

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 54/TT/2020

Coram:

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

Date of Order: 09.02.2021

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing-up of transmission tariff of the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 of **Asset-I**: LILO of both Circuit of 400 kV D/C Rourkela-Raigrah (02nd Line) alongwith 04 Nos of 400 kV Line bays at Jharsuguda (Sundargarh) Sub-station, **Asset-II**: Split Bus arrangement at 400 kV Bus at Jharsuguda (Sundargarh) Sub-station and **Asset-III**: 02 Nos of 400 kV Line bays for termination of OPGC (IB TPS)-Jharsuguda 400 kV D/C line (under TBCB) at Jharsuguda (Sundargarh) under "Work associated with common transmission system for Phase-II generation project in Odisha" in Eastern Region.

And in the matter of:

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

....Petitioner

Vs

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



4. Jharkhand State Electricity Board,
In Front of Main Secretariat,
Doranda, Ranchi-834002.
5. Damodar Valley Corporation,
DVC Tower, Maniktala,
Civic Centre, VIP Road, Calcutta-700054.
6. Power Department,
Government of Sikkim, Gangtok-737101.
7. Sterlite Power Grid Ventures Ltd.,
F-1, Mira Corporate Suits,
1 & 2, Mathura Road, Ishwar Nagar,
New Delhi-110065, India.
8. IB Thermal Power Plant Banharpali (OPGC)
Jharsugura, Banharpali,
Odisha-768234.

....Respondents

For Petitioner : Shri S. S. Raju, PGCIL
Shri A. K. Verma, PGCIL

For Respondents : None

ORDER

The instant petition has been filed by Power Grid Corporation of India Ltd. (hereinafter referred to as “the Petitioner”), a deemed transmission licensee for trueing-up of the transmission tariff of the 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the following assets under the “Work associated with common transmission system for Phase-II generation project in Odisha” in Eastern Region (hereinafter referred to as the “transmission project”):



Asset-I: LILO of both Circuit of 400 kV D/C Rourkela-Raigrah (02nd Line) alongwith 04 Nos of 400 kV Line bays at Jharsuguda (Sundargarh) Sub-station;

Asset-II: Split Bus arrangement at 400 kV Bus at Jharsuguda (Sundargarh) Sub-station;

Asset-III: 02 Nos of 400 kV Line bays for termination of OPGC (IB TPS)-Jharsuguda 400 kV D/C line (under TBCB) at Jharsuguda (Sundargarh).

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

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

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

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

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

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

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

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

8) Allow the Petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 11.6 above.

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

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

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



3. The Respondents are transmission and distribution licensees, which are procuring transmission services from the Petitioner, mainly beneficiaries of the Eastern Region.

Background

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

a) The Investment Approval (IA) and expenditure sanction for the transmission project was accorded by the Board of Directors of the Petitioner vide Memorandum Ref. C/CP/Phase-II, Odisha dated 5.4.2016 with an estimated cost of ₹84464 lakh including IDC of ₹5027 lakh based on October, 2015 price level.

b) The scope of work is associated with common transmission system for Phase-II generation project in Odisha” in Eastern Region. The scope of the transmission project as per Investment Approval is as under:

Transmission Line

(i) LILO of both circuit of Rourkela-Raigarh 400 kV D/C (2nd Line) at Jharsuguda (Sundargarh) Sub-station.

Sub-station

(i) 2X1500 MVA, 765/400 kV ICTs with associated bays in GIS at Jharsuguda (Sundargarh)

(ii) 2X1500 MVA, 765/400 kV ICTs with associated bays at Angul

(iii) 04 Nos of 400 kV GIS Line bays for termination of LILO of both circuit of Rourkela-Raigarh 400 kV D/C (2nd Line) at Jharsuguda (Sundargarh) Sub-station.

(iv) Split bus arrangement at 400 kV bus at Angul Sub-station.

(v) Split bus arrangement at 765 kV bus at Angul Sub-station.

(vi) Split bus arrangement at 400 kV bus at Jharsuguda (Sundargarh) Sub-station with GIS.

(vii) Split bus arrangement at 765 kV bus at Jharsuguda (Sundargarh) Sub-station with GIS.

(viii) 02 Nos of 400 kV Line bays for termination of OPGC (IB TPS)- Jharsuguda 400 kV D/C line at Jharsuguda (Sundargarh) (line under TBCB)



{OPGC (Ib TPS) : Odisha Power Generation Company (IB Thermal Power Station)}

Sub-station Works

(i) Jharsuguda 765/400 kV Sub-station: extension in GIS

765 kV:

- 2X1500 MVA 765/400 kV Transformers
- ICT Bays : 2 Nos. (GIS)
- Split bus arrangement (GIS)

400 kV:

- ICT Bays : 2 Nos. (GIS)
- Line bays : 6 Nos (GIS)
- Split bus arrangement (GIS)

Note: It has been agreed in the 17th SCM of ER that GIS bays maybe considered in place of AIS bays if there is space constraints in schemes involving Sub-station extensions.

(ii) Angul 765/400 kV Sub-station

765 kV:

- 2X1500 MVA 765/400 kV Transformers
- ICT Bays : 2 Nos
- Split bus arrangement

400 kV:

- ICT Bays : 2 Nos
- Split bus arrangement

c) The instant petition consists of Asset-I, Asset-II and Asset-III. The Complete scope of the work As per Investment approval is not commissioned yet.

d) The COD details of the Assets covered in the instant petition of the transmission system are as under:

Asset	SCOD	COD
Asset-I	1.4.2019	7.1.2018
Asset-II	1.4.2019	22.11.2017



Asset-III	1.8.2017	23.11.2017*
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**The COD of the Asset-III is approved as 23.11.2017 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations*

e) The transmission tariff of Assets-I, II and III from their respective COD to 31.3.2019 was determined vide order dated 14.2.2019 in Petition No. 59/TT/2018 as per the 2014 Tariff Regulations.

f) The Asset-I and Asset-II were scheduled to be put into commercial operation within 36 months from the date of IA (2.4.2016) i.e. by 1.4.2019 while they were put into commercial operation on 7.1.2018 and 22.11.2017. Hence, there is no time over-run in case of these two assets.

g) Asset-III i.e. 2 nos. of 400 kV GIS line bays at Jharsuguda (Sundargarh) Sub-station, execution schedule was 16 months from the date of IA to match with the OPGC-Jharsuguda 400 kV D/C line being implemented under TBCB route. Accordingly, the scheduled COD of Asset-III was 1.8.2017. There was a time over-run of 114 days in case of Asset-III and the same was not condoned by the Commission.

5. The Petitioner has served the petition on the Respondents and the Notice about this petition was also 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 General Notice dated 12.3.2020 directing the beneficiaries/ Respondents to file reply in the matter was also posted on the Commission's website. However, none of the Respondents have filed their reply in the matter.

6. This order is issued considering the submissions made by the Petitioner in the petition dated 16.10.2019, Petitioner's affidavits dated 12.3.2020 and 29.5.2020.

7. The hearing in this matter was held on 19.5.2020 through video conference and order was reserved in the matter.



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

Truing-up of the Annual Fixed Charges of the 2014-19 tariff period

9. The details of the trued up transmission charges claimed by the Petitioner for the transmission assets are as follows:

(₹ in lakh)

Asset-I		
Particulars	2017-18 (Pro-rata for 84 days)	2018-19
Depreciation	169.44	833.35
Interest on Loan	166.38	791.93
Return on Equity	187.72	926.85
Interest on Working Capital	14.48	69.33
O & M Expenses	63.11	283.34
Total	601.13	2904.80

(₹ in lakh)

Asset-II		
Particulars	2017-18 (Pro-rata for 130 days)	2018-19
Depreciation	10.20	61.36
Interest on Loan	10.50	62.69
Return on Equity	11.42	68.88
Interest on Working Capital	2.77	10.19
O & M Expenses	40.49	117.46
Total	75.38	320.58

(₹ in lakh)

Asset-III		
Particulars	2017-18 (Pro-rata for 129 days)	2018-19
Depreciation	34.77	150.06
Interest on Loan	35.06	149.44
Return on Equity	38.23	166.33
Interest on Working Capital	4.39	16.04
O & M Expenses	40.18	117.46
Total	152.63	599.33

10. The details of trued up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission assets are as under:



(₹ in lakh)

Asset-I		
Particular	2017-18	2018-19
	(Pro-rata for 84 days)	
O & M Expenses	22.85	23.61
Maintenance Spares	41.14	42.50
Receivables	435.34	484.13
Total	499.33	550.24
Rate of Interest (%)	12.6	12.6
Interest on Working Capital	14.48	69.33

(₹ in lakh)

Asset-II		
Particular	2017-18	2018-19
	(Pro-rata for 130 days)	
O & M Expenses	9.47	9.79
Maintenance Spares	17.05	17.62
Receivables	35.27	53.43
Total	61.79	80.84
Rate of Interest (%)	12.6	12.6
Interest on Working Capital	2.77	10.19

(₹ in lakh)

Asset-III		
Particular	2017-18	2018-19
	(Pro-rata for 129 days)	
O & M Expenses	9.47	9.79
Maintenance Spares	17.05	17.62
Receivables	71.97	99.89
Total	98.49	127.30
Rate of Interest (%)	12.6	12.6
Interest on Working Capital	4.39	16.04

Capital Cost

11. The Commission vide order dated 14.2.2019 in Petition No. 59/TT/2018 allowed the following capital cost as on COD in respect of the transmission assets:

(₹ in lakh)

Assets	Expenditure
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	up to COD (admitted)
Asset-I	13201.78
Asset-II	302.79
Asset-III	1341.16

12. The details of the capital cost (as on COD) and ACE (upto 31.3.2019) claimed by the Petitioner for the transmission assets in this truing up petition, duly supported by the Auditor's Certificates, are as under:

(₹ in lakh)

Assets	Approved apportioned capital cost as per FR	Capital cost as on COD (on cash basis)	Additional Capital Expenditure (ACE) (claimed)		Total capital cost as on 31.3.2019 (claimed) (on cash basis)
			2017-18	2018-19	
Asset-I	22880.00	13251.39	1094.34	2582.06	16927.79
Asset-II	2012.47	360.15	364.46	874.87	1599.48
Asset-III	3915.42	1446.77	765.64	1187.33	3399.74

Interest During Construction (IDC)

13. The Petitioner has claimed IDC for the transmission assets and has submitted the Auditor's Certificates dated 31.7.2019 in support of the same. The Petitioner has submitted computation of IDC along with the year-wise details of IDC discharged.

