

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 514/TT/2019

Coram:

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

Date of Order: 06.12.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing-up of transmission tariff of 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for **Asset-1:** LILO of 2nd circuit of Neyveli-Trichy 400 kV D/C line at Nagapattinam Pooling Station along with associated bays; **Asset-2:** Strengthening of Neyveli TS-II-TS-I expansion link with higher capacity conductor under "Transmission system associated with Contingency plan for evacuation of power from IL&FS (2x600 MW)" in Southern Region.

And in the matter of:

Power Grid Corporation of India Limited,
"Saudamini", Plot No. 2, Sector 29,
Gurgaon –122001, Haryana.

.... Petitioner

Vs.

1. Karnataka Power Transmission Corporation Limited,
Kaveri Bhavan,
Bangalore – 560009.
2. Transmission Corporation of Andhra Pradesh Limited,
Vidyut Soudha,
Hyderabad – 500082.
3. Transmission Corporation of Andhra Pradesh Limited,
Vidyut Soudha,
Hyderabad – 500082.



4. Kerala State Electricity Board,
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695004.
5. Tamil Nadu Generation and Distribution Corporation Limited,
(Formerly Tamil Nadu Electricity Board -TNEB),
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600002.
6. Electricity Department,
Government of Pondicherry,
Pondicherry – 605001.
7. Eastern Power Distribution Company of Andhra Pradesh Limited,
APEPDCL, P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh.
8. Southern Power Distribution Company of Andhra Pradesh Limited,
Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta,
Tirupati – 517501, Chittoor District, Andhra Pradesh.
9. Central Power Distribution Company of Andhra Pradesh Limited,
Corporate Office, Mint Compound,
Hyderabad – 500063, Telangana
10. Northern Power Distribution Company of Andhra Pradesh Limited,
Opp. NIT Petrol Pump, Chaitanyapuri, Kazipet,
Warangal – 506004, Telangana.
11. Bangalore Electricity Supply Company Limited,
Corporate Office, K.R. Circle,
Bangalore – 560001, Karnataka.
12. Gulbarga Electricity Supply Company Limited,
Station Main Road, Gulbarga,
Karnataka.
13. Hubli Electricity Supply Company Limited,
Navanagar, PB Road,
Hubli,
Karnataka.
14. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore – 575001, Karnataka.



15. Chamundeswari Electricity Supply Corporation Limited,
927, L J Avenue, Ground Floor, New Kantharaj Urs Road,
Saraswatipuram,
Mysore – 570009, Karnataka.

16. Electricity Department,
Government of Goa,
Vidyuti Bhawan, Panaji,
Goa – 403001.

17. Transmission Corporation of Telangana Limited,
Vidhyut Sudha, Khairatabad,
Hyderabad – 500082.

18. Tamil Nadu Transmission Corporation,
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600002.

19. IL&FS Tamil Nadu Power Company Limited,
B-Block, 4th Floor, Navin's Presidium,
13, Nelson Manickam Road, Aminjikarai,
Chennai – 600029, Tamil Nadu.

20. PEL Power Limited,
8-2-293/A/76, Road No. 9A, Jubilee Hills,
Hyderabad – 500033, Andhra Pradesh.

....Respondent(s)

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

For Respondents: Shri B. Vinodh Kanna, Advocate, TANGEDCO
Ms. R. Ramalakshmi, TANGEDCO
Dr. R. Kathiravan, TANGEDCO

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for truing up of transmission tariff for the period from the date of commercial operation (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 determination of transmission 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”) for the following transmission assets (hereinafter referred to as “the transmission assets”) under “Transmission System associated with Contingency plan for evacuation of power from IL&FS (2x600 MW)” (hereinafter referred to as “the transmission scheme”) in Southern Region:

Asset-1: LILO of 2nd circuit of Neyveli-Trichy 400 kV D/C line at Nagapattinam Pooling Station along with associated bays;

Asset-2: Strengthening of Neyveli TS-II-TS-I expansion link with higher capacity conductor.

2. The Petitioner has made the following prayers in the instant 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.

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 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.

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”.

Background

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

(a) The Investment Approval (IA) for the transmission scheme was accorded by the Board of Directors of the Petitioner's company vide Memorandum No. C/CP/Contingency for IL&FS dated 30.1.2014 at an estimated cost of ₹ 9795.00 lakh based on October, 2013 Price level, including IDC of ₹439.00 lakh.

(b) The scope of work as per IA covered under the transmission scheme is as follows:

Transmission Lines:

(i) LILO of 2nd circuit of Neyveli-Trichy 400 kV D/C line at Nagapattinam pooling station;

(ii) Strengthening of Neyveli TS-II to Neyveli TS-I expansion link with higher capacity conductor;

Sub-station:



(i) Extension of 765/400 kV pooling station at Nagapattinam by 2 number 400 kV line bays for terminating LILO of 2nd circuit of Neyveli-Trichy 400 kV D/C line;

(c) The entire scope of work under the transmission scheme has been completed and is covered under the instant petition.

(d) The details of COD of the transmission assets covered in the instant petition are as follows:

Assets	Description	SCOD	Actual COD	Delay
Asset-1	LILO of 2 nd circuit of Neyveli-Trichy 400 kV D/C line at Nagapattinam Pooling Station along with associated bays	13.7.2015	29.9.2015	2 months 16 days
Asset-2	Strengthening of Neyveli TS-II-TS-I expansion link with higher capacity conductor		9.11.2015	3 months 27 days

(e) The Commission vide order dated 20.7.2016 in Petition No. 51/TT/2015 approved the transmission tariff in respect of the transmission assets from their respective CODs to 31.3.2019.

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO), Respondent No. 4, has filed its reply vide affidavit dated 23.4.2021 and has raised issues of Interest During Construction (IDC)



and Incidental Expenditure During Construction (IEDC), de-capitalization of the de-strung conductors in Asset-2 and sharing of transmission charges. In response, the Petitioner has filed its rejoinder vide affidavit dated 28.4.2021. The issues raised by TANGEDCO and the clarifications given by the Petitioner are considered in the relevant portions of this order.

6. The hearing in this matter was held on 27.4.2021 through video conference and order was reserved.

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

8. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 31.10.2019 and Petitioner's affidavit dated 20.4.2021, TANGEDCO's reply filed vide affidavit dated 23.4.2021 and Petitioner's rejoinder thereto filed vide affidavit dated 28.4.2021.

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

9. The details of the trued-up transmission charges claimed by the Petitioner in respect of the transmission assets for 2014-19 tariff period are as follows:

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185 days)	2016-17	2017-18	2018-19
Depreciation	156.92	374.76	402.49	407.17
Interest on Loan	169.85	384.47	373.51	342.98
Return on Equity	174.85	414.54	445.84	452.30
O&M Expenses	62.34	127.41	131.62	136.00
Interest on working capital	14.99	34.06	35.40	35.19
Total	578.95	1335.24	1388.86	1373.64

(₹ in lakh)



(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144 days)	2016-17	2017-18	2018-19
Depreciation	19.13	56.98	60.80	60.80
Interest on Loan	21.26	60.37	58.47	53.13
Return on Equity	21.43	63.80	68.07	68.25
O&M Expenses	0.00	0.00	0.00	0.00
Interest on working capital	1.42	4.17	4.31	4.19
Total	63.24	185.32	191.65	186.37

10. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission assets for 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro rata for 185 days)	2016-17	2017-18	2018-19
O&M Expenses	10.28	10.62	10.97	11.33
Maintenance Spares	18.50	19.11	19.74	20.40
Receivables	190.90	222.54	231.48	228.94
Total Working Capital	219.68	252.27	262.19	260.67
Rate of Interest on Working Capital (in %)	13.50	13.50	13.50	13.50
Interest of working capital	14.99	34.06	35.40	35.19

