariff period are as follows:-

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station bays					
400 kV					
Number of bays	4	4	4	4	4
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
400 kV GIS					
Number of bays	6	6	6	6	6
Norms (₹ lakh/Bay)	22.505	23.296	24.115	24.962	25.837
Transmission line					
D/C Bundled conductor (four or more sub-conductors)	183.58	183.58	183.58	183.58	183.58
Norms (₹ lakh/km)	1.322	1.368	1.416	1.466	1.517
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.6	2.6	2.6	2.6	2.6
Norms (₹ lakh/km)	2.319	2.401	2.485	2.572	2.662
O&M for PLCC (2% of ₹270.34 lakh)	5.41	5.41	5.41	5.41	5.41
Total O&M Expenses (₹ in lakh)	517.76	535.68	554.31	573.63	593.47

60. Regulation 35(3)(a) of the 2019 Tariff Regulations provides as follows:

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

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub- conductors)	0.755	0.781	0.809	0.837	0.867



Single Circuit (Twin & Triple)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;
- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as



Double Circuit quad AC line;

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

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

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

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

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

61. We have considered the submission of the Petitioner. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 35(4) of the 2019 Tariff Regulation @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 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.

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

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station bays					
400 kV					
Number of bays	4	4	4	4	4
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
400 kV GIS					
Number of bays	6	6	6	6	6
Norms (₹ lakh/Bay)	22.505	23.296	24.115	24.962	25.837
Transmission line					
D/C Bundled conductor (four or more sub-conductors)	183.58	183.58	183.58	183.58	183.58
Norms (₹ lakh/km)	1.322	1.368	1.416	1.466	1.517
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.6	2.6	2.6	2.6	2.6
Norms (₹ lakh/km)	2.319	2.401	2.485	2.572	2.662
Total O&M expenses allowed (₹ lakh)	512.35	530.28	548.90	568.23	588.07

Interest on Working Capital (IWC)

63. Regulation 34(1)(c), Regulation 34(3), Regulation 34(4) and Regulation 3(7) of the 2019 Tariff Regulations specifies 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 annual fixed cost;

ii. Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and



iii. Operation and maintenance expenses, including security expenses for one month”

(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;”

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

65. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of interest on working capital considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, whereas, ROI for 2020-21 onwards has been considered as 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points). The components of the working capital and interest 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)	42.70	44.19	45.74	47.35	49.01
Maintenance Spares (15% of O&M Expenses)	76.85	79.54	82.34	85.23	88.21
Receivables (Equivalent to 2 months of annual fixed cost)	1386.28	1372.62	1336.86	1301.15	1261.42



Total Working Capital	1505.83	1496.36	1464.93	1433.73	1398.64
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on working capital	181.45	168.34	164.80	161.29	157.35

Annual Fixed Charges of the 2019-24 Tariff Period

66. The transmission charges allowed for the transmission asset for the 2019-24 period are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	3626.85	3677.54	3677.54	3677.54	3677.54
Interest on Loan	3095.85	2843.93	2538.72	2233.26	1923.16
Return on Equity	3858.56	3913.42	3913.42	3913.42	3913.42
Interest on Working Capital	181.45	168.34	164.80	161.29	157.35
O & M Expenses	512.35	530.28	548.90	568.23	588.07
Total	11275.06	11133.51	10843.39	10553.74	10259.55

Filing Fee and the Publication Expenses

67. 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

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

Security Expenses

69. The Petitioner has submitted that security expenses for the transmission asset have not been claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential IWC. The Petitioner has



requested to consider the actual security expenses incurred during 2018-19 for claiming estimated security expenses for 2019-20 which shall be subject to true up at the end of the year based on the actuals. The Petitioner has submitted that similar petition for security expenses for 2020-21, 2021-22, 2022-23 and 2023-24 will be filed on a yearly basis based on the actual expenses of previous year subject to true up at the end of the year. The Petitioner has submitted that the difference, if any, between the estimated security expenses and actual security expenses may be allowed to be recovered from the beneficiaries on a yearly basis.

70. We have considered the submissions of the Petitioner. Any application filed by the Petitioner in this regard will be dealt with in accordance with the appropriate provisions of the 2019 Tariff Regulations.

Goods and Services Tax

71. The Petitioner has submitted that, if GST is levied 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.

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



Capital Spares

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

Sharing of Transmission Charges

74. The Petitioner has submitted that the transmission charges for 2014-19 period shall be recovered on monthly basis in accordance with Regulation 42 and should be shared by the Respondents in accordance with Regulation 43 of the 2014 Tariff Regulations for 2014-19 period and Regulation 57 of the 2019 Tariff Regulations for 2019-24 period. The Petitioner has further submitted that sharing of transmission charges by the beneficiaries and long term transmission customers shall be in terms of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010.