14. IDC allowed vide order dated 14.2.2019 in Petition No. 59/TT/2018 for Assets-I, II and III was ₹337.61 lakh, ₹13.23 lakh, ₹30.41 lakh respectively which was subject to review at the time of truing-up after considering actual discharge of IDC.

15. The allowable IDC has been worked out considering the information submitted by the Petitioner for the individual assets separately on cash basis. The loan details submitted in Form-9C for 2014-19 period and the IDC computation sheet have been considered for the purpose of IDC calculation on cash and accrued basis. The undischarged IDC as on COD has been considered as ACE during the year in which it has been discharged.



16. The Petitioner has also included certain loans for ACE for calculation of IDC.
17. The IDC worked out based on the submissions of the Petitioner as follows:

(₹ in lakh)

Asset	IDC claimed by the Petitioner	IDC Admissible	IDC allowed as on COD on cash basis	Un-discharged IDC as on COD	
				Discharged in year 2017-18	Discharged in year 2018-19
Asset-I	337.61	334.15	148.23	56.12	129.81
Asset-II	13.43	13.20	3.49	9.07	0.64
Asset-III	56.65	30.41	17.92	12.49	0.00

Incidental Expenditure During Construction (IEDC)

18. The Petitioner has claimed IEDC of ₹272.19 lakh, ₹10.38 lakh and ₹54.02 lakh for Assets-I, II and III respectively and submitted Auditor's certificate dated 31.7.2019 in support of the same. The Petitioner has also submitted that entire IEDC has been discharged as on COD in respect of the transmission assets. IEDC claimed is within the percentage of Hard Cost as indicated in the Abstract Cost Estimate. Hence, the entire amount of IEDC claimed has been allowed in case of Assets-I and II. In case of Asset-III, ₹10.19 lakh for the period of time over-run was disallowed earlier vide order dated 14.2.2019 in Petition 59/TT/2018, which has been dealt accordingly and only ₹43.83 lakh has been allowed. Further, the Petitioner vide affidavit dated 12.3.2020 has submitted that no liquidated damages in respect of IEDC have been recovered because the contracts are not yet closed. Hence, the impact of liquidated damages will be reviewed once the contracts are closed.

Initial Spares

19. Regulation 13(d) of the 2014 Tariff Regulations provides that Initial Spares shall be capitalized as a percentage of plant and machinery cost up to the cut-off date, subject to the following ceiling norms:

“(d) Transmission System



Transmission line: 1.00%
Transmission sub-station (Green Field): 4.00%
Transmission sub-station (Brown Field): 6.00%
Gas Insulated sub-station :5.00%
Communication System: 3.5%”

20. The Petitioner has claimed the following Initial Spares for the transmission assets and submitted Auditor’s certificate in support of the same. Further, the Petitioner vide affidavit dated 29.5.2020 has also submitted Form-13 (Break-up of Initial Spares) for all the assets. The details of Initial Spares claimed by the Petitioner are as follows:

(₹ in lakh)

Asset	Plant & Machinery Cost upto cut-off date (excluding IDC and IEDC)		Initial Spares claimed	
	Transmission Line	Sub-station (GIS)	Transmission Line	Sub-station (GIS)
Asset-I	13237.34	3441.86	125.45	166.63
Asset-II	0.00	1575.67	0.00	63.00
Asset-III	0.00	3325.5	0.00	116.00
TOTAL	13237.34	8343.03	125.45	345.63

21. The Petitioner has prayed to allow Initial Spares on project as a whole. During the hearing on 19.5.2020, the representative of the Petitioner submitted that the entire scope of the Investment Approval dated 2.4.2016 has not yet been completed and the remaining assets are anticipated to be put into commercial operation during 2019-24 period.

22. We have considered the submissions made by the Petitioner. The Initial Spares are allowable subject to ceiling limit specified in Regulation 13(d) of the 2014 Tariff Regulations. The Petitioner’s claim of Initial Spares is within the ceiling limit specified in Regulation 13(d) of the 2014 Tariff Regulations. The details of the Initial Spares allowed are as follows:



Asset	Plant & Machinery Cost upto cut-off date (excluding IDC and IEDC) (₹ in lakh)		Initial Spares claimed (₹ in lakh)		Ceiling Limit (%)		Initial Spares as per Ceiling Limit (₹ in lakh)		Initial Spares allowed (₹ in lakh)	
	Transmission Line	Sub-station (GIS)	Transmission Line	Sub-station (GIS)	Transmission Line	Sub-station (GIS)	Transmission Line	Sub-station (GIS)	Transmission Line	Sub-station (GIS)
Asset-I	13237.34	3441.86	125.45	166.63	1.00	5.00	132.44	172.38	125.45	166.63
Asset-II	0.00	1575.67	0.00	63.00	-	5.00	-	79.61	0.00	63.00
Asset-III	0.00	3325.5	0.00	116.00	-	5.00	-	168.92	0.00	116.00
TOTAL	13237.34	8343.03	125.45	345.63			132.44	420.91	125.45	345.63

Capital Cost as on COD

23. Accordingly, the capital cost allowed as on COD is summarized as under:

Asset	Capital cost claimed as on COD as per Auditor's certificate (on accrual basis) (A)	Less: IEDC disallowed in Order dated 14.2.2019 (B)	Less: IDC disallowed due to computational difference (C)	Less: undischarged IDC as on COD (D)	(₹ in lakh)
					Capital cost considered as on COD (on cash basis) (E=A-B-C-D)
Asset-I	13437.99	-	3.46	185.93	13248.61
Asset-II	370.09	-	0.23	9.71	360.15
Asset-III	1495.69	10.19	26.24	12.49	1446.77

Additional Capital Expenditure (ACE)

24. The Petitioner has claimed the following ACE in respect of the transmission assets and submitted the Auditor Certificates in support of its claim:

Assets	2017-18		2018-19		(₹ in lakh)
	IDC Discharged	ACE as per Auditors Certificate	IDC Discharged	ACE as per Auditors Certificate	
Asset-I	56.12	1038.22	130.48	2451.58	
Asset-II	9.07	355.39	0.87	874.00	
Asset-III	12.49	753.15	0.00	1187.33	



25. The Petitioner vide affidavit dated 16.10.2019 has submitted that ACE in the transmission assets is on account of undischarged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date under Regulation 14(3)(v) of the 2014 Tariff Regulations. ACE during the years 2017-18, 2018-19 for all the assets has been claimed under Regulation 14(1)(i) of the 2014 Tariff Regulations and is within the cut-off date.

26. The Petitioner vide affidavit dated 16.10.2019 has also submitted that ACE upto 31.3.2019 has been considered in the Auditor's certificate as per actuals. Further, the Petitioner vide affidavit dated 12.3.2020 has submitted that ACE claimed is within the original scope of work. The Petitioner has also submitted Form 5 for all the assets covered in the instant petition. Contract-wise details submitted by the Petitioner are as follows:

(₹ in lakh)

Asset-I						
Party	Asset/Work	Year	Year wise actual capitalization	Original liability	Undischarged liability as on year ended	Undischarged liability as on 31.3.2019
KEC International	TL PKG	2017-18	679.42	1531.63	852.21	0.00
Gupta Power	TL PKG	2017-18	0.00	136.61	136.61	0.00
Tree/Crop Compensation	TL PKG	2017-18	2.82	31.12	28.3	0.00
Forest Payment	TL PKG	2017-18	60.81	204.20	143.39	0.00
Techno Electric & ENGG Ltd.	SS PKG	2017-18	81.05	686.75	605.7	0.00
Xian XD Switchgear	SS PKG	2017-18	213.37	1027.77	814.4	0.00
Shree Balaji	Site Levelling	2017-18	0.75	0.75	0.00	0.00
Total			1038.22	3618.83	2580.61	0.00
KEC International	TL PKG	2018-19	731.63	852.21	120.58	120.58
Gupta Power	TL PKG	2018-19	128.16	136.61	8.45	8.45
Forest Payment	TL PKG	2018-19	143.39	143.39	0.00	0.00
Tree/Crop Compensation	TL PKG	2018-19	28.3	28.3	0.00	0.00

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Xian XD Switchgear	SS PKG	2018-19	814.4	814.4	0.00	0.00
Techno Electric & ENGG Ltd.	SS PKG	2018-19	605.7	605.7	0.00	0.00
Total			2451.58	2580.61	129.03	129.03