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro rata for 144 days)	2016-17	2017-18	2018-19
O&M Expenses	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00
Receivables	26.79	30.89	31.94	31.06
Total Working Capital	26.79	30.89	31.94	31.06
Rate of Interest on Working Capital (in %)	13.50	13.50	13.50	13.50
Interest of working capital	1.42	4.17	4.31	4.19



Capital Cost

11. The Commission vide order dated 20.7.2016 in Petition No. 51/TT/2015 has approved the following capital cost as on COD and Additional Capital Expenditure (ACE) up to 31.3.2019 in respect of the transmission assets for 2014-19 tariff period:

(₹ in lakh)

Particulars	Approved Cost (FR)	Revised approved cost	Capital Cost allowed as on COD	ACE		Total Capital Cost as on 31.3.2019
				2015-16	2016-17	
Asset – 1	7761.74	8001.98	5179.77	1948.99	651.46	7780.22
Asset – 2	2033.00	1793.44	489.44	194.48	114.76	798.68
Total	9794.74	9795.42	5669.21	2143.47	766.22	8578.90

12. The Petitioner has submitted the Auditor's Certificates dated 30.7.2019 and has claimed re-apportionment of approved estimated cost of the transmission assets. The details of the re-apportioned capital cost, capital cost as on COD and estimated ACE incurred or projected to be incurred in respect of the transmission assets as claimed by the Petitioner are as follows:

(₹ in lakh)

Particulars	Original approved apportioned cost	Approved Re-apportioned cost	Claimed capital cost as on COD	ACE				Capital Cost as on 31.3.2019
				2015-16	2016-17	2017-18	2018-19	
Asset-1	7761.74	8001.98	5350.79	1178.83	989.42	69.54**	107.98	7696.56
Asset-2	2033.00	1793.44	842.28	172.04	114.76	0.00	0.00	1151.53
Total	9794.74	9795.42	6193.07	1350.87	1126.63	69.54	107.98	8848.09

***Actual ACE during the year is ₹195.11 lakh and LD amounting to ₹137.54 lakh is deducted after adjustment of amount of ₹11.97 lakh on account of IEDC already deducted. [₹195.11 lakh - (₹137.54 lakh - ₹11.97 lakhs)].*

Cost Over-run

13. The Petitioner has claimed capital cost as on COD of ₹5350.79 lakh and ₹842.28 lakh in respect of Assets-1 and Asset-2 respectively and capital cost as on 31.3.2019 of ₹ 7696.56 lakh and ₹ 1151.53 lakh in respect of Asset-1 and Asset-2 respectively.



14. The Commission vide order dated 20.7.2016 in Petition No. 51/TT/2015 directed the Petitioner to submit proper justification and approval of its Board of Directors for both apportionment and re-apportionment of approved estimated cost at the time of truing up. The relevant extract of the said order is as follows:

“13. As per the reapportioned approved cost, there is no cost over-run in case of instant transmission assets. However, the petitioner is directed to submit proper justification and approval of the Board of Directors for both apportionment and reapportionment of approved estimated cost at the time of truing-up.”

15. The Petitioner in the instant petition has submitted that earlier while filling the Petition No. 51/TT/2015 for determination of tariff for 2014-19 period, FR cost was apportioned between the two transmission assets considering cost of equipment, IDC and IEDC leaving the contingency amount of FR in the 2nd element. The same has been apportioned afterwards between the two elements considering the total components (i.e., expenses on T&P and contingent) in the instant petition. The Petitioner has further submitted that since there is no variation in FR cost, there is no need for approval of Board. Accordingly, the Petitioner has claimed the revised FR apportionment cost in the instant petition.

16. We have considered the submissions of the Petitioner. The Commission vide order date 20.7.2016 in Petition No. 51/TT/2015 revised FR apportionment cost of the transmission assets subject to furnishing of approval of the Board of Directors for the re-apportionment of the capital cost with respect to the transmission assets at the time of truing-up. The Petitioner in the instant petition has claimed the revised FR apportioned cost in respect of the transmission assets without furnishing the approval of its Board of Directors. Therefore, we are not inclined to allow the re-apportionment of approved cost with regard to the transmission assets as claimed by the Petitioner.



Accordingly, original apportioned approved cost has been considered for the purpose of truing up of tariff for 2014-19 tariff period.

17. Further, the original approved apportioned cost is ₹ 7761.74 lakh and ₹2033 lakh for Asset-1 and Asset-2 respectively and capital cost as on 31.3.2019 in respect of Asset-1 is ₹7641.84 lakh and Asset-2 is ₹1151.53 lakh as claimed by the Petitioner is within the original approved apportioned cost.

Time Over-run

18. As per IA, the transmission assets were scheduled to be put under commercial operation (SCOD) within 18 months from the date of IA, which is 13.1.2014. Accordingly, SCOD of the transmission assets was 13.7.2015. Asset-1 and Asset-2 were put into commercial operation on 29.9.2015 and 9.11.2015 respectively. Thus, there is time over-run of 2 months and 16 days in the commissioning of Asset-1 and 3 months and 27 days in the commissioning of Asset-2.

19. The Commission vide order dated 20.7.2016 in Petition No. 51/TT/2015 did not condone the delay in commissioning Asset-1 and the delay of 3 months and 27 days in commissioning of Asset-2 was condoned.

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

20. Due to non-submission of complete details in respect of IDC computation for Asset-1, the Commission vide Order dated 20.7.2016 in Petition No. 51/TT/2015 had treated the claimed IDC of ₹159.05 lakh as un-discharged as on COD and disallowed the entire IDC. The Commission had decided to review the same at the time of truing up. The relevant paragraphs of the Order dated 20.7.2016 in Petition No. 51/TT/2015 are as follows:



“18. The petitioner has indicated in the IDC statement a proposed loan i.e. Bond L amounting to `787.65 lakh and `589.60 lakh for Asset-1 and Asset-2 respectively, but in Form-9C and Form-12B, the principal amount towards proposed loan i.e. Bond-L has been indicated as `676.32 lakh and `584.43 lakh for Asset-1 and Asset-2 respectively. As such, due to variation in the submissions of the petitioner, we have considered the loan amounts as submitted in Form-9C and Form-12B for computation of IDC in this order. Accordingly, IDC on cash basis as on COD has been worked out as NIL for both the assets and un-discharged IDC as on COD, amounting to `159.05 lakh and `7.38 lakh for Asset-1 and Asset-2 respectively, as submitted by the petitioner has been reduced from the capital cost claimed for the respective asset as on COD. The IDC to be discharged after COD shall be allowed as additional capital expenditure of the concerned year at the time of truing-up subject to submission of required details by the petitioner.

19. In case of Asset-1, the delay of 2 months and 16 days in the commissioning has not been condoned. The petitioner, vide affidavit dated 2.3.2016 has submitted that `119.02 lakh is the amount of IDC for the period of scheduled COD to actual COD in case of Asset-1. However, as the entire claim of IDC has been treated as un-discharged IDC and the capital cost of Asset-1 as on COD has been reduced by the amount of IDC claimed, the actual recovery of IDC due to time over-run shall be decided at the time of truing-up.”

21. The Petitioner in the instant petition has claimed IDC in respect of the transmission assets and has submitted Auditor’s Certificate dated 30.7.2019 in support of the same. The Petitioner has also submitted the computation of IDC along with year-wise details of the IDC discharged. The same has been summarized as under:

Particulars	IDC as per Auditor’s Certificate (₹ in lakh)
Asset-1	159.05
Asset-2	7.38

22. The allowable IDC has been worked out considering the information submitted by the Petitioner in respect of the transmission assets separately on cash basis. Further, adjustment on account of time over run has been done to arrive at the admissible IDC. The loan details submitted in Form-9C for 2014-19 tariff period and IDC computation sheet have been considered for the purpose of IDC calculation on



cash basis and on accrued basis. The un-discharged IDC as on COD has been considered as ACE during the year in which it has been discharged.