75. During hearing on 9.6.2020, the learned counsel for Essar Power, appearing on behalf of the Liquidator of the company, submitted that Essar Power is under liquidation as per the Liquidation Order dated 3.1.2020 passed by NCLT (National Company Law Tribunal). Therefore, no recovery proceedings can be initiated against it.

76. Essar Power, vide affidavit dated 27.6.2020, has made the following submissions through its Liquidator:

- (i) The Statement of Objection is filed for the limited purpose of opposing grant of reliefs against Essar Power on the grounds of its on-going liquidation.
- (ii) Essar Power was incorporated to set up a 1200 MW pit-head coal-fired independent power plant. Vide Order dated 5.4.2018 (hereinafter referred to as "Admission Order"), the National Company Law Tribunal, Principal Bench



(NCLT), admitted an Application filed by ICICI Bank Ltd., against Essar Power under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“the Code”), for initiation of Corporate Insolvency Resolution Process (CIRP). Pursuant to the Admission Order, the Interim Resolution Professional was appointed in respect of Essar Power under the provisions of the Code. Subsequently, the Committee of Creditors appointed the Resolution Professional (RP), who was entrusted with the duties and obligations of the RP as embodied in the Code read with the relevant CIRP Regulations.

(iii) Vide Order dated 3.1.2020, NCLT passed an order for liquidation (“the Liquidation Order”) of Essar Power and the Liquidator was appointed. Subsequently, *vide* an email dated 13.3.2020, the Liquidator had also intimated the Petitioner that the Petitioner is one of the members of the Stakeholder’s Consultation Committee of Essar Power (representative from the class of operational creditors other than workmen, employees and governments) constituted in terms of Regulation 31A of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (“Liquidation Regulations”).

(iv) The first meeting of the Stakeholder’s Consultation Committee was held on 26.5.2020 and the Petitioner was also notified of the same through an email dated 20.5.2020. However, the Petitioner was not represented during the said first meeting of the Stakeholder’s Consultation Committee. The Liquidator of Essar Power was informed by erstwhile officers of Essar Power that the Petitioner had filed the present Petition and impleaded Essar Power as a party. It was during the hearing of the present petition on 9.6.2020 when Counsel on behalf of the Liquidator of Essar Power attended the hearing, the representatives of the Petitioner confirmed that the Essar Power has been impleaded as a Respondent to the present Petition. It is submitted that as per Section 33(5) of the Code, no Suit or any other legal proceeding can be initiated against Essar Power pursuant to the Liquidation Order. The relevant portion of Section 33(5) of the Code has been reproduced below:

33. Initiation of Liquidation.-

33(5) Subject to section 52, when a liquidation order has been passed, no suit or other legal proceeding shall be instituted by or against the Corporate Debtor:



Provided that a suit or other legal proceeding may be instituted by the liquidator, on behalf of the corporate debtor, with the prior approval of the Adjudicating Authority.

(v) The above-mentioned provision has also been referred to in the Liquidation Order. As per the said paragraph of the Liquidation Order passed by NCLT, a fresh moratorium under Section 33(5) of the Code commenced in respect of Essar Power, from the date of the Liquidation Order.

(vi) Further, the provision of Section 238 of the Code provides for an overriding effect in case of any inconsistency with any other law in force. Therefore, any other law which is inconsistent with the moratorium enforced under Section 33(5) of the Code by way of which no suit or legal proceeding can be initiated against Essar Power which is undergoing liquidation, can prevail in the present circumstances. Therefore, the present petition against Essar Power is unlawful and in violation of the provisions of the Code. Section 238 of the Code is reproduced below:

238. Provisions of this Code to override other laws. - *The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.*

(vii) The Petitioner is one of the stakeholders of Essar Power and also a member of the Stakeholder's Consultation Committee of the Essar Power constituted in terms of the Regulation 31A of the Liquidation Regulations. The Liquidator of Essar Power has been appointed by NCLT to protect the interests of the stakeholders of Essar Power, such as the Petitioner. Stakeholders of Essar Power are entitled to receive proceeds against their admitted claims from the liquidation estate of Essar Power as per the waterfall mechanism laid down in Section 53 of the Code. In fact, the costs being incurred by the Liquidator of Essar Power to engage advocates to attend the present hearing would also be paid from the liquidation estate of Essar Power. Such expenses incurred on account of litigation would be paid on priority as per the terms of Section 53 of the Code. In the circumstances, initiation of such proceedings against Essar Power is detrimental to the interests of all the stakeholders of Essar Power, including the Petitioner.