(₹ in lakh)

Asset-II						
Party	Asset/Work	Year	Year wise actual capitalization	Original liability	Undischarged liability as on year ended	Undischarged liability as on 31.3.2019
Techno Electric & ENGG Ltd.	SS PKG	2017-18	45.41	340.47	295.06	0.00
Xian XD Switchgear	SS PKG	2017-18	309.86	888.34	578.48	0.00
Shree Balaji	SS PKG	2017-18	0.12	0.58	0.46	0.00
Total			355.39	1222.39	874	0.00
Techno Electric & ENGG Ltd.	TL PKG	2018-19	295.06	295.06	0.00	0.00
Xian XD Switchgear	SS PKG	2018-19	578.48	578.48	0.00	0.00
Shree Balaji	SS PKG	2018-19	0.46	0.46	0.00	0.00
Total			874	874	0.00	0.00

(₹ in lakh)

Asset-III						
Party	Asset/Work	Year	Year wise actual capitalization	Original liability	Undischarged liability as on year ended	Undischarged liability as on 31.3.2019
Techno Electric & ENGG Ltd.	SS PKG	2017-18	464.78	853.82	389.04	0.00
Xian XD Switchgear	SS PKG	2017-18	287.62	1083.39	795.77	0.00
Shree Balaji	SS PKG	2017-18	0.75	3.27	2.52	0.00
Total			753.15	1940.48	1187.33	0.00
Techno Electric & ENGG Ltd.	TL PKG	2018-19	389.04	389.04	0.00	0.00
Xian XD Switchgear	SS PKG	2018-19	795.77	795.77	0.00	0.00
Shree Balaji	SS PKG	2018-19	2.52	2.52	0.00	0.00
Total			1187.33	1187.33	0.00	0.00



27. The cut-off date in case of Asset-I is 31.3.2021 and in case of Assets-II and III, it was 31.3.2020. Thus, ACE claimed is within the cut-off date.

28. The Petitioner has claimed ACE including the accrual IDC discharged during 2017-18 to 2018-19 period. It is observed that the total estimated completion cost including ACE during 2017-18 to 2018-19 period for Assets-I, II and III is within the FR apportioned approved cost.

29. As ACE claimed by the Petitioner for 2017-18 and 2018-19 for transmission assets are within the cut-off date, the same has been considered for computation of total capital cost as on 31.3.2019. The undischarged IDC as on COD has been allowed as ACE in its respective year of discharge. Accordingly, ACE allowed for the transmission assets are as follows:

(₹ in lakh)

Assets	2017-18			2018-19		
	ACE to the extent of Balance & Retention Payments and work deferred for execution other than IDC	IDC Discharged	Total	ACE to the extent of Balance & Retention Payments and work deferred for execution other than IDC	IDC Discharged	Total
Asset-I	1038.22	56.12	1094.34	2451.58	129.81	2581.39
Asset-II	355.39	9.07	364.46	874.00	0.64	874.64
Asset-III	753.15	12.49	765.64	1187.33	0.00	1187.33

Capital cost

30. Accordingly, the capital cost considered for the transmission assets for the period from COD to 31.3.2019 is as follows:

(₹ in lakh)

Assets	Capital Cost as on COD (on cash basis)	2017-18	2018-19	Total Capital Cost as on 31.3.2019
Asset-I	13248.61	1094.34	2581.39	16924.33
Asset-II	360.15	364.46	874.64	1599.25
Asset-III	1446.77	765.64	1187.33	3399.74



31. The difference between the earlier allowed total capital cost including ACE as on 31.3.2019 and approved in this order is on account of decrease in actual audited ACE in respect of Asset-II and Asset-III and on account of increase in actual audited ACE in respect of Asset-I. The difference in total capital cost including ACE as on 31.3.2019 and approved in this order is on account of IDC partly disallowed in the instant order.

Debt-Equity Ratio

32. The Petitioner has considered debt-equity ratio of 70:30 as on COD and for ACE. The debt-equity ratio of 70:30 has been considered for capital cost as on COD and ACE during 2017-18 to 2018-19 period as provided under Regulation 19 of 2014 Tariff Regulations. The same is summarised as under:

Asset-I	As on COD		As on 31.3.2019	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Debt	9274.03	70.00	11847.05	70.00
Equity	3974.57	30.00	5077.28	30.00
Total	13248.61	100.00	16924.33	100.00
Asset-II	As on COD		As on 31.3.2019	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Debt	252.11	70.00	1119.49	70.00
Equity	108.04	30.00	479.76	30.00
Total	360.15	100.00	1599.25	100.00
Asset-III	As on COD		As on 31.3.2019	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Debt	1012.74	70.00	2379.82	70.00
Equity	434.03	30.00	1019.92	30.00
Total	1446.77	100.00	3399.74	100.00

Interest on Loan (“IoL”)

33. The Petitioner has claimed IoL based on actual interest rates for each year during the 2014-19 period. The Petitioner has submitted that the weighted average rate of IoL has been considered on the basis of the rates prevailing as on 1.4.2014



and has prayed to consider floating rate of interest applicable during 2014-19 period, if any, during the truing up of tariff.

34. We have considered the submissions made by the Petitioner. It is observed that the SBI loan with respect to transmission assets in the instant petition have been deployed with floating interest rates. Accordingly, factoring the impact of floating rate of interest, IoL has been worked out based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations.

35. IoL has been worked out as under:

(i) Gross amount of loan, repayment of instalments and weighted average rate of interest on actual average loan have been considered as per the petition.

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

36. The details of IoL allowed for the transmission asset are as follows:

(₹ in lakh)

Asset-I		
Particular	2017-18 (Pro-rata for 84 days)	2018-19
Gross Normative Loan	9274.03	10040.07
Cumulative Repayments upto Previous Year	0.00	168.77
Net Loan-Opening	9274.03	9871.30
Addition due to Additional Capitalization	766.04	1806.98
Repayment during the year	168.77	830.43
Net Loan-Closing	9871.30	10847.85
Average Loan	9572.67	10359.57
Weighted Average Rate of Interest on Loan (%)	7.551	7.644
Interest on Loan	166.35	791.92

(₹ in lakh)

Asset-II		
Particular	2017-18 (Pro-rata for 130 days)	2018-19
Gross Normative Loan	252.11	507.23
Cumulative Repayments upto Previous Year	0.00	10.20
Net Loan-Opening	252.11	497.03



Addition due to Additional Capitalization	255.12	612.26
Repayment during the year	10.20	61.35
Net Loan-Closing	497.03	1047.94
Average Loan	374.57	772.49
Weighted Average Rate of Interest on Loan (%)	7.874	8.115
Interest on Loan	10.50	62.69

(₹ in lakh)

Asset-III		
Particular	2017-18 (Pro-rata for 129 days)	2018-19
Gross Normative Loan	1012.74	1548.69
Cumulative Repayments upto Previous Year	0.00	34.77
Net Loan-Opening	1012.74	1513.92
Addition due to Additional Capitalization	535.95	831.13
Repayment during the year	34.77	150.07
Net Loan-Closing	1513.92	2194.98
Average Loan	1263.33	1854.45
Weighted Average Rate of Interest on Loan (%)	7.851	8.059
Interest on Loan	35.06	149.44

(₹ in lakh)

Assets	Particulars	2017-18	2018-19
Asset-I	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	173.44	808.97
	Claimed by the Petitioner in the instant petition	166.38	791.93
	Allowed after true-up in this order	166.35	791.92
Asset-II	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	15.48	74.60
	Claimed by the Petitioner in the instant petition	10.50	62.69
	Allowed after true-up in this order	10.50	62.69
Asset-III	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	40.09	159.45
	Claimed by the Petitioner in the instant petition	35.06	149.44
	Allowed after true-up in this order	35.06	149.44

Return on Equity (RoE)

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

Year	Claimed effective tax (in %)	Grossed up RoE (Base Rate/1-t) (in %)
2014-15	21.018	19.625



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

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

“26. We are conscious that the entities covered under MAT regime are paying Income Tax as per MAT rate notified for respective financial year under IT Act, 1961, which is levied on the book profit of the entity computed as per the Section 115JB of the IT Act, 1961. The Section 115JB(2) defines book profit as net profit in the statement of Profit & Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying income tax on income computed under Section 115JB of the IT Act, 1961 as per the MAT rates of the respective financial year, the notified MAT rate for respective financial year shall be considered as effective tax rate for the purpose of grossing up of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax authorities shall be considered on actual payment. However, penalty (for default on the part of the Assessee) if any imposed shall not be taken into account for the purpose of grossing up of rate of return on equity. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/ DICs as the case may be on year to year basis.