23. As the delay of 2 months and 16 days in the commissioning of Asset-1 has not been condoned, IDC in respect of Asset-1 is restricted. Accordingly, based on the information furnished by the Petitioner, IDC considered is as follows:

Particulars	IDC as per Auditor's Certificate	IDC Admissible	IDC disallowed due to time over run	IDC Discharged as on COD	IDC Undischarged as on COD	IDC Discharge During	
						2015-16	2016-17
						A	B
Asset-1	159.05	127.44	31.61	0.00	127.44	108.99	18.45
Asset-2	7.38	7.38	-	0.00	7.38	-	7.38

24. The Commission vide order dated 20.7.2016 in Petition No. 51/TT/2015 disallowed time over-run of 2 months and 16 days in case of Asset-1 and accordingly IEDC of ₹11.97 lakh was also disallowed.

25. The Petitioner vide Auditors Certificates has claimed IEDC of ₹36.82 lakh and ₹0.28 lakh for Asset-1 and Asset-2 respectively. However, the Petitioner in its tariff computations for Asset-1 has claimed IEDC for an amount of ₹24.85 after considering the earlier disallowance of IEDC for an amount of ₹11.97 lakh.

26. TANGEDCO has submitted that there is no provision in the 2014 Tariff Regulations for adjusting the disallowed IDC and IEDC for the time over run period against the Liquidated Damages (LD) claimed by the Petitioner as per the contractual obligations. TANGEDCO has further submitted that the Petitioner has failed to produce any documentary evidence for the time over run in the final tariff petitions. As per proviso under Regulation 11(A)(2) and 11(B)(2) of the 2014 Tariff Regulations, IDC and IEDC corresponding to the delayed period can be allowed only if the delay is



due to uncontrollable factors. TANGEDCO has submitted that the delay on account of the contractor is not covered under uncontrollable factors. Hence, there is no nexus between LD, IDC and IEDC and as such IDC and IEDC with respect to Asset-1 may be disallowed for time over-run.

27. In response, the Petitioner has submitted that the time over-run is attributable mainly due to the executing agency which has paid LD. The Petitioner has submitted that LD recovered from the contractor as per the contractual exigencies during the year 2017-18 has already been adjusted in the capital cost of the transmission asset while claiming the tariff.

28. We have considered the submissions of the Petitioner and TANGEDCO. It is observed that Petitioner has claimed the IEDC of ₹24.85 lakh after reducing an amount of ₹11.97 lakh on account of time over-run not condoned as decided in order dated 20.7.2016 in Petition No. 51/TT/2015. Accordingly, IEDC of ₹24.85 lakh and ₹0.28 lakh for Asset-1 and Asset-2 respectively has been allowed in the instant order. As submitted by the Petitioner that the LD has been recovered in the year 2017-18, therefore, issue of LD adjustment has been dealt in Additional Capital Expenditure section of this Order.

Initial Spares

29. The Petitioner has claimed the following Initial Spares in respect of the transmission assets as per Regulation 13 of the 2014 Tariff Regulations and has requested to revise the Initial Spares allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015:



Asset	Particulars	Plant & Machinery Cost up to cut-off date (excluding IDC and IEDC) (₹ in lakh)	Initial Spares Claimed (₹ in lakh)	Ceiling (in %)
Asset-1	Sub-station (Brown Field)	3673.38	177.67	6.00

30. We have considered the submissions of the Petitioner. Initial Spares claimed by the Petitioner with respect to Asset-1 is within the permissible limit and the same is allowed. Accordingly, Initial Spares allowed is as follows:

Particulars	Capital Cost/P&M cost considered as on cut-off date (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per 2014 Tariff Regulations (in %)	Initial Spares allowable as per 2014 Tariff Regulations (₹ in lakh)	Initial Spares allowed (₹ in lakh)
Asset-1	3673.38	177.67	5.00	183.98	177.67

Capital Cost allowed as on COD

31. TANGEDCO has submitted that on account of the re-conductoring in respect of Asset-2, the gross block of the original transmission system has been de-capitalized in Petition No. 144/TT/2014. TANGEDCO has further submitted that the Petitioner's claim is wrong and misleading because as per the direction of the Commission in various matters, the gross block of the old de-capitalized conductors has to be deducted from the gross block of the instant transmission asset. TANGEDCO has submitted that the order of the Commission in Petition No. 144/TT/2014 shows that no such de-capitalization is done by the Petitioner. TANGEDCO has also submitted that Petition No. 144/TT2014 was filed before the filing of Petition No. 51/TT/2015 and if any such adjustment was made by the Petitioner, it was supposed to have been brought to the knowledge of the Commission in the course of disposal of the Petition No. 51/TT/2015. TANGEDCO has submitted that the claim of the Petitioner is liable to be dismissed and



requested to restrict the capital cost of the Asset–2 as directed by the Commission vide final tariff order dated 20.7.2016 in Petition No. 51/TT/2015.

32. In response, the Petitioner has submitted that the re-conductoring has been done w.e.f. 9.11.2015 as per the approval of SRPC and the same is covered in Petition No. 51/TT/2015. Accordingly, the gross block has been de-capitalized w.e.f. 9.11.2015 in the original project “Transmission System Neyveli-Trichy 400 kV D/C line at Neyveli TPS-I Expansion Switchyard in Southern Region” in the truing up of 2014-19 tariff period in Petition No. 133/TT/2020. Asset-2 i.e. Strengthening of Neyveli TS-II-TS-I expansion link with higher capacity conductor is claimed in the instant petition.

33. We have considered the submissions of Petitioner and TANGEDCO and noted that the de-capitalization on account of LILO of one circuit of existing Neyveli-Trichy 400 kV D/C line at Neyveli TPS-I Expansion Switchyard Transmission System has been done in Petition No. 133/TT/2020. The relevant extract of the order dated 28.10.2021 in Petition 133/TT/2020 is as follows:

“39. We have considered the submissions of the Petitioner and TANGEDCO. The Petitioner has carried out re-conductoring w.e.f. 9.11.2015 of existing Neyveli-Trichy 400 kV D/C line at Neyveli TPS-I Expansion switchyard and accordingly decapitalisation is done from 9.11.2015. Therefore, the capital cost allowed for 2014-19 tariff period is as follows:

(₹ in lakh)		
Capital Cost as on 1.4.2014	De-capitalization during 2014-19 period	Capital Cost as on 31.3.2019
957.67	-149.89	807.78

34. As de-capitalization on account of LILO of one circuit of existing Neyveli-Trichy 400 kV D/C line at Neyveli TPS-I Expansion Switchyard Transmission System has already been carried out in Petition No. 133/TT/2020, no further de-capitalization is



required to be carried out in the instant petition.