(viii) Therefore, Essar Power, through its Liquidator prays that Essar Power be deleted as a Respondent to the present proceedings in violation of Section 33(5) of the Code but also disadvantageous to the stakeholders of Essar Power such as the Petitioner.

77. Essar Power apart from being under liquidation proceedings has contended that it is not liable to pay any transmission charges, as the transmission system falls under system strengthening and that it has already relinquished LTA.

78. The representative of the Petitioner during hearing on 9.6.2020 submitted that the Ranchi-Chandwa-Gaya 400 kV D/C (quad) line was originally planned for evacuation of power from generation projects of Essar Power, Corporate Power and Adhunik Power & Natural Resources Limited (in short Adhunik Power) to be pooled at Chandwa Pooling Station. However, these generation projects have been delayed, but the transmission asset would serve the requirement of regional strengthening scheme in place of Ranchi-Gaya section till commissioning of any new generation project in this area. Therefore, the Commission directed the Petitioner to submit RPC and SCM approval in support of its contention. Further, the Commission directed the Petitioner to submit the status of LTA of Essar Power.

79. In response, the Petitioner vide affidavit dated 25.6.2020 has submitted that the scheme was approved as strengthening scheme in the 17th SCM held on 25.5.2015 and 29th ERPC and TCC meetings held on 13/14.2.2015. The relevant extracts of the meetings are as under:

Extracts of the Minutes of 17th SCM on Power System Planning in Eastern Region held on 25.05.2015 at NRPC:

“9.5 MS, ERPC requested to take up balance portion of the 765 kV ring as agreed in the previous SCM. Representatives from WBSETCL and NTPC also urged to take up the upper part of the 765kV ring viz. Jeerat - Gokarna (New) - Banka (New) - Gaya 765 kV D/c corridor. In response AGM, POWERGRID stated the implementation of 765 kV ring is being taken up in a phased manner depending upon progress of Odisha UMPP



and other generation projects. However, in the first phase middle portion of the ring is proposed. Some members pointed out the requirement of Ranchi-Gaya 765 kV section. In reply, AGM, POWERGRID stated that the Ranchi-Gaya 400 kV D/c (quad) line via Chandwa pool was originally planned for evacuation from Essar and Corporate generation projects to be pooled at Chandwa pool. However, due to delay of these projects, this high capacity 400kV D/c line would serve the requirement of regional strengthening scheme in place of 765 kV Ranchi-Gaya section till the commissioning of any new generation project in this area.”

Extracts of the Minutes of 29th ERPC & TCC Meetings held on 13.2.2015 & 14.2.2015:

ITEM NO. D12:	Commissioning of 400 kV Ranchi-Chandwa-Gaya transmission corridor - Powergrid
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400 kV Ranchi-Chandwa- Gaya transmission line associated with Jharkhand & West Bengal IPPs Project is under construction by POWERGRID. Both the IPPs at Chandwa are inordinately getting delayed. Corporate Power Ltd has already withdrawn due to severe financial crunch and/or coal linkage problems. Essar Power has also confirmed that their first Generating unit would not come before early 2016. But the 400kV Ranchi-Chandwa-Gaya transmission line under construction by POWERGRID is already in advanced stage, with Ranchi-Chandwa portion expected by March’15 and Chandwa-Gaya by June’15. The matter was discussed in the meeting of Standing Committee on Power System Planning in Eastern Region wherein it was explained that even if the Essar and Corporate generators fail to connect their dedicated line to Jharkhand pool substation, the Jharkhand Pool - Ranchi and Jharkhand Pool-Gaya lines would be useful interconnection between Ranchi and Gaya and would help in wheeling power from ER to NR as well as from WR to NR via ER.

TCC may note.”