27. Accordingly, following effective tax rates based on notified MAT rates are considered for the purpose of grossing up of rate of return on equity:

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

”

39. The MAT rates considered in the order dated 27.4.2020 are considered for the purpose of grossing up of rate of RoE for truing up of the tariff of the 2014-19 tariff



period in terms of the provisions of the 2014 Tariff Regulations and the same are as under:

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

40. Accordingly, RoE allowed for the transmission assets is as follows:

(₹ in lakh)

Asset-I		
Particulars	2017-18 (Pro-rata for 84 days)	2018-19
Opening Equity	3974.57	4302.87
Addition due to Additional Capitalization	328.30	774.41
Closing Equity	4302.87	5077.28
Average Equity	4138.72	4690.08
Return on Equity (Base Rate) (%)	15.50	15.50
Tax Rate applicable (%)	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.705	19.758
Return on Equity (Pre-tax)	187.69	926.64

(₹ in lakh)

Asset-II		
Particulars	2017-18 (Pro-rata for 130 days)	2018-19
Opening Equity	108.04	217.38
Addition due to Additional Capitalization	109.34	262.38
Closing Equity	217.38	479.76
Average Equity	162.71	348.57
Return on Equity (Base Rate) (%)	15.50	15.50
Tax Rate applicable (%)	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.705	19.758
Return on Equity (Pre-tax)	11.42	68.87

(₹ in lakh)

Asset-III		
Particulars	2017-18 (Pro-rata for 129 days)	2018-19
Opening Equity	434.03	663.72
Addition due to Additional Capitalization	229.69	356.20



Closing Equity	663.72	1019.92
Average Equity	548.88	841.82
Return on Equity (Base Rate) (%)	15.50	15.50
Tax Rate applicable (%)	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.705	19.758
Return on Equity (Pre-tax)	38.23	166.32

(₹ in lakh)			
Assets	Particulars	2017-18	2018-19
Asset-I	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	192.59	940.56
	Claimed by the Petitioner in the instant petition	187.72	926.85
	Allowed after true-up in this order	187.69	926.64
Asset-II	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	16.58	83.23
	Claimed by the Petitioner in the instant petition	11.42	68.88
	Allowed after true-up in this order	11.42	68.87
Asset-III	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	43.21	179.88
	Claimed by the Petitioner in the instant petition	38.23	166.33
	Allowed after true-up in this order	38.23	166.32

Depreciation

41. The Petitioner's claim towards depreciation for Asset-I in this petition was found to be higher than the depreciation allowed in order dated 14.2.2019 in Petition No. 59/TT/2018. The Petitioner has neither given any justification for claiming higher depreciation than that was allowed earlier in order nor made any specific prayer for allowing higher depreciation in this petition.

42. In order dated 14.2.2019 in Petition 59/TT/2018, the Petitioner did not claim any capital expenditure towards "IT Equipment" where tariff for Asset-I from COD to 31.3.2019 was determined even though there was a clear provision in the 2014 Tariff Regulations providing depreciation @15% for IT Equipment. It is observed that the Petitioner has for the first time apportioned a part of the capital expenditure towards IT Equipment and has claimed depreciation under the head "IT Equipment" @15% at the time of trueing up of the tariff for 2014-19 tariff period.



43. Similar issue had come up in Petition No. 19/TT/2020, wherein the Commission vide order dated 9.5.2020 held as under:

“31. We have considered the submissions of the Petitioner. The instant assets were put into commercial operation during the 2009-14 period and the tariff from the respective CODs to 31.3.2014 was allowed vide orders dated 30.8.2012 and 9.5.2013 in Petition No.343/2010 and Petition No. 147/TT/2011 respectively. Further, the tariff of the 2009-14 period was trued up and tariff for the 2014-19 period was allowed vide order dated 25.2.2016 in Petition No.10/TT/2015. The Petitioner did not claim any capital expenditure towards “IT Equipment” in the above said three petitions where tariff for the instant assets for the 2009-14 period was allowed, tariff of the 2009-14 period was trued up and tariff for 2014-19 period was allowed even though there was a clear provision in the 2009 Tariff Regulations and 2014 Tariff Regulations providing depreciation @15% for IT Equipment. Having failed to make a claim as per the 2009 Tariff Regulations (the period during which COD of assets was achieved), the Petitioner has now, at the time of truing up of the tariff allowed for the 2014-19 period has apportioned a part of the capital expenditure to “IT Equipment”. The Petitioner has adopted similar methodology not only in this but in some of the other petitions listed along with the instant petition on 26.2.2020. It is observed that the Petitioner has for the first time apportioned a part of the capital expenditure towards IT Equipment and has claimed depreciation under the head “IT Equipment” @15% at the time of truing up of the tariff of 2014-19 period. Regulation 8(1) of the 2014 Tariff Regulations provides for truing up of the capital expenditure including the additional capital expenditure, incurred upto 31.3.2019, admitted by the Commission after prudence check. We are of the view that scope of truing up exercise is restricted to truing up of the capital expenditure already admitted and apportionment or reapportionment of the capital expenditure cannot be allowed at the time of truing up. Therefore, we are not inclined to consider the Petitioner’s prayer for apportionment of capital expenditure towards IT Equipment and allowing depreciation @ 15% from 1.4.2014 onwards. Accordingly, the depreciation @ 5.28% has been considered for IT Equipment as part of the substation upto 31.3.2019 while truing up the capital expenditure for the 2014-19 period. During the 2019-24 tariff period, the IT Equipment has been considered separately and depreciation has been allowed @ 15% for the balance depreciable value of IT Equipment in accordance with Regulation 33 read with Sr. No. (p) of the Appendix-I (Depreciation Schedule) of the 2019 Tariff Regulations.”

44. In line with the above decision, WAROD has been worked out after taking into account the depreciation rate as specified in the 2014 Tariff Regulations and the trued up depreciation allowed is as under:

(₹ in lakh)		
Asset-I		
Particular	2017-18 (Pro-rata for 84 days)	2018-19
Opening Gross Block	13248.61	14342.95
Additional Capitalisation	1094.34	2581.39
Closing Gross Block	14342.95	16924.33



Average Gross Block	13795.78	15633.64
Weighted average rate of Depreciation (WAROD) (%)	5.32	5.31
Balance useful life of the asset at the beginning of year	33	33
Elapsed life at the beginning of the year	0	0
Aggregated Depreciable Value	12416.20	14070.28
Depreciation during the year	168.77	830.43
Aggregate Cumulative Depreciation	168.77	999.20
Remaining Aggregate Depreciable Value at the end of the year	12247.43	13071.07

(₹ in lakh)

Asset-II		
Particular	2017-18 (Pro-rata for 130 days)	2018-19
Opening Gross Block	360.15	724.61
Additional Capitalisation	364.46	874.64
Closing Gross Block	724.61	1599.25
Average Gross Block	542.38	1161.93
Weighted average rate of Depreciation (WAROD) (%)	5.28	5.28
Balance useful life of the asset at the beginning of year	25	25
Elapsed life at the beginning of the year	0	0
Aggregated Depreciable Value	488.14	1045.74
Depreciation during the year	10.20	61.35
Aggregate Cumulative Depreciation	10.20	71.55
Remaining Aggregate Depreciable Value at the end of the year	477.94	974.19

(₹ in lakh)

Asset-III		
Particular	2017-18 (Pro-rata for 129 days)	2018-19
Opening Gross Block	1446.77	2212.41
Additional Capitalisation	765.64	1187.33
Closing Gross Block	2212.41	3399.74
Average Gross Block	1829.59	2806.08
Weighted average rate of Depreciation (WAROD) (%)	5.38	5.35
Balance useful life of the asset at the beginning of year	24	24
Elapsed life at the beginning of the year	0	0
Aggregated Depreciable Value	1646.63	2525.47
Depreciation during the year	34.77	150.06
Aggregate Cumulative Depreciation	34.77	184.84



Remaining Aggregate Depreciable Value at the end of the year	1611.86	2340.63
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(₹ in lakh)

Assets	Particulars	2017-18	2018-19
Asset-I	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	173.61	847.46
	Claimed by the Petitioner in the instant petition	169.44	833.35
	Allowed after true-up in this order	168.77	830.43
Asset-II	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	14.88	74.70
	Claimed by the Petitioner in the instant petition	10.20	61.36
	Allowed after true-up in this order	10.20	61.35
Asset-III	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	39.41	163.35
	Claimed by the Petitioner in the instant petition	34.77	150.06
	Allowed after true-up in this order	34.77	150.06

Operation & Maintenance Expenses (O&M Expenses)

45. The O&M Expenses claimed by the Petitioner and allowed for the transmission assets as per Regulation 29(3) of the 2014 Tariff Regulations are the same and are as under:

(₹ in lakh)

Asset-I		
Particulars	2017-18 (Pro-rata for 84 days)	2018-19
Sub-station Bays		
400 kV Lilo Line Bay (GIS) at Jharsuguda – Nos.	4	4
Norm (₹ lakh/bay)		
400 kV Sub-station Bays (GIS)	56.84	58.73
Total Sub-station O&M	227.36	234.92
AC & HVDC Lines		
LILO of both circuits of Rourkela-Raigarh 400 kV M/C at Jharsuguda (km)	21.503	21.503
LILO of both circuits of Rourkela-Raigarh 400 kV D/C at Jharsuguda (km)	22.387	22.387
Norm (₹ lakh/km)		
D/C Twin Conductor	0.78	0.81
Multi Ckt Twin	1.37	1.41
Total Transmission Line:		
D/C Twin Conductor	17.46	18.04
Multi Ckt Twin	29.42	30.38



Total O&M Expenses	63.11	283.34
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(₹ in lakh)

Asset-II		
Particulars	2017-18 (Pro-rata for 130 days)	2018-19
Sub-station Bays		
400 kV Bus Splitting (GIS) at Jharsuguda – Nos.	2	2
Norm (₹ lakh/bay)		
400 kV Sub-station Bays (GIS)	56.84	58.73
Total Sub-station O&M		
Total O&M Expenses	40.49	117.46

(₹ in lakh)

Asset-III		
Particulars	2017-18 (Pro-rata for 129 days)	2018-19
Sub-station Bays		
400 kV GIS Line Bays at Jharsuguda – Nos.	2	2
Norm (₹ lakh/bay)		
400 kV Sub-station Bays (GIS)	56.84	58.73
Total Sub-station O&M		
Total O&M Expenses	40.18	117.46

(₹ in lakh)

Assets	Particulars	2017-18	2018-19
Asset-I	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	62.24	283.35
	Claimed by the Petitioner in the instant petition	63.11	283.34
	Allowed after true-up in this order	63.11	283.34
Asset-II	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	40.12	117.46
	Claimed by the Petitioner in the instant petition	40.49	117.46
	Allowed after true-up in this order	40.49	117.46
Asset-III	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	39.86	117.46
	Claimed by the Petitioner in the instant petition	40.18	117.46
	Allowed after true-up in this order	40.18	117.46

Interest on Working Capital (IWC)

46. The Petitioner has claimed IWC as per Regulation 28(1)(c) of the 2014 Tariff Regulations as under:



i. Maintenance spares:

Maintenance spares have been worked out based on 15% of Operation and Maintenance Expenses specified in Regulation 28.

ii. O & M Expenses:

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

iii. Receivables:

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

iv. Rate of IWC:

Rate of IWC is considered on normative basis in accordance with Clause (3) of Regulation 28 of the 2014 Tariff Regulations.