35. Accordingly, the capital cost allowed as on COD is as follows:

Particulars	Capital Cost as on COD as per Auditor's Certificate	Less: IDC as on COD due to		Less: IEDC Disallowed	Capital Cost as on COD
		IDC Disallowed	Un-discharged IDC		
Asset-1	5350.79	31.62	127.43	11.97	5179.77
Asset-2	842.28	0.00	7.38	-	834.90

Additional Capital Expenditure (“ACE”)

36. The Petitioner has submitted that ACE during 2015-16 to 2018-19 has been claimed under Regulation 14(1)(i) and Regulation 14(1)(ii) of the 2014 Tariff Regulations and the same is within the cut-off date. The Petitioner has submitted Auditor's Certificate in support of the same. The details of the ACE claimed by the Petitioner for the years 2015-16, 2016-17, 2017-18 and 2018-19 in respect of the transmission assets covered in the instant petition are as follows:

Assets	(₹ in lakh)			
	2015-16	2016-17	2017-18	2018-19
Asset – 1	1178.84	989.42	69.54	107.98
Asset – 2	172.04	137.21	-	-

37. The Petitioner has submitted that the actual ACE during 2017-18 was ₹195.11 lakh and the Petitioner has recovered LD of ₹137.54 lakh during the same period. The Petitioner has submitted that ₹11.97 lakh of IEDC disallowed as on COD due to time over-run has been retained by the Petitioner from the LD of ₹137.54 lakh and the remaining LD amounting to ₹125.57 lakh has been deducted from the ACE during 2017-18. Accordingly, the Petitioner has claimed net ACE of only ₹69.54 lakh during 2017-18 for Asset-1. The same is as follows:



Sl. No.	Particulars	Amount (₹ in lakh)
(a)	Actual ACE for the year 2017-18 as per Auditor's Certificate	195.11
(b)	LD recovered by the Petitioner	137.54
(c)	Disallowed IEDC retained by the Petitioner from the LD recovered	11.97
(d)	ACE claimed by the Petitioner for the year 2017-18 (d)=(a)-(b)+(c)	69.54

38. We have considered the submissions of the Petitioner. The Petitioner has claimed the ACE for 2015-16, 2016-17 and 2018-19 which is within the cut-off date. Accordingly, ACE for 2015-16, 2016-17 and 2018-19 has been allowed as claimed by the Petitioner.

39. As regards ACE during the year 2017-18, it is observed that the actual additional capital expenditure during the year 2017-18 as per Auditor's Certificate was ₹195.11 lakh. The Petitioner has recovered LD of ₹137.54 lakh during the year 2017-18. As per APTEL's judgement dated 27.4.2011 in Appeal No.72/2010 read with Regulation 11 of the 204 Tariff Regulations, the Petitioner has to bear the cost of the time over-run disallowed by the Commission. However, the Petitioner is entitled to retain the LD received. As stated above, an amount of ₹11.97 lakh and ₹31.61 lakh has been disallowed as on COD towards IEDC and IDC respectively, which is less than the LD recovered. Therefore, out of ₹137.54 lakh of LD recovered, the Petitioner is allowed to retain the LD amount recovered, only to the extent of IDC and IEDC amounting to ₹43.58 lakh already disallowed as on COD. The remaining LD amount of ₹93.96 lakh (₹137.54 lakh - ₹43.58 lakh) has been deducted from the additional capital expenditure of ₹195.11 lakh incurred during 2017-18. Accordingly, we allow ACE of ₹101.15 lakh during 2017-18 as shown in the following table.



Sl. No.	Particulars	Amount (₹ in lakh)
(a)	Expenditure for the year 2017-18 as per Auditor's Certificate	195.11
(b)	LD recovered by the Petitioner	137.54
(c)	(1) Amount of IEDC disallowed due to time over-run	11.97
	(2) Amount of IDC disallowed due to time over-run	31.61
	Total IEDC and IDC disallowed (c)=(1)+(2)	43.57
(d)	LD recovered less IEDC and IDC disallowed (d)=(b)-(c)	93.96
(e)	ACE allowed for 2017-18 (e)=(a)-(d)	101.15

40. Accordingly, ACE allowed in respect of the transmission assets is as follows:

Particulars	(₹ in lakh)				
	Additional Capital Expenditure (ACE)				
	2015-16	2016-17	2017-18	2018-19	Total ACE
Asset-1	1287.82	1007.87	101.15	107.98	2504.82
Asset-2	172.04	144.59	-	-	316.63

Capital Cost for 2014-19 tariff period

41. Accordingly, capital cost in respect of the transmission assets considered for 2014-19 tariff period is as follows:

Particulars	Capital cost as on COD on cash basis	(₹ in lakh)				Total Capital cost as on 31.3.2019
		Additional Capital Expenditure (ACE)				
		2015-16	2016-17	2017-18	2018-19	
Asset-I	5179.77	1287.82	1007.87	101.15	107.98	7684.59
Asset-II	834.90	172.04	144.59	-	-	1151.53

Debt-Equity Ratio

42. The Petitioner has claimed debt-equity ratio of 70:30 as on COD and for ACE. Debt-equity ratio of 70:30 has been considered for capital cost as on COD and ACE during 2014-19 tariff period as provided under Regulation 19 of the 2014 Tariff Regulations. The details of debt-equity ratio in respect of the transmission assets as on COD and 31.3.2019 are as follows:



Asset – 1	Amount as on COD (₹ in lakh)	(in %)	Amount as on 31.3.2019 (₹ in lakh)	(in %)
Debt	3625.85	70.00	5379.22	70.00
Equity	1553.93	30.00	2305.37	30.00
Total	5179.77	100.00	7684.59	100.00
Asset – 2	Amount as on COD (₹ in lakh)	(in %)	Amount as on 31.3.2019 (₹ in lakh)	(in %)
Debt	584.43	70.00	806.08	70.00
Equity	250.47	30.00	345.45	30.00
Total	834.90	100.00	1151.53	100.00

Depreciation

43. The Petitioner's claim towards depreciation in respect of Asset-1 in this petition was found higher than the depreciation allowed for the transmission asset vide order dated 20.7.2016 in Petition No. 51/TT/2015. The Petitioner has not given any justification for claiming higher depreciation than what was allowed earlier nor made any specific prayer for allowing higher depreciation in this petition. It is observed that vide order dated 20.7.2016 in Petition No. 51/TT/2015, depreciation for IT equipment was allowed @5.28%. The Petitioner now at the stage of truing-up of the tariff for 2014-19 period has segregated the IT equipment cost from the sub-station cost and has considered depreciation rate for IT Equipment @15% and the salvage value for IT Equipment is NIL as per the 2014 Tariff Regulations. A similar issue had come up in Petition No. 19/TT/2020 which was dealt by the Commission vide order dated 9.5.2020. In terms of order dated 9.5.2020 in Petition No. 19/TT/2020, depreciation in respect of Asset-1 has been considered for IT Equipment @5.28% as part of the sub-station up to 31.3.2019 while truing up the capital expenditure for the 2014-19 period. However, for 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 of the 2019 Tariff Regulations. The Gross Block during 2014-19 tariff



period has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD at Annexure-I has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations and depreciation allowed in respect of the transmission assets during the 2014-19 tariff period is as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185 days)	2016-17	2017-18	2018-19
Opening Gross Block	5179.77	6467.59	7475.46	7576.61
ACE	1287.82	1007.87	101.15	107.98
Closing Gross Block	6467.59	7475.46	7576.61	7684.59
Average Gross Block	5823.68	6971.53	7526.03	7630.60
Weighted average rate of Depreciation (WAROD) (in %)	5.24	5.24	5.24	5.24
Lapsed useful life of the Asset-at the beginning of the year (Year)	0	0	1	2
Balance useful life of the Asset-at the beginning of the year (Year)	30	30	29	28
Aggregated Depreciable Value	5241.32	6274.37	6773.43	6867.54
Depreciation during the year	154.34	365.05	394.09	399.62
Cumulative Depreciation at the end of the year	154.34	519.39	913.48	1313.10
Remaining Aggregated Depreciable Value at the end of the year	5086.98	5754.99	5859.95	5554.44

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144 days)	2016-17	2017-18	2018-19
Opening Gross Block	834.90	1006.94	1151.53	1151.53
ACE	172.04	144.59	0.00	0.00
Closing Gross Block	1006.94	1151.53	1151.53	1151.53
Average Gross Block	920.92	1079.24	1151.53	1151.53
Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28