80. The Petitioner, vide affidavit dated 25.6.2020, has submitted that Essar Power has relinquished LTA on 12.4.2017 and relinquishment charges are ₹5055 lakh. The Petitioner has further submitted the list of generation projects and their beneficiaries, which is as follows:

Sr. No.	Applicant	Generation Project capacity (MW)	LTA Applied (MW)	Location	Timeframe (Unit-wise)	LTA granted (MW)			Period of LTA (Years)
						WR	NR	ER	
1	Essar Power	1200	1100	Saraikela District	March 2013	400	400	300	25
2	Adhunik Power	540 (2x270)	450	Latehar District	Unit-1: January 2012 Unit-2: March 2012	50	200	200	25
3	Corporate	1080	960	Near	Unit-1:	480	480	_	25



	Power			Chandwa, Latehar District	September 2013 Unit-2: December 2013				
	Total	2280	2030						

81. We have considered the submissions of the Petitioner that the Ranchi-Chandwa-Gaya 400 kV D/C (quad) line was originally planned for evacuation of power from generation projects of Essar Power, Corporate Power and Adhunik Power to be pooled at Chandwa Pooling Station. However, due to delay of these generation projects, the transmission asset is serving the requirement of regional strengthening scheme in place of Ranchi-Gaya section till the commissioning of any new generation project in this area and that the scheme was discussed in the 17th SCM dated 25.5.2015 and 29th ERPC meeting dated 13/14.2.2015.

82. We note that the Commission in order dated 29.7.2016 in Petition No. 90/TT/2016 regarding sharing of transmission charges of the instant asset had held as under:

“Sharing of Transmission Charges

64. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time, as provided in Regulation 43 of the 2014 Tariff Regulations”

83. 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 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.

84. As Essar Power has relinquished its LTA before the Liquidation Order was issued by NCLT on 3.1.2020 and since charges on account of relinquishment of LTA levied on generating companies including Essar Power has already been dealt with in order dated 8.3.2019 in Petition No. 92/MP/2015, issues raised by Liquidator of Essar Power are not material in this case, as no additional transmission charges are being levied through the instant order.

85. **To summarise,**

(a) The trued-up Annual Fixed Charges allowed for the transmission asset for the 2014-19 tariff period are:

Particulars	(₹ in lakh)		
	2016-17 (Pro rata 263 days)	2017-18	2018-19
Annual Fixed Charges	8564.62	12072.80	11984.17

(b) The Annual Fixed Charges allowed for the transmission asset for the 2019-24 tariff period in this order are:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	11275.06	11133.51	10843.39	10553.74	10259.55

86. Annexure-1 and Annexure-2 given hereinafter form part of this order.

87. This order disposes of Petition No. 5/TT/2020 in terms of discussions and findings as above.

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



ANNEXURE-1

2014-19 Capital Expenditure	Admitted Capital Cost as on COD (₹ in lakh)	ACE (₹ in lakh)			Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)		
		2016-17	2017-18	2018-19		2016-17	2017-18	2018-19
Land - Freehold	23.10	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
Land - Leasehold	0.00	0.00	0.00	0.00	3.34%	0.00	0.00	0.00
Building Civil Works & Colony	239.65	156.38	114.30	0.00	3.34%	10.62	15.14	17.05
Transmission Line	50958.34	3589.34	1011.37	0.00	5.28%	2785.36	2906.82	2933.52
Sub Station	9320.86	313.77	903.63	400.74	5.28%	500.43	532.56	567.00
PLCC	191.40	4.54	74.40	0.00	6.33%	12.26	14.76	17.11
IT Equipment (Incl. Software)	200.91	4.76	0.33	0.00	5.28%	10.73	10.87	10.88
Total	60934.27	4068.79	2104.03	400.74	Total	3319.39	3480.14	3545.55
Average Gross Block (₹ in lakh)						62968.67	66055.08	67307.46
Weighted Average Rate of Depreciation						5.27%	5.27%	5.27%



ANNEXURE-2

2019-24 Capital Expenditure	Combined Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	ACE (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)				
		2019-20		2019-20	2020-21	2021-22	2022-23	2023-24
Land - Freehold	23.10	0.00	-	0.00	0.00	0.00	0.00	0.00
Land - Leasehold	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building Civil Works & Colony	510.33	74.39	3.34%	18.29	19.53	19.53	19.53	19.53
Transmission Line	55559.05	1606.97	5.28%	2975.94	3018.37	3018.37	3018.37	3018.37
Sub Station	10939.01	266.09	5.28%	584.60	591.63	591.63	591.63	591.63
PLCC	270.34	0.00	6.33%	17.11	17.11	17.11	17.11	17.11
IT Equipment (Incl. Software)	206.00	0.00	15.00%	30.90	30.90	30.90	30.90	30.90
Total	67507.83	1947.45	Total	3626.85	3677.54	3677.54	3677.54	3677.54
Average Gross Block (₹ in lakh)				68481.56	69455.28	69455.28	69455.28	69455.28
Weighted Average Rate of Depreciation				5.30%	5.29%	5.29%	5.29%	5.29%