47. IWC allowed for the transmission assets is as follows:

(₹ in lakh)

Asset-I		
Particulars	2017-18 (Pro-rata for 84 days)	2018-19
O & M Expenses	22.85	23.61
Maintenance Spares	41.14	42.50
Receivables	434.80	483.60
Total	498.79	549.72
Rate of Interest (%)	12.60	12.60
Interest of working Capital	14.46	69.26

(₹ in lakh)

Asset-II		
Particulars	2017-18 (Pro-rata for 130 days)	2018-19
O & M Expenses	9.47	9.79
Maintenance Spares	17.05	17.62
Receivables	35.28	53.43
Total	61.80	80.83
Rate of Interest (%)	12.60	12.60
Interest of Working Capital	2.77	10.18

(₹ in lakh)

Asset-III		
Particulars	2017-18 (Pro-rata for 129 days)	2018-19
O & M Expenses	9.47	9.79



Maintenance Spares	17.05	17.62
Receivables	71.97	99.89
Total	98.50	127.30
Rate of Interest (%)	12.60	12.60
Interest of working capital	4.39	16.04

(₹ in lakh)

Assets	Particulars	2017-18	2018-19
Asset-I	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	14.78	70.29
	Claimed by the Petitioner in the instant petition	14.48	69.33
	Allowed after true-up in this order	14.46	69.26
Asset-II	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	3.07	11.03
	Claimed by the Petitioner in the instant petition	2.77	10.19
	Allowed after true-up in this order	2.77	10.18
Asset-III	Approved vide order dated 14.2.2019 in Petition No. 59/TT/2018	4.68	16.83
	Claimed by the Petitioner in the instant petition	4.39	16.04
	Allowed after true-up in this order	4.39	16.04

Annual Fixed Charges allowed for the 2014-19 period

48. Accordingly, the annual fixed charges allowed in respect of the Asset-I after truing-up of the tariff from COD to 31.3.2019 period are as under:

(₹ in lakh)

Asset-I		
Particulars	2017-18 (Pro-rata for 84 days)	2018-19
Depreciation	168.77	830.43
Interest on Loan	166.35	791.92
Return on Equity	187.69	926.64
Interest on Working Capital	14.46	69.26
O & M Expenses	63.11	283.34
Total	600.39	2901.59

49. The annual fixed charges allowed for Asset-I in earlier order dated 14.2.2019 in Petition No. 59/TT/2018, claimed by the Petitioner in instant petition and allowed in this order after true up of 2014-19 tariff period is as under:

(₹ in lakh)

Particulars (₹ in lakh)	2017-18	2018-19
Allowed earlier vide order dated 14.2.2019 in Petition No. 59/TT/2018	616.66	2950.63
Claimed by the Petitioner in the instant order	601.13	2904.80
Allowed after true-up in this order	600.39	2901.59

50. The annual fixed charges allowed in respect of the Asset-II after trueing-up of the tariff from COD to 31.3.2019 period are as under:

(₹ in lakh)

Asset-II		
Particulars	2017-18 (Pro-rata for 130 days)	2018-19
Depreciation	10.20	61.35
Interest on Loan	10.50	62.69
Return on Equity	11.42	68.87
Interest on Working Capital	2.77	10.18
O& M Expenses	40.49	117.46
Total	75.38	320.55

51. For Asset-II, the Annual Fixed Charges allowed in earlier order dated 14.2.2019 in Petition No. 59/TT/2018, claimed by the Petitioner in instant petition and allowed vide this order after true up of 2014-19 tariff period is as under:

(₹ in lakh)

Particulars	2017-18	2018-19
Allowed earlier vide order dated 14.2.2019 in Petition No. 59/TT/2018	90.13	361.02
Claimed by the Petitioner in the instant petition	75.38	320.58
Allowed after true-up in this order	75.38	320.55

52. The annual fixed charges allowed in respect of the Asset-III after trueing-up of the tariff from COD to 31.3.2019 period are as under:

(₹ in lakh)

Asset-III		
Particulars	2017-18 (Pro-rata for 129 days)	2018-19
Depreciation	34.77	150.06
Interest on Loan	35.06	149.44
Return on Equity	38.23	166.32
Interest on Working Capital	4.39	16.04
O& M Expenses	40.18	117.46



Total	152.62	599.32
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53. For Asset-III, the Annual Fixed Charges allowed in earlier order dated 14.2.2019 in Petition No. 59/TT/2018, claimed by the Petitioner in the instant petition and allowed vide this order after true up of 2014-19 tariff period is as under:

(₹ in lakh)		
Particulars	2017-18	2018-19
Allowed earlier vide order dated 14.2.2019 in Petition No. 59/TT/2018	167.25	636.97
Claimed by the Petitioner in the instant petition	152.63	599.33
Allowed after True-up in this order	152.62	599.32

Determination of Annual Fixed Charges for the 2019-24 tariff period

54. The Petitioner has submitted the tariff forms combining Assets-I, II and III, and has claimed tariff for the transmission assets as a single asset for the 2019-24 tariff period. The Petitioner has claimed the following fixed charges for the Combined Asset for the 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1176.94	1186.48	1186.48	1186.48	1186.48
Interest on Loan	1069.31	985.36	893.91	802.33	707.87
Return on Equity	1245.67	1255.85	1255.85	1255.85	1255.85
Interest on Working Capital	63.24	62.78	61.77	60.78	59.60
O& M Expenses	246.11	254.29	262.77	271.54	280.59
Total	3801.27	3744.76	3660.78	3576.98	3490.39

55. The Petitioner has claimed the following 'Interest on Working Capital' for the Combined Asset for the 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses	20.51	21.19	21.90	22.63	23.38
Maintenance Spares	36.92	38.14	39.42	40.73	42.09
Receivables	467.37	461.68	451.33	441.00	429.15
Total	524.80	521.01	512.65	504.36	494.62
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	63.24	62.78	61.77	60.78	59.60



56. The Commission vide order dated 14.2.2019 in Petition No. 59/TT/2018 held as under:

“17.By taking into consideration of CEA energisation certificate, the COD of the Asset-III is approved as 23.11.2017 under proviso (ii) of the 2014 Tariff Regulations. The 2 no’s of 400 kV bays were ready on 23.11.2017. The associated transmission system under the scope of Respondent No.7 was declared deemed COD as 31.8.2017. The associated generation under the scope of the Respondent No.8, OPGC is not ready and not commissioned yet. Therefore, the transmission charges from 23.11.2017 till COD of the generating station of OPGC shall be borne by Respondent No.8, OPGC.”

57. The Petitioner in the instant petition has submitted that the generating station associated with Asset-III achieved COD on 22.8.2019 which falls in the 2019-24 tariff period. Therefore, in order to enable the Petitioner to claim the pro-rata tariff in respect of Asset-III, tariff is approved for Asset-III separately. The tariff for Assets-I and II is combined and allowed as Combined Asset. Accordingly, as per proviso (i) of Regulation 8(1) of the 2019 Tariff Regulations, single tariff for the Combined Asset (Asset-I and Asset-II) has been worked out for the 2019-24 tariff period and tariff for Asset-III has been worked out separately.

Effective Date of Commercial Operation (E-COD)

58. The Petitioner has combined all the three assets and claimed E-COD as 28.12.2017. However, we have decided to grant tariff for Asset-III separately and only Assets-I and II have been combined and form part of the Combined Asset. Accordingly, based on the trued-up admitted capital cost and actual COD of both the assets, E-COD has been worked out as 3.1.2018 as shown below:

(₹ in lakh)

Computation of Effective COD						
Asset	Actual COD	Admitted capital cost as on 31.3.2019	Weight of the cost (%)	No. of Days from last COD	Weighted Days	Effective COD (Latest COD – Total weighted Days)
Asset-I	07.01.2018	16924.33	77.20	0.00	0.00	3.1.2018
Asset-II	22.11.2017	1599.25	7.29	46.00	3.36	
Total		18523.58	100.00		3.97	



59. E-COD is used to determine the lapsed life of the project as a whole, which works out as 1 (one) year as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from E-COD).