Lapsed useful life of the Asset-at the beginning of the year	0	0	1	2
Balance useful life of the Asset-at the beginning of the year (Year)	35.00	35.00	34.00	33.00
Aggregated Depreciable Value	828.83	971.31	1036.38	1036.38
Depreciation during the year	19.13	56.98	60.80	60.80
Cumulative Depreciation at the end of the year	19.13	76.11	136.92	197.72
Remaining Aggregated Depreciable Value	809.70	895.20	899.46	838.66

44. The details of the depreciation allowed in respect of the transmission assets vide order dated 20.7.2016 in Petition No. 51/TT/2015, as claimed by the Petitioner in the instant petition and as trued up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185 days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	163.72	390.73	407.45	407.45
Claimed by the Petitioner in the instant petition	156.92	374.76	402.49	407.17
Approved after true-up in this order	154.34	365.05	394.09	399.62

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144 days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	12.22	39.14	42.17	42.17
Claimed by the Petitioner in the instant petition	19.13	56.98	60.80	60.80
Approved after true-up in this order	19.13	56.98	60.80	60.80

Interest on Loan (“IoL”)

45. The Petitioner has claimed the Weighted Average Rate of IoL based on its



actual loan portfolio and rate of interest. Accordingly, IoL is calculated based on actual interest rate in accordance with Regulation 26 of the 2014 Tariff Regulations.

The details of IoL allowed are as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185 days)	2016-17	2017-18	2018-19
Gross Normative Loan	3625.85	4527.32	5232.83	5303.63
Cumulative Repayments up to Previous Year	0.00	154.34	519.39	913.48
Net Loan-Opening	3625.85	4372.98	4713.44	4390.15
Addition due to ACE	901.47	705.51	70.81	75.59
Repayment during the year	154.34	365.05	394.09	399.62
Net Loan-Closing	4372.98	4713.44	4390.15	4066.13
Average Loan	3999.41	4543.21	4551.79	4228.14
Weighted Average Rate of Interest on Loan (in %)	8.368	8.423	8.216	8.159
Interest on Loan	169.16	382.68	373.96	344.97

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144 days)	2016-17	2017-18	2018-19
Gross Normative Loan	584.43	704.86	806.08	806.08
Cumulative Repayments up to Previous Year	0.00	19.13	76.11	136.92
Net Loan-Opening	584.43	685.73	729.97	669.16
Addition due to ACE	120.43	101.22	0.00	0.00
Repayment during the year	19.13	56.98	60.80	60.80
Net Loan-Closing	685.73	729.97	669.16	608.36
Average Loan	635.08	707.85	699.57	638.76
Weighted Average Rate of Interest on Loan (in %)	8.507	8.529	8.357	8.317
Interest on Loan	21.26	60.37	58.47	53.13

46. The details of IoL approved vide order dated 20.7.2016 in Petition No. 51/TT/2015, as claimed by the Petitioner in the instant petition and as tried up in this order are as follows:



(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185 days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No.51/TT/2015	176.33	399.99	385.91	352.37
Claimed by the Petitioner in the instant petition	169.85	384.47	373.51	342.98
Approved after true-up in this order	169.16	382.68	373.96	344.97

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144 days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No.51/TT/2015	13.41	40.92	40.88	37.33
Claimed by the Petitioner in the instant petition	21.26	60.37	58.47	53.13
Approved after true-up in this order	21.26	60.37	58.47	53.13

Return on Equity (“RoE”)

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

Year	Claimed effective tax (in %)	Grossed up RoE (in %) [(Base Rate)/(1-t)]
2014-15	21.018	19.625
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

48. We have considered the submissions of the Petitioner. APTEL in its judgment dated 2.9.2013 in Appeal No. 46 of 2013, in the matter of PGCIL vs. CERC, held as



follows:

“19. The time of completion of a transmission project could not be compared with the internal schedule set up by the transmission licensee for the purpose of considering additional Return on Equity. The completion time of the transmission line has to be compared with the schedule specified in the Regulations. Admittedly, the transmission project of the Appellant has been commissioned within the time schedule specified in the Regulations. Accordingly, the Appellant is entitled to additional Return on Equity @ 0.5% for the project.”

49. 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 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

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

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

51. Accordingly, RoE allowed in respect of the transmission assets is as follows:



(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185 days)	2016-17	2017-18	2018-19
Opening Equity	1553.93	1940.27	2242.63	2272.98
Addition due to ACE	386.35	302.36	30.34	32.39
Closing Equity	1940.27	2242.63	2272.98	2305.37
Average Equity	1747.10	2091.45	2257.80	2289.17
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500
Tax Rate applicable (in %)	21.342	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax)	19.705	19.705	19.705	19.758
Return on Equity (Pre-tax)	174.01	412.12	444.90	452.29

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144 days)	2016-17	2017-18	2018-19
Opening Equity	250.47	302.08	345.45	345.45
Addition due to ACE	51.61	43.37	0.00	0.00
Closing Equity	302.08	345.45	345.45	345.45
Average Equity	276.28	323.77	345.45	345.45
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500
Tax Rate applicable (in %)	21.342	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax)	19.705	19.705	19.705	19.758
Return on Equity (Pre-tax)	21.42	63.80	68.07	68.25

52. The details of RoE allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015, as claimed by the Petitioner in the instant petition and as tried up in the instant order are as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 184 days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	183.51	438.55	457.71	457.71
Claimed by the Petitioner in the instant petition	174.85	414.54	445.84	452.30



Approved after true-up in this order	174.01	412.12	444.90	452.29
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(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144 days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	13.62	43.61	46.99	46.99
Claimed by the Petitioner in the instant petition	21.42	63.80	68.07	68.25
Approved after true-up in this order	21.42	63.80	68.07	68.25

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

53. The details of O&M Expenses claimed by the Petitioner in respect of the transmission assets and allowed under Regulation 29(4)(a) of the 2014 Tariff Regulations for the purpose of tariff are as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185days)	2016-17	2017-18	2018-19
Sub-station Bays				
Nagapattinam: Trichy Bay -II	1	1	1	1
Nagapattinam: Neyveli TS Bay-II	1	1	1	1
Norm (₹ lakh/bay)				
400 kV GIS	53.25	55.02	56.84	58.73
Total Sub-station O&M Expenses	106.50	110.04	113.68	117.46
AC Lines				
LILO of 2 nd Ckt Neyveli- Trichy 400 kV D/C line at Nagapattinam PS (km)	23	23	23	23
Norm (₹ lakh/ km)				
Double Circuit (Twin/ Triple Conductor)	0.73	0.76	0.78	0.81
Total Transmission Line	16.81	17.37	17.94	18.54
Total O&M Expenses	62.33	127.41	131.62	136.00

54. The Petitioner has not claimed O&M Expenses with respect to Asset-2.

55. Accordingly, the Petitioner’s entitlement to O&M Expenses has been worked



out and the allowable O&M Expenses for Asset-1 are as follows:

(₹ in lakh)

Asset – 1				
Particulars	2015-16 (Pro-rata for 185 days)	2016-17	2017-18	2018-19
Sub-station Bays				
Nagapattinam: Trichy Bay -II	1	1	1	1
Nagapattinam: Neyveli TS Bay-II	1	1	1	1
Norm (₹ lakh/bay)				
400 kV GIS	53.25	55.02	56.84	58.73
Total Sub-station O&M Expenses	106.50	110.04	113.68	117.46
AC & HVDC Lines				
LILO of 2 nd Ckt Neyveli- Trichy 400 kV D/C line at Nagapattinam PS	23	23	23	23
Norm (₹ lakh/ km)				
Double Circuit (Twin/ Triple Conductor)	0.73	0.76	0.78	0.81
Total Transmission Line	16.81	17.37	17.94	18.54
Total O&M Expenses	62.33	127.41	131.62	136.00