Weighted Average Life (WAL) of the transmission assets

60. The life as defined in Regulation 33 of the 2019 Tariff Regulations has been considered for determination of WAL of the Combined Asset and Asset-III.

61. 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 project as a whole.

62. 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. The element-wise life as defined in the 2009 Tariff Regulations or the 2014 Tariff Regulations prevailing at the time of actual COD of individual assets has been ignored for this purpose. The life as defined in the 2019 Tariff Regulations has been considered for determination of WAL. Accordingly, WAL of the Combined Asset has been worked out as 32 years while useful life for Asset-III is considered as 24 years:

Admitted capital cost as on 31.3.2019				Life as per 2014 Regulation (d)	Weight	(₹ in lakh)
Particulars	Asset-I	Asset-II	Combined Cost			Avg. Life of Asset (in years)
	a	b	c=a+b		e = c x d	f = e/c
Land	0.00	0.00	0.00	0	0.00	31.86 years (rounded off to 32 years)
Building	0.00	0.00	0.00	25	0.00	
Transmission Line	13231.66	0.00	13231.66	35	463108.03	
Sub Station	3188.32	1599.25	4787.57	25	119689.28	
PLCC	475.97	0.00	475.97	15	7139.50	



Leasehold Land	0.00	0.00	0.00	25	0.00
IT Equipment and software	28.39	0.00	28.39	7	189.26
Total	16924.33	1599.25	18523.58		590126.06

63. WAL of the Combined Asset as on 1.4.2019 as determined above is applicable prospectively (i.e. for 2019-24 tariff period onwards) and no retrospective adjustment of depreciation in previous tariff period is required to be done. As discussed in paragraph 59 of this order, the Effective COD of the Combined Asset is 3.1.2018 and the lapsed life of the Combined Asset works out as 1 (one) year as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from Effective COD). Accordingly, WAL has been used to determine the remaining useful life of the Combined Asset as on 31.3.2019 to be 32 (thirty two) years.

Capital Cost

64. Regulations 19 of the 2019 Tariff Regulations provides as follows:-

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) *Adjustment of revenue earned by the transmission licensee by using the*



- assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
 - (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
 - (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
 - (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
 - (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
 - (n) Expenditure on account of change in law and force majeure events; and
 - (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (3) The Capital cost of an existing project shall include the following:
- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;
 - (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
 - (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
 - (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 upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
 - (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (4) The capital cost in case of existing or new hydro generating station shall also include:
- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
 - (b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.
- (5) The following shall be excluded from the capital cost of the existing and new projects:
- (a) The assets forming part of the project, but not in use, as declared in the tariff petition;



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

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be de-capitalised only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.

- (c) *In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;*
 (d) *Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and*
 (e) *Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”*

65. The Petitioner vide Auditor Certificate has claimed the capital cost of the individual assets which has been added to arrive at the capital cost claimed during 2019-24 period as per following details:

(₹ in lakh)

Assets	FR Apportioned Approved Capital Cost	Capital cost claimed as on 31.3.2019	Additional Capital Expenditure claimed 2019-20	Estimated completion cost
Asset-I	22880.00	16927.79	361.21	17289.00
Asset-II	2012.47	1599.48	0.00	1599.48
Asset-III	3915.42	3399.74	0.00	3399.74
Total	28807.89	21927.01	361.21	22288.22

66. Against the overall apportioned approved capital cost (as per FR) of ₹28807.89 lakh, the estimated completion cost including ACE is ₹22288.22 lakh. The individual cost of each asset is also within the FR apportioned cost. Therefore, there is no cost over-run.

67. 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, PLCC and IT Equipment & Software) as admitted by the Commission as on 31.3.2019 for Assets-I and II are clubbed together and the combined capital cost has been considered as capital cost for Combined Asset as on 1.4.2019, as per the following details:

(₹ in lakh)			
Element	Asset-I	Asset-II	Asset-III
Land	0.00	0.00	0.00
Building	0.00	0.00	0.00
Transmission Line	13231.66	0.00	0.00
Sub Station	3188.32	1599.25	3218.15
PLCC	475.97	0.00	181.59
Leasehold Land	0.00	0.00	0.00
IT Equipment and software	28.39	0.00	0.00
Total	16924.33	1599.25	3399.74

(₹ in lakh)	
Particulars	Capital cost for Combined Asset (Asset-I and Asset-II) as on 1.4.2019
Land	0.00
Building	0.00
Transmission Line	13231.66
Sub-station	4787.57
PLCC	475.97
Leasehold Land	0.00
IT Equipment and software	28.39
Total	18523.58

68. Similarly, capital cost for Asset-III as on 31.3.2019 has been considered as follows:

Particulars	Capital cost for Asset-III as on 1.4.2019
Land	0.00
Building	0.00
Transmission Line	0.00
Sub-station	3218.15
PLCC	181.59
Leasehold Land	0.00
IT Equipment and software	0.00
Total	3399.74



69. The trued-up capital cost of ₹18523.58 lakh for the Combined Asset and ₹3399.74 lakh for Asset-III are considered as admitted capital cost as on 1.4.2019 for working out tariff for the 2019-24 tariff period.

Additional Capital Expenditure (ACE)

70. Regulation 24 of the 2019 Tariff Regulations provides as under:

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

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

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

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

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

71. The Petitioner has claimed projected ACE for the 2019-24 tariff period and submitted Auditor’s certificates in support of the same. The details of projected ACE is as follows:

Assets	(₹ in lakh)	
	Projected ACE 2019-24	
	2019-20	
Asset-I		361.21
Total		361.21



72. The Petitioner has submitted that ACE claimed for the period 1.4.2019 to 31.3.2020 is on estimated basis and may vary due to final claim/ reconciliation at the time of contract closing. The contract-wise details are as under:

(₹ in lakh)

Asset-I		
Party	Asset/Work	Year wise actual capitalization (2019-20)
Forest Payment	TL PKG	232.18
Gupta Power	TL PKG	8.45
KEC International	TL PKG	120.58
Total		361.21

73. ACE claimed is within the cut-off date and the same has been allowed.

Capital cost for the 2019-24 tariff period

74. Accordingly, the capital cost of the Combined Asset and Asset-III, considered for the 2019-24 tariff period , subject to truing-up, is as follows:

(₹ in lakh)

Asset	Capital Cost allowed as on 1.4.2019	ACE allowed for the year 2019-20	Total Estimated Completion Cost up to 31.3.2024
Combined Asset (Assets-I and II)	18523.58	361.21	18884.79
Asset-III	3399.74	0.00	3399.74

Debt-Equity Ratio

75. Regulations 18 of the 2019 Tariff Regulations provide as under:

“18. Debt-Equity Ratio: (1) For new projects, the debt:equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that:

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

(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.”

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

Combined Asset	Capital Cost as on 1.4.2019 (₹ in lakh)	(%)	Total Capital Cost as on 31.3.2024 (₹ in lakh)	(%)
Debt	12966.54	70.00	13219.39	70.00
Equity	5557.04	30.00	5665.40	30.00
Total	18523.58	100.00	18884.79	100.00
Asset-III	Capital Cost as on 1.4.2019 (₹ in lakh)	(%)	Total Capital Cost as on 31.3.2024 (₹ in lakh)	(%)
Debt	2379.82	70.00	2379.82	70.00
Equity	1019.92	30.00	1019.92	30.00
Total	3399.74	100.00	3399.74	100.00

Return on Equity (RoE)

77. Regulations 30 and Regulation 31 of the 2019 Tariff Regulations provide as under:



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

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

Provided that return on equity in respect of Additional Capitalization after cut-off date beyond the original scope excluding Additional Capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system;

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective 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.”

78. The Petitioner has submitted that MAT rate is applicable to the Petitioner's Company. Accordingly, the MAT rate applicable during 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 for the Combined Asset and Asset-III under Regulation 30 of the 2019 Tariff Regulations is as under:



(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	5557.04	5665.40	5665.40	5665.40	5665.40
Addition due to Additional Capitalization	108.36	0.00	0.00	0.00	0.00
Closing Equity	5665.40	5665.40	5665.40	5665.40	5665.40
Average Equity	5611.22	5665.40	5665.40	5665.40	5665.40
Return on Equity (Base Rate) (%)	15.5	15.5	15.5	15.5	15.5
Tax Rate applicable (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (Pre-tax)	18.782	18.782	18.782	18.782	18.782
Return on Equity (Pre-tax)	1053.90	1064.08	1064.08	1064.08	1064.08

(₹ in lakh)

Asset-III					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	1019.92	1019.92	1019.92	1019.92	1019.92
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Closing Equity	1019.92	1019.92	1019.92	1019.92	1019.92
Average Equity	1019.92	1019.92	1019.92	1019.92	1019.92
Return on Equity (Base Rate) (%)	15.5	15.5	15.5	15.5	15.5
Tax Rate applicable (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (Pre-tax)	18.782	18.782	18.782	18.782	18.782
Return on Equity (Pre-tax)	191.56	191.56	191.56	191.56	191.56

Interest on Loan (IoL)

79. Regulation 32 of the 2019 Tariff Regulations provides as under:

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

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

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

80. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true-up. In view of above, IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed for the Combined Asset and Asset-III is as under:

(₹ in lakh)

Combined Asset					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	12966.54	13219.39	13219.39	13219.39	13219.39
Cumulative Repayments upto Previous Year	1070.75	2066.09	3070.96	4075.84	5080.71
Net Loan-Opening	11895.79	11153.30	10148.43	9143.55	8138.68
Addition due to Additional Capitalization	252.85	0.00	0.00	0.00	0.00
Repayment during the year	995.34	1004.87	1004.87	1004.87	1004.87
Net Loan-Closing	11153.30	10148.43	9143.55	8138.68	7133.81
Average Loan	11524.55	10650.86	9645.99	8641.12	7636.24
Weighted Average Rate of Interest on Loan (%)	7.776	7.769	7.785	7.803	7.793
Interest on Loan	896.19	827.43	750.93	674.30	595.07



Asset-III					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	2379.82	2379.82	2379.82	2379.82	2379.82
Cumulative Repayments upto Previous Year	184.84	366.25	547.66	729.08	910.49
Net Loan-Opening	2194.98	2013.57	1832.16	1650.74	1469.33
Addition due to Additional Capitalization	0.00	0.00	0.00	0.00	0.00
Repayment during the year	181.41	181.41	181.41	181.41	181.41
Net Loan-Closing	2013.57	1832.16	1650.74	1469.33	1287.92
Average Loan	2104.28	1922.86	1741.45	1560.04	1378.62
Weighted Average Rate of Interest on Loan (%)	8.237	8.236	8.239	8.243	8.241
Interest on Loan	173.33	158.37	143.48	128.59	113.62

Depreciation

81. Regulation 33(1), Regulation 33(2) and Regulation 33(5) of the 2019 Tariff

Regulations provides as under:

*“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.”

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

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



82. The IT equipment has been considered as a part of the Gross Block and depreciated using weighted average rate of depreciation (WAROD). The weighted average of depreciation (WAROD) has been worked out (Annexure-II) 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 as nil, i.e. IT asset has been considered as 100 per cent depreciable. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation allowed for the Combined Asset and Asset- III is as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	18523.58	18884.79	18884.79	18884.79	18884.79
Addition during 2019-24 due to Projected Additional Capitalisation	361.21	0.00	0.00	0.00	0.00
Closing Gross Block	18884.79	18884.79	18884.79	18884.79	18884.79
Average Gross Block	18704.19	18884.79	18884.79	18884.79	18884.79
Weighted average rate of Depreciation (WAROD) (%)	5.321	5.321	5.321	5.321	5.321
Balance Useful life at the beginning of the year	31.00	30.00	29.00	28.00	27.00
Aggregate Depreciable Value	16836.61	16999.15	16999.15	16999.15	16999.15
Remaining Aggregate Depreciable Value at the end of the year	14770.52	13928.19	12923.32	11918.44	10913.57
Combined Depreciation during the year	995.34	1004.87	1004.87	1004.87	1004.87
Aggregate Cumulative Depreciation	2066.09	3070.96	4075.84	5080.71	6085.59

(₹ in lakh)

Asset-III					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	3399.74	3399.74	3399.74	3399.74	3399.74
Addition during 2019-24 due to Projected Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	3399.74	3399.74	3399.74	3399.74	3399.74
Average Gross Block	3399.74	3399.74	3399.74	3399.74	3399.74
Weighted average rate of Depreciation(WAROD)	5.336	5.336	5.336	5.336	5.336



Balance Useful life at the beginning of the year	23.00	22.00	21.00	20.00	19.00
Aggregate Depreciable Value	3059.77	3059.77	3059.77	3059.77	3059.77
Remaining Aggregate Depreciable Value at the end of the year	2693.52	2512.10	2330.69	2149.28	1967.86
Combined Depreciation during the year	181.41	181.41	181.41	181.41	181.41
Aggregate Cumulative Depreciation	366.25	547.66	729.08	910.49	1091.90

Operation & Maintenance Expenses (O&M Expenses)

83. Regulations 35(3) and (4) of the 2019 Tariff Regulations provide as under:

“35 Operation and Maintenance Expenses:

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

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



<i>HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except</i>	834	864	894	925	958
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)</i>	1,666	1,725	1,785	1,848	1,913
<i>500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500</i>	2,252	2,331	2,413	2,498	2,586
<i>±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000</i>	2,468	2,555	2,645	2,738	2,834
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000</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.”

84. The O&M Expenses claimed for the Combined Asset and Asset-III are as follows:

(₹ in lakh)					
Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV Lilo Line Bay (GIS) – Nos.	4	4	4	4	4
400 kV Bus Splitting At Jharsuguda (GIS) – Nos.	2	2	2	2	2
Total 400 kV (GIS) Bays	6	6	6	6	6
Norm (₹ lakh/bay)					
400 kV Bay (GIS)	22.505	23.296	24.115	24.962	25.837
Total Sub-station Bays	135.03	139.78	144.69	149.77	155.02
AC & HVDC Lines					
LILO of both circuits of Rourkela-Raigarh 400 kV M/C (2nd line) at Jharsuguda (km)	21.503	21.503	21.503	21.503	21.503
LILO of both circuits of Rourkela-Raigarh 400 kV D/C (2nd line) at Jharsuguda (km)	22.387	22.387	22.387	22.387	22.387
Norm (₹ lakh/ km)					
M/C with Two Conductor	1.544	1.598	1.654	1.713	1.773
D/C Twin Conductor	0.881	0.912	0.944	0.977	1.011
Total Transmission Line:					
M/C with Two Conductor	33.20	34.36	35.57	36.83	38.12
D/C Twin Conductor	19.72	20.42	21.13	21.87	22.63
Communication System					
PLCC – Capital Cost (₹ lakh)	657.68	657.68	657.68	657.68	657.68
Norm (%)					
PLCC	2	2	2	2	2
Total Communication System	13.15	13.15	13.15	13.15	13.15
Total O&M Expenses	201.11	207.71	214.54	221.63	228.93

(₹ in lakh)

Asset-III



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV GIS Line Bays at Jharsuguda – Nos.	2	2	2	2	2
Norm (₹ lakh/bay)					
400 kV Bay (GIS)	22.505	23.296	24.115	24.962	25.837
Total O&M Expenses	45.01	46.59	48.23	49.92	51.67

85. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 35(4) of the 2019 Tariff Regulation @2% of its original project cost in the instant petition and 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 Regulation and 2019 Tariff Regulations and the norms for sub-station has been specified accordingly. Accordingly, the Commission vide order dated 24.1.2020 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. The relevant portions of the order dated 24.1.2020 in Petition No.126/TT/2020 are extracted hereunder.

“103. Thus, although PLCC equipment is a communication system, it has been considered as a part of sub-station, as it is used both for protection and communication. Therefore, we are of the considered view that rightly, it was not considered for separate O&M Expenses while framing norms of O&M for 2019-24 tariff period. While specifying norms for bays and transformers, O&M Expenses for PLCC have been included within norms for O&M Expenses for sub-station. Norms of O&M Expenses @2% of the capital cost in terms of Regulation 35(4) of the 2019 Tariff Regulations have been specified for communication system such as PMU, RMU, OPGW etc. and not for PLCC equipment.

105. In our view, granting of O&M Expenses for PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations under the communication system head would tantamount to granting O&M Expenses twice for PLCC equipment as PLCC equipment has already been considered as part of the sub-station. Therefore, the Petitioner's prayer for grant of O&M Expenses for the PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations is rejected.

106. The principle adopted in this petition that PLCC is part of sub-station and accordingly no separate O&M Expenses is admissible for PLCC equipment in the



2019-24 tariff period under Regulation 35(4) of the 2019 Tariff Regulations shall be applicable in case of all petitions where similar claim is made by the Petitioner. As already mentioned, the Commission, however, on the basis of the claim made by the Petitioner has inadvertently allowed O&M Expenses for PLCC equipment @2% of its original project cost, which is applicable for other “communication system”, for 2019-24 period in 31 petitions given in Annexure-3 of this order. Therefore, the decision in this order shall also be applicable to all the petitions given in Annexure-3. Therefore, PGCIL is directed to bring this decision to the notice of all the stakeholders in the 31 petitions given in Annexure-3 and also make revised claim of O&M Expenses for PLCC as part of the sub-station at the time of truing up of the tariff allowed for 2019-24 period in respective petitions.”

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

86. The O&M Expenses allowed for the Combined Asset and Asset-III is as under:

(₹ in lakh)					
Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV Lilo Line Bay (GIS) – Nos.	4	4	4	4	4
400 kV Bus Splitting At Jharsuguda (GIS) – Nos.	2	2	2	2	2
Total 400 kV (GIS) Bays	6	6	6	6	6
Norm (₹ lakh/bay)					
400 kV Bay (GIS)	22.505	23.296	24.115	24.962	25.837
Total Sub-station Bays	135.03	139.78	144.69	149.77	155.02
AC & HVDC Lines					
LILO of both circuits of Rourkela-Raigarh 400 kV M/C (2nd line) at Jharsuguda (km)	21.503	21.503	21.503	21.503	21.503
LILO of both circuits of Rourkela-Raigarh 400 kV D/C (2nd line) at Jharsuguda (km)	22.387	22.387	22.387	22.387	22.387
Norm (₹ lakh/ km)					
M/C with Two Conductor	1.544	1.598	1.654	1.713	1.773
D/C Twin Conductor	0.881	0.912	0.944	0.977	1.011
Total Transmission Line:					
M/C with Two Conductor	33.20	34.36	35.57	36.83	38.12
D/C Twin Conductor	19.72	20.42	21.13	21.87	22.63
Total O&M Expenses	187.95	194.55	201.39	208.48	215.78



(₹ in lakh)

Asset-III					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV GIS Line Bays at Jharsuguda – Nos.	2	2	2	2	2
Norm (₹ lakh/bay)					
400 kV Bay (GIS)	22.505	23.296	24.115	24.962	25.837
Total O&M Expenses	45.01	46.59	48.23	49.92	51.67

Interest on Working Capital (IWC)

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

“34. **Interest on Working Capital:**

(1).....