56. The details of O&M Expenses approved vide order dated 20.7.2016 in Petition No. 51/TT/2015, O&M Expenses claimed by the Petitioner in the instant petition and trued up O&M Expenses allowed in the instant order are as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	62.33	127.42	131.62	136.00
Claimed by the Petitioner in the instant petition	62.33	127.41	131.62	136.00
Approved after true-up in this order	62.33	127.41	131.62	136.00

Interest on Working Capital (“IWC”)

57. The Petitioner has claimed IWC as per Regulation 28 of the 2014 Tariff Regulations.

58. The trued up IWC allowed in respect of the transmission assets is as follows:



(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185days)	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for One month)	10.28	10.62	10.97	11.33
Working Capital for Maintenance Spares (15% of O&M Expenses)	18.50	19.11	19.74	20.40
Working Capital for Receivables (Equivalent to Two months of annual fixed cost /annual transmission charges)	189.51	220.17	229.96	227.99
Total Working Capital	218.28	249.89	260.67	259.72
Rate of Interest on working capital (in %)	13.50	13.50	13.50	13.50
Interest of working Capital	14.90	33.74	35.19	35.06

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144days)	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for One month)	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to Two months of annual fixed cost /annual transmission charges)	26.78	30.89	31.94	31.06
Total Working Capital	26.78	30.89	31.94	31.06
Rate of Interest on working capital (in %)	13.50	13.50	13.50	13.50
Interest of working Capital	1.42	4.17	4.31	4.19

59. The details of IWC approved vide order dated 20.7.2016 in Petition No. 51/TT/2015, IWC claimed by the Petitioner in the instant petition and tried up IWC allowed in the instant order is as follows:



(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	7.77	35.33	36.07	35.54
Claimed by the Petitioner in the instant petition	14.99	34.06	35.40	35.19
Approved after true-up in this order	14.90	33.74	35.19	35.06

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	0.35	2.85	2.99	2.91
Claimed by the Petitioner in the instant petition	1.42	4.17	4.31	4.19
Approved after true-up in this order	1.42	4.17	4.31	4.19

Approved Annual Fixed Charges for 2014-19 Tariff Period

60. The trued up Annual Fixed Charges (AFC) allowed in respect of the transmission assets for 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185days)	2016-17	2017-18	2018-19
Depreciation	154.34	365.05	394.09	399.62
Interest on Loan	169.16	382.68	373.96	344.97
Return on Equity	174.01	412.12	444.90	452.29
Operation and Maintenance	62.33	127.41	131.62	136.00
Interest on Working Capital	14.90	33.74	35.19	35.06
Total	574.74	1320.99	1379.76	1367.94

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144days)	2016-17	2017-18	2018-19
Depreciation	19.13	56.98	60.80	60.80
Interest on Loan	21.26	60.37	58.47	53.13
Return on Equity	21.42	63.80	68.07	68.25
Operation and Maintenance	0.00	0.00	0.00	0.00



Interest on Working Capital	1.42	4.17	4.31	4.19
Total	63.23	185.33	191.65	186.38

61. Accordingly, AFC allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015, AFC claimed by the Petitioner in the instant petition and true up AFC approved in the instant order are as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185 days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	593.65	1392.02	1418.75	1389.06
Claimed by the Petitioner in the instant petition	578.95	1335.24	1388.86	1373.64
Approved after true-up in this order	574.74	1320.99	1379.76	1367.94

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144 days)	2016-17	2017-18	2018-19
Allowed vide order dated 20.7.2016 in Petition No. 51/TT/2015	39.60	126.52	133.03	129.40
Claimed by the Petitioner in the instant petition	63.24	185.33	191.65	186.38
Approved after true-up in this order	63.23	185.33	191.65	186.38

DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

62. The Petitioner has submitted tariff forms for 2019-24 period after combining the transmission assets into single asset. Accordingly, as per proviso (i) of Regulation 8(1) of the 2019 Tariff Regulations, single tariff for Combined Asset has been worked out for 2019-24 tariff period.

63. The Petitioner has claimed the following transmission charges in respect of the



Combined Asset for 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	470.83	470.83	470.83	463.97	459.17
Interest on Loan	362.41	323.62	285.25	247.17	209.04
Return on Equity	497.88	497.88	497.88	497.88	497.88
O&M Expenses	68.06	70.36	72.73	75.17	77.71
Interest on Working Capital	22.98	22.56	22.08	21.51	20.92
Total	1422.16	1385.25	1348.77	1305.70	1264.72

64. The Petitioner has claimed the following IWC in respect of the Combined Asset for 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for One month)	5.67	5.86	6.06	6.26	6.48
Working Capital for Maintenance Spares (15% of O&M Expenses)	10.21	10.55	10.91	11.28	11.66
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/ annual transmission charges)	174.86	170.78	166.29	160.98	155.50
Total Working Capital	190.74	187.19	183.26	178.52	173.64
Rate of Interest on working capital (in %)	12.10	12.10	12.10	12.10	12.10
Interest of working Capital	22.98	22.56	22.08	21.51	20.92

Effective Date of Commercial Operation (“E-COD”)

65. The Petitioner has claimed E-COD of the Combined Asset as 4.10.2015. Based on the trued-up admitted capital cost and actual COD of the transmission assets, same E-COD has been worked out as follows:

Computation of E-COD						
Particulars	Actual COD	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Weightage of the cost (in %)	Number of Days from last COD	Weighted Days	E-COD (latest COD less total weighted days)
Asset – 1	29.9.2015	7684.59	86.97	41.00	35.66	4.10.2015
Asset – 2	9.11.2015	1151.53	13.03	0.00	0.00	



Total		8836.12	100.00		35.66	
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66. E-COD is used to determine the lapsed life of the project as a whole, which works out as three (3) years as on 1.4.2019 (i.e., the number of completed years as on 1.4.2019 from E-COD).

Weighted Average Life (“WAL”)

67. Regulation 33 of the 2019 Tariff Regulations has been considered for determination of WAL. The Combined Asset may have multiple elements such as land, building, transmission line, sub-station and PLCC and each element may have different span of life. Therefore, the concept of WAL has been used as the useful life of the transmission project as a whole.

68. WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2019 and their respective life as stipulated in the 2019 Tariff Regulations. Accordingly, WAL of the Combined Asset has been worked out as 30 years as follows:

Admitted Capital Cost as on 31.3.2019				
Particulars	Combined Asset Cost (Rs. in lakh) (1)	Life in Years (2)	Weighted Cost (3) = (1) x (2)	Weighted Average Life of Asset (in years) (4) = (3)/(1)
Building	243.95	25	6098.85	30.01 years (rounded off to 30 years)
Transmission Line	4757.54	35	166513.96	
Sub-Station Equipment	3618.57	25	90464.15	
PLCC	138.35	15	2075.22	
IT Equipment and Software	77.71	6.67	518.07	
Total	8836.12		265670.25	

69. WAL as on 1.4.2019 as determined above is applicable prospectively (i.e., for 2019-24 tariff period. No retrospective adjustment of depreciation in previous tariff



period is required to be done. As discussed, E-COD of the Combined Asset is 4.10.2015 and lapsed life of the transmission project as a whole, works out as three (3) years as on 1.4.2019 (i.e., the number of completed years as on 1.4.2019 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2019 to be 27 years.

Capital Cost

70. 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.*

(1) *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 Asset-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.

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

(a) Capital cost admitted by the Commission prior to 1.4.2019 duly tried 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.”

(3) 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.

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

(a) The Asset-forming part of the project, but not in use, as declared in the tariff petition.
(b) De-capitalized Asset-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 asset.

- (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.*

(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 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.”*

71. The Petitioner has claimed the capital cost of individual assets which has been added to arrive at the capital cost claimed during 2019-24 tariff period in respect of the Combined Asset as follows:



(₹ in lakh)

Particulars	FR Apportioned Approved Capital Cost	Capital Cost claimed as on 31.3.2019	ACE	Estimated Completion Cost as on 31.3.2024
			2019-24	
Combined Asset	9794.74	8836.12	0.00	8836.12

72. Against the overall apportioned approved capital cost (as per FR) of ₹9794.74 lakh, the estimated completion cost is ₹8836.12 lakh. The individual capital cost of each transmission asset is also within the respective FR apportioned capital cost. Therefore, there is no cost over-run in respect of the Combined Asset.

73. The capital cost has been dealt in line with Regulation 19(3) of the 2019 Tariff Regulations. The element-wise capital cost (i.e., land, building, transmission line, Sub- station and PLCC) as admitted by the Commission as on 31.3.2019 in respect of the transmission assets are clubbed together and has been considered as the capital cost of the Combined Asset as on 1.4.2019 as follows:

(₹ in lakh)

Particulars	Asset-1	Asset-2	Capital Cost for Combined Asset as on 31.3.2019
Free hold Land	0.00	0.00	0.00
Building & Other Civil Works	243.95	0.00	243.95
Transmission Line	3606.01	1151.53	4757.54
Sub-station Equipment	3618.57	0.00	3618.57
PLCC	138.35	0.00	138.35
Leasehold Land	0.00	0.00	0.00
IT Equipment and Software	77.71	0.00	77.71
Total	7684.59	1151.53	8836.12

74. The trued-up capital cost of ₹8836.12 lakh for Combined Asset has been considered as the opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.



75. The Petitioner has not projected any ACE for 2019-24 tariff period.

Capital Cost for 2019-24 Tariff Period

76. Capital cost of the Combined Asset considered for 2019-24 tariff period is as follows:

(₹ in lakh)		
Capital Cost as on 1.4.2019	Admitted ACE	Capital Cost as on 31.3.2024
	2019-24	
8836.12	0.00	8836.12

Debt-Equity Ratio

77. Regulations 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 additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.”

78. The details of debt-equity ratio considered for the purpose of computation of tariff for 2019-24 period in respect of the Combined Asset is as follows:

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	Total Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	6185.30	70.00	6185.30	70.00
Equity	2650.82	30.00	2650.82	30.00
Total	8836.12	100.00	8836.12	100.00

Depreciation

79. Regulation 33 of the 2019 Tariff Regulations provides as follows:

“**33. Depreciation:** (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

Provided that effective date of commercial operation shall be worked out by



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

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

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

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

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

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

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

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

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the Asset-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 asset”

(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 de-capitalized asset during its useful services.”

80. We have considered the submissions of the Petitioner. The IT equipment has been considered as part of the Gross Block and depreciated using WAROD. WAROD has been worked out and placed as Annexure-III 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% 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. Depreciation allowed in respect of the Combined Asset is as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	8836.12	8836.12	8836.12	8836.12	8836.12
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	8836.12	8836.12	8836.12	8836.12	8836.12
Average Gross Block	8836.12	8836.12	8836.12	8836.12	8836.12
Weighted average rate of Depreciation (WAROD) (in %)	5.33	5.33	5.33	5.33	5.33
Lapsed useful life at the beginning of the year (Year)	3.00	4.00	5.00	6.00	7.00
Balance useful life at the beginning of the year (Year)	27.1	26.1	25.1	24.1	23.1
Aggregated Depreciable Value	7960.28	7960.28	7960.28	7960.28	7960.28
Combined Depreciation during the year	470.82	470.82	470.82	470.82	470.82
Aggregate Cumulative Depreciation at the end of the year	1981.63	2452.46	2923.28	3394.10	3864.92
Remaining Aggregate Depreciable Value at the end of the year	5978.64	5507.82	5037.00	4566.18	4095.36



Interest on Loan (“IoL”)

81. 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 asset, 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”.*

82. The weighted average rate of interest of IoL has been considered on the basis of the rates prevailing as on 1.4.2019. The Petitioner has prayed that 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. In view of above, IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed in respect of the Combined Asset is as follows:

(₹ in lakh)					
Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	6185.30	6185.30	6185.30	6185.30	6185.30
Cumulative Repayments up to Previous Year	1510.81	1981.63	2452.46	2923.28	3394.10
Net Loan-Opening	4674.49	4203.67	3732.85	3262.03	2791.21
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	470.82	470.82	470.82	470.82	470.82
Net Loan-Closing	4203.67	3732.85	3262.03	2791.21	2320.39
Average Loan	4439.08	3968.26	3497.44	3026.62	2555.80
Weighted Average Rate of Interest on Loan (in %)	8.216	8.214	8.222	8.234	8.229
Interest on Loan	364.73	325.94	287.57	249.22	210.32

Return on Equity (“RoE”)

83. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations provides 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.”

84. The Petitioner has submitted that MAT rate is applicable to it. MAT rate applicable in the year 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 with respect to Combined Asset is as follows:

(₹ in lakh)					
Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	2650.82	2650.82	2650.82	2650.82	2650.82
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	2650.82	2650.82	2650.82	2650.82	2650.82
Average Equity	2650.82	2650.82	2650.82	2650.82	2650.82
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
Tax Rate applicable (in %)	17.47	17.47	17.47	17.47	17.47
Rate of Return on Equity (Pre-tax)	18.78	18.78	18.78	18.78	18.78
Return on Equity (Pre-tax)	497.88	497.88	497.88	497.88	497.88

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

85. Regulation 35(3)(a) and Regulation 35(4) of the 2019 Tariff Regulations provide as follows:



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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
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
Norms for Transformers (₹ Lakh per MVA)					
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
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	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.”

86. O&M Expenses claimed by the Petitioner with respect to Combined Asset are as follows:

(₹ in lakh)					
Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
Nagapattinam: Trichy Bay -II	1	1	1	1	1
Nagapattinam: Neyveli TS Bay - II	1	1	1	1	1
Norm (₹ lakh/bay)					
400 kV GIS	22.505	23.296	24.115	24.962	25.837
Total Sub-station O&M Expenses	45.01	46.59	48.23	49.92	51.67
AC Lines					
LILO of 2 nd Ckt Neyveli - Trichy at Nagapattinam PS (km)	23	23	23	23	23
Norm (₹ lakh/ km)					
400 kV	0.881	0.912	0.944	0.977	1.011
Total Transmission Line	20.26	20.98	21.71	22.47	23.25
Communication System					
PLCC (₹ in lakh)	139.01	139.01	139.01	139.01	139.01
Norms (in %)	2	2	2	2	2
Total Communication System	2.78	2.78	2.78	2.78	2.78
Total O&M Expenses	68.05	70.35	72.72	75.18	77.71

87. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. The Petitioner has made similar claim in other petitions as well. Though PLCC is a communication system, it has been considered as part of the Sub-



station in the 2014 Tariff Regulations and the 2019 Tariff Regulations and the norms for sub-station 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.

88. O&M Expenses allowed in respect of the Combined Asset are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
Nagapattinam: Trichy Bay -II	1	1	1	1	1
Nagapattinam: Neyveli TS BAY - II	1	1	1	1	1
Norm (₹ lakh/bay)					
400 kV GIS	22.505	23.296	24.115	24.962	25.837
Total Sub-station O&M Expenses	45.02	46.60	48.24	49.92	51.68
AC & HVDC Lines					
LILO of 2 nd Ckt Neyveli-Trichy at Nagapattinam PS (km)	23	23	23	23	23
Norm (₹ lakh/ km)					
400 kV	0.881	0.912	0.944	0.977	1.011
Total Transmission Line	20.26	20.98	21.71	22.47	23.25
Total O&M Expenses allowed	65.27	67.57	69.94	72.40	74.93

Interest on Working Capital ("IWC")

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

"34. Interest on Working Capital: (1) The working capital shall cover:

.....