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

(i) Receivables equivalent to 45 days of 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.....**

(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;”

88. The Petitioner has submitted that it has computed the interest on working capital for 2019-24 period considering the SBI Base Rate plus 350 basis points as on



1.4.2019. The Petitioner has considered the rate of interest on working capital as 12.05%. The interest on working capital is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of interest on working capital considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20 and 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-24. The components of the working capital and interest allowed thereon are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O & M Expenses	15.66	16.21	16.78	17.37	17.98
Maintenance Spares	28.19	29.18	30.21	31.27	32.37
Receivables	391.71	387.07	378.39	369.71	359.75
Total	435.56	432.47	425.38	418.36	410.09
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest of working capital	52.49	48.65	47.85	47.07	46.14

(₹ in lakh)

Asset-III					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O & M Expenses	3.75	3.88	4.02	4.16	4.31
Maintenance Spares	6.75	6.99	7.23	7.49	7.75
Receivables	73.95	72.41	70.76	69.11	67.28
Total	84.46	83.28	82.01	80.76	79.33
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest of working capital	10.18	9.37	9.23	9.09	8.93

Annual Fixed Charges allowed for the 2019-24 Tariff Period

89. The annual fixed charges allowed for the Combined Asset and Asset-III for the 2019-24 tariff period are summarized below:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	995.34	1004.87	1004.87	1004.87	1004.87
Interest on Loan	896.19	827.43	750.93	674.30	595.07
Return on Equity	1053.90	1064.08	1064.08	1064.08	1064.08
Interest on Working Capital	52.49	48.65	47.85	47.07	46.14



Operation and Maintenance	187.95	194.55	201.39	208.48	215.78
Total	3185.87	3139.59	3069.13	2998.79	2925.93

(₹ in lakh)

Asset-III					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	181.41	181.41	181.41	181.41	181.41
Interest on Loan	173.33	158.37	143.48	128.59	113.62
Return on Equity	191.56	191.56	191.56	191.56	191.56
Interest on Working Capital	10.18	9.37	9.23	9.09	8.93
Operation and Maintenance	45.01	46.59	48.23	49.92	51.67
Total	601.49	587.30	573.91	560.57	547.19

Filing Fee and Publication Expenses

90. 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

91. The Petitioner has requested to allow the Petitioner to bill and recover License fee and RLDC fees and charges, separately from the Respondents. The Petitioner shall be entitled for reimbursement of licence fee and RLDC fees and charges in accordance with Clauses (4) and (3) of Regulation 70 respectively of the 2019 Tariff Regulations.

Goods and Services Tax

92. The Petitioner has sought to recover GST on transmission charges separately from the Respondents, if at any time GST on transmission is withdrawn from negative list in future. We have considered the submission of the Petitioner. GST is not levied on transmission service at present. Therefore, we are of the view that Petitioner's prayer is premature.



Security Expenses

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

94. We have considered the submissions of the Petitioner. We are of the view that the Petitioner should claim security expenses for all the transmission assets in one petition. It is observed that the Petitioner has already filed Petition No. 260/MP/2020 claiming consolidated security expenses on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19. Therefore, security expenses will be dealt with in Petition No. 260/MP/2020 in accordance with the applicable provisions of the 2019 Tariff Regulations.

Capital Spares

95. 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

96. The Commission vide order dated 14.2.2019 in Petition No. 59/TT/2018 held as under:

“17.By taking into consideration of CEA energisation certificate, the COD of the Asset-III is approved as 23.11.2017 under proviso (ii) of the 2014 Tariff Regulations. The 2 no's of 400 kV bays were ready on 23.11.2017. The associated transmission system under the scope of Respondent No.7 was declared deemed COD as 31.8.2017. The associated generation under the scope of the Respondent No.8, OPGC is not ready and not commissioned yet. Therefore, the transmission charges from 23.11.2017 till COD of the generating station of OPGC shall be borne by Respondent No.8, OPGC.”

97. In view of the above, the transmission charges in respect of the Asset-III till COD of the generating station of OPGC shall be shared as mentioned above in order 14.2.2019. Thereafter, the billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, or the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, as applicable, as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period, in terms of the instant order.

98. With regard to Combined Asset, the billing, collection and disbursement of the transmission charges approved in this order shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, or the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, as applicable, as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period, in terms of the instant order.



99. To summarise, the trued-up Annual Fixed Charges allowed for the transmission assets for the 2014-19 tariff period are as under:

(₹ in lakh)

Particulars	Asset-I		Asset-II		Asset-III	
	2017-18 (Pro-rata for 84 days)	2018-19	2017-18 (Pro-rata for 130 days)	2018-19	2017-18 (Pro-rata for 129 days)	2018-19
Annual Fixed Charges	600.39	2901.59	75.38	320.55	152.62	599.32

The Annual Fixed Charges allowed for the Combined Asset and Asset-III for the 2019-24 tariff period in this order are as under:

(₹ in lakh)

Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	3185.87	3139.59	3069.13	2998.79	2925.93

Asset-III	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	601.49	587.30	573.91	560.57	547.19

100. This order disposes of Petition No. 54/TT/2020.

**Sd/
(Arun Goyal)
Member**

**Sd/
(I. S. Jha)
Member**

**Sd/
(P. K. Pujari)
Chairperson**



Annexure 1

Petition No. 54/TT/2020
Period 2014-19

Asset	2014-19	Combined Admitted capital cost as on COD/1.4.2014 (₹ in lakh)	Additional Capitalization (₹ in lakh)		Admitted capital cost as on 31.3.2019 (₹ in lakh)	Rate of depreciation	Annual Depreciation as per regulations (₹ in lakh)		Average gross block (₹ in lakh)		WAROD	
	Capital expenditure as on COD/1.4.2014		2017-18	2018-19			2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Asset I	Transmission Line	11,298.57	790.91	1,142.18	13,231.66	5.28%	617.44	668.48	13795.78	15633.64	5.32%	5.31%
	Sub-station	1,452.66	301.32	1,434.34	3,188.32	5.28%	84.66	130.48				
	PLCC	469.38	1.99	4.60	475.97	6.33%	29.77	29.98				
	IT Equipment and software	27.99	0.12	0.28	28.39	5.28%	1.48	1.49				
	Total	13,248.61	1,094.34	2,581.39	16,924.33		733.35	830.43				
Asset II	Sub-station	360.15	364.46	874.64	1,599.25	5.28%	28.64	61.35	542.38	1161.93	5.28%	5.28%
Asset III	Sub-station	1,289.54	741.28	1,187.33	3,218.15	5.28%	87.66	138.57	1829.59	2806.08	5.38%	5.35%
	PLCC	157.23	24.36	-	181.59	6.33%	10.72	11.49				
	Total	1,446.77	765.64	1,187.33	3,399.74		98.38	150.06				



Combined Asset													
2019-24 Capital expenditure	Combined Admitted capital cost as on 1.4.2019 (₹ in lakh)	Projected Additional Capitalization (₹ in lakh)					Admitted capital cost as on 31.3.2024 (₹ in lakh)	Rate of depreciation	Annual Depreciation as per regulations (₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line	13231.66	361.21	-	-	-	-	13592.87	5.28%	708.17	717.70	717.70	717.70	717.70
Sub-station	4787.57	0.00	-	-	-	-	4787.57	5.28%	252.78	252.78	252.78	252.78	252.78
PLCC	475.97	0.00	-	-	-	-	475.97	6.33%	30.13	30.13	30.13	30.13	30.13
IT Equipment and software	28.39	0.00	-	-	-	-	28.39	15.00%	4.26	4.26	4.26	4.26	4.26
Total	18523.58	361.21	-	-	-	-	18884.79		995.34	1004.87	1004.87	1004.87	1004.87
								Average gross block (₹ in lakh)	18704.19	18884.79	18884.79	18884.79	18884.79
								WAROD	5.32%	5.32%	5.32%	5.32%	5.32%



Annexure-II(b)

Asset-III													
2019-24 Capital expenditure	Admitted capital cost as on 1.4.2019 (₹ in lakh)	Projected Additional Capitalization (₹ in lakh)					Admitted capital cost as on 31.3.2024 (₹ in lakh)	Rate of depreciation	Annual Depreciation as per regulations (₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line	0.00	-	-	-	-	-	0.00	5.28%	0.00	0.00	0.00	0.00	0.00
Sub-station	3218.15	-	-	-	-	-	3218.15	5.28%	169.92	169.92	169.92	169.92	169.92
PLCC	181.59	-	-	-	-	-	181.59	6.33%	11.49	11.49	11.49	11.49	11.49
IT Equipment and software	0.00	-	-	-	-	-	0.00	15.00%	0.00	0.00	0.00	0.00	0.00
Total	3399.74	-	-	-	-	-	3399.74		181.41	181.41	181.41	181.41	181.41
							Average gross block (₹ in lakh)		3399.74	3399.74	3399.74	3399.74	3399.74
							WAROD		5.34%	5.34%	5.34%	5.34%	5.34%