(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 triung-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. Definition - *In these regulations, unless the context otherwise requires:-*

(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;”

90. The Petitioner has submitted that it has computed IWC 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 IWC as 12.05%. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The 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 is as follows:



(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M expenses for One month)	5.44	5.63	5.83	6.03	6.24
Working Capital for Maintenance Spares (15% of O&M expenses)	9.79	10.14	10.49	10.86	11.24
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	174.79	170.53	165.86	161.39	156.42
Total Working Capital	190.02	186.29	182.18	178.28	173.90
Rate of Interest (in %)	12.05%	11.25%	10.50%	10.50%	10.50%
Interest of working Capital	22.90	20.96	19.13	18.72	18.26

Annual Fixed Charges for 2019-24 Tariff Period

91. The transmission charges allowed in respect of the Combined Asset for 2019-24 tariff period are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	470.82	470.82	470.82	470.82	470.82
Interest on Loan	364.73	325.94	287.57	249.22	210.32
Return on Equity	497.88	497.88	497.88	497.88	497.88
Operation and Maintenance	65.27	67.57	69.94	72.40	74.93
Interest on Working Capital	22.90	20.96	19.13	18.72	18.26
Total	1421.60	1383.16	1345.34	1309.03	1272.20

Filing Fee and Publication Expenses

92. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 70(1) of the 2019 Tariff Regulations. 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 and RLDC Fees and Charges

93. The Petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for 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 2019-24 tariff period.

Goods and Services Tax (“GST”)

94. 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.

95. We have considered the submissions of Petitioner. Since, GST is not levied on transmission service at present, we are of the view that Petitioner’s prayer is premature.

Security Expenses

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

97. We have considered the above submissions of Petitioner. The Petitioner has claimed consolidated security expenses for all the transmission assets owned by it on projected basis for 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 wherein the Commission has approved the security expenses from 1.4.2019 to 31.3.2024. Therefore, security expenses will be shared in terms of the order dated 3.8.2021 in Petition No. 260/MP/2020. 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

98. 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

99. TANGEDCO has submitted that 2020 Sharing Regulations has been notified on 4.5.2020 and came into effect from 1.11.2020. In these circumstances, it is necessary to segregate the additional cost and tariff liability upto 31.10.2020 and from 1.11.2020 so as to allocate the charges based on 2010 Sharing Regulations and 2020 Sharing Regulations respectively. TANGEDCO has further requested that suitable directions may be issued to the Petitioner to allocate the trued up Yearly Transmission Charges (YTC).

100. In response, the Petitioner has submitted that sharing of transmission charges for 2014-19 and 2019-24 periods upto 31.10.2020 shall be done as per 2010 Sharing Regulations and thereafter w.e.f. 1.11.2020 it will be done according to the 2020 Sharing Regulations. After determination of tariff of the transmission assets, the aspect of YTC bifurcation as raised by TANGEDCO shall be taken care of by CTU at the time of billing.



101. We have considered the submissions of the Petitioner and TANGEDCO. The Commission vide order dated 20.7.2016 in Petition No. 51/TT/2015 has held as follows:

“71. We have considered the submissions of the petitioner, TANGEDCO, PELPL and IL&FS. LTA of IL&FS was operationalised on 29.9.2015. Asset-1 was also commissioned on 29.9.2015 and hence Asset-1 shall be considered in POC pool from 29.9.2015 and Asset-2 from 9.11.2015. Accordingly 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 from date of COD of assets.”

102. In view of the above, the transmission charges for Asset-I shall be considered in PoC pool from 29.9.2015 and for Asset-2 from 9.11.2015.

103. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the provisions of the 2010 Sharing Regulations. With effect from 1.11.2020, sharing of transmission charges is governed by 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 Sharing Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection and disbursement of the transmission charges for subsequent period shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

104. To summarise,

(a) The trued-up AFC allowed in respect of the transmission assets for



2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset – 1			
	2015-16 (Pro-rata for 185days)	2016-17	2017-18	2018-19
AFC	574.74	1320.99	1379.76	1367.94

(₹ in lakh)

Particulars	Asset – 2			
	2015-16 (Pro-rata for 144days)	2016-17	2017-18	2018-19
AFC	63.23	185.33	191.65	186.38

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset	1421.60	1383.16	1345.34	1309.03	1272.20

105. Annexure-I, Annexure-II and Annexure-III given hereinafter shall form part of the order.

106. This order disposes of Petition No. 514/TT/2019 in terms of the above discussions and findings.

sd/-
(P. K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P.K. Pujari)
Chairperson



Petition No.:	514/TT/2019
Period	2014-19 Tariff

Annexure – I

Asset-1

2014-19 Capital Expenditure as on COD	Admitted Capital Cost as on COD (₹ in lakh)	ACE (₹ in lakh)				Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations			
		2015-16	2016-17	2017-18	2018-19			2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Building	134.63	80.72	28.61	0.00	0.00	243.95	3.34	5.84	7.67	8.15	8.15
Transmission Line	2505.23	545.12	555.66	0.00	0.00	3606.01	5.28	146.67	175.73	190.40	190.40
Sub Station	2432.29	562.23	414.92	101.15	107.98	3618.57	5.28	143.27	169.06	182.69	188.21
PLCC	107.64	22.04	8.67	0.00	0.00	138.35	6.33	7.51	8.48	8.76	8.76
IT Equipment and software	0.00	77.71	0.00	0.00	0.00	77.71	5.28	2.05	4.10	4.10	4.10
TOTAL	5179.77	1287.82	1007.87	101.15	107.98	7684.59		305.34	365.05	394.09	399.62
Average Gross Block (₹ in lakh)								5823.68	6971.53	7526.03	7630.60
Weighted Average Rate of Depreciation (%)								5.24%	5.24%	5.24%	5.24%



Petition No.:	514/TT/2019
Period	2014-19 Tariff

Annexure – II

Asset-2

2014-19	Admitted Capital Cost as on COD (₹ in lakh)	ACE (₹ in lakh)				Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations			
		2015-16	2016-17	2017-18	2018-19			2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Capital Expenditure as on COD											
Transmission Line	834.90	172.04	144.59	0.00	0.00	1151.53	5.28	48.62	56.98	60.80	60.80
TOTAL	834.90	172.04	144.59	0.00	0.00	1151.53		48.62	56.98	60.80	60.80
						Average Gross Block (₹ in lakh)		920.92	1079.24	1151.53	1151.53
						Weighted Average Rate of Depreciation (%)		5.28	5.28	5.28	5.28



Petition No.:	514/TT/2019
Period	2019-24 Tariff

Annexure – III

Combined Asset

Combined Assets									
2019-24 Capital Expenditure as on 1.4.2019	Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	ACE 2019-24	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations				
					2019-20 (₹ in lakh)	2020-21 (₹ in lakh)	2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)
Building	243.95	0.00	243.95	3.34	8.15	8.15	8.15	8.15	8.15
Transmissi on Line	4757.54	0.00	4757.54	5.28	251.20	251.20	251.20	251.20	251.20
Sub Station	3618.57	0.00	3618.57	5.28	191.06	191.06	191.06	191.06	191.06
PLCC	138.35	0.00	138.35	6.33	8.76	8.76	8.76	8.76	8.76
IT Equipment and software	77.71	0.00	77.71	15.00	11.66	11.66	11.66	11.66	11.66
TOTAL	8836.12	0.00	8836.12		470.82	470.82	470.82	470.82	470.82
			Average Gross Block (₹ in lakh)		8836.12	8836.12	8836.12	8836.12	8836.12
				Weighted Average Rate of Depreciation (%)		5.33	5.33	5.33	5.33

