

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 55/TT/2020

Coram:

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

Date of Order: 17.10.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing up of transmission tariff of 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 of **Combined Asset-I**: 400 kV line bays at Biharshariff Sub-station along with 1x80 MVAR Switchable Line Reactor (for 400 kV D/C Purnea- Biharshariff Transmission Line), 1x80 MVAR Switchable Line Reactor (at Biharshariff Sub-station) **and** 400 kV line bays at Purnea Sub-station (for 400 kV D/C Purnea-Biharshariff Transmission Line) and **Asset-II**: 02 numbers 400 kV line bays along with 02 numbers 80 MVAR Switchable Line Reactors at 400 kV Siliguri Sub-station and 02 numbers 400 kV line bays (for 400 kV D/C Siliguri-Bongaigaon Transmission Line) at Bongaigaon Sub-station under "Transmission Schemes for enabling import of NER/ER surplus power by NR" in Eastern Region.

And in the matter of:

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

....Petitioner

Vs.

1. Bihar State Power (Holding) Company Limited,
(Formerly Bihar State Electricity Board)
Vidyut Bhavan, Bailey Road,
Patna - 800 001.
2. West Bengal State Electricity Distribution Company Limited,
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lake City,
Calcutta - 700 091.



3. Grid Corporation Of Orissa Limited,
Shahid Nagar,
Bhubaneswar - 751 007.
4. Jharkhand State Electricity Board,
In Front of Main Secretariat, Doranda,
Ranchi - 834 002.
5. Damodar Valley Corporation,
DVC Tower, Maniktala, Civic Centre, VIP road,
Calcutta - 700 054.
6. Power Department,
Government of Sikkim,
Gangtok - 737 101.
7. Sterlite Industries (I) Limited,
(East North Interconnector Project (ENCIL)),
Mira Corporate Suits, F-1, Mathura Road,
Ishwar Nagar, Bahapur,
New Delhi - 110 065.

...Respondents

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

For Respondents : Ms. Rohini Prasad, Advocate, BSHPCL

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for truing up of tariff for the period from 1.4.2014 to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the following assets (hereinafter collectively referred to as “the transmission



assets”) under “Transmission Schemes for enabling import of NER/ER surplus power by NR” in Eastern Region (hereinafter referred to as “the transmission scheme”):

Combined Asset-I: 400 kV Line Bays at Biharshariff Sub-station along-with 1x80 MVAR Switchable Line Reactor (for 400 kV D/C Purnea – Biharshariff Transmission Line), 1x80 MVAR Switchable Line Reactor (at Biharshariff Sub-station) and 400 kV Line Bays at Purnea Sub-station (for 400 kV D/C Purnea – Biharshariff Transmission Line).

Asset-II: 02 numbers 400 kV line bays along with 02 numbers 80 MVAR Switchable Line Reactors at 400 kV Siliguri Sub-station and 02 numbers 400 kV line bays (for 400 kV D/C Siliguri-Bongaigaon Transmission Line) at Bongaigaon Sub-station.

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

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

2) Approve the Completion cost and additional capitalization incurred during 2014-19 & 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 Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.”

Background

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

(a) The Investment Approval (IA) and expenditure sanction for the transmission scheme was accorded by the Board of Directors of the Petitioner (vide Memorandum Ref. C/CP/Import of NER/ER surplus power by NR) dated 19.9.2011 with an estimated cost of ₹8042 lakh, including IDC of ₹317 lakh based on 2nd Quarter, 2011 price level.

(b) The scope of the transmission scheme is as follows:

A. At Purnea (PG) 400 kV Sub-station:

2 Numbers of 400 kV line bays, without reactors

B. At Biharsharif (PG) 400 kV Sub-station:

2 Numbers of 400 kV line bays, each with 80 MVAR switchable line reactors

C. At Bongaigaon (PG) 400 kV Sub-station:

2 Numbers of 400 kV line bays, without reactors

D. At Siliguri (PG) 400 kV Sub-station:

2 Numbers of 400 kV line bays, each with 80 MVAR switchable line reactors



(c) The entire scope of the work covered the transmission scheme is covered in the instant petition.

(d) The details of commercial operation of the transmission assets are as follows:

Particulars	SCOD	COD/ E- COD	Time Over-run	Nomenclature in Previous Orders	Previous Order
Combined Asset-I	1.4.2013	1.10.2013	6 months	Asset I(a)	Order dated 30.6.2015 in Petition No. 99/TT/2013, and
		1.10.2013		Asset I(b)	Order dated 29.8.2017 in Petition No. 42/TT/2017
		1.10.2013		Asset II	
Asset-II		14.11.2014	19 months 13 days	Asset	Order dated 9.10.2018 in Petition No. 100/TT/2017

(e) The transmission tariff of Combined Asset-I from COD to 31.3.2014 was determined *vide* order dated 30.6.2015 in Petition No. 99/TT/2013. The transmission tariff for Combined Asset-I from COD to 31.3.2014 was trued up and tariff for 2014-19 period was determined *vide* order dated 29.8.2017 in Petition No. 42/TT/2017.

(f) The Petitioner had filed Petition No. 42/TT/2013 for approval of transmission tariff in respect of Asset-II (Asset-II has been formed after combining Asset-1 and Asset-2 of Petition No. 42/TT/2013). The Commission *vide* order dated 10.6.2015 in Petition No. 42/TT/2013 directed the Petitioner to file a fresh petition for claiming tariff of Asset-II as per the 2014 Tariff Regulations. In compliance of the Commission's order, the Petitioner filed Petition No. 100/TT/2017 with revised COD of Asset-II as 14.11.2014. Accordingly, the transmission tariff for Asset-II from COD to 31.3.2019 was determined *vide* order dated 9.10.2018 in Petition No. 100/TT/2017.

(g) The Commission *vide* order dated 30.6.2015 in Petition No. 99/TT/2013 observed that the delay in commissioning of 1 number 80 MVAR Switchable Line Reactor is on account of delay in commissioning of Purnea-Biharsharif Transmission Line under scope of Sterlite Limited. As Purnea-Biharsharif Transmission Line was commissioned on 13.9.2013, the transmission assets



could achieve commercial operation only on 13.9.2013 and as such the tariff for the Combined Asset-I was allowed from 1.10.2013.

(h) The Commission vide order dated 9.10.2018 in Petition No. 100/TT/2017 observed that the delay in the commercial operation of Asset-1 and Asset-2 (nomenclature as per Petition No. 42/TT/2013 which is Asset-II in the instant petition) of 593 and 563 days respectively is attributable to Sterlite Limited. The Commission vide its order dated 9.10.2018 in Petition No. 100/TT/2017 also directed the Petitioner to submit asset-wise and date-wise break-up of IEDC and IDC at the time of filing the petition for truing-up. The Petitioner vide Auditor's certificate dated 29.11.2018 has submitted the same.

(i) The Annual Fixed Charges (AFC) approved by the Commission vide order dated 29.8.2017 in Petition No. 42/TT/2017 in respect of Combined Asset-I and vide order dated 9.10.2018 in Petition No. 100/TT/2017 in respect of Asset-II and the trued up tariff claimed by the Petitioner in respect of the transmission assets for 2014-19 period is as follows:

(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC approved vide order dated 29.8.2017 in Petition No. 42/TT/2017.	1033.97	1079.94	1137.99	1166.79	1158.04
AFC claimed based on truing up in the instant petition.	1038.11	1083.21	1114.45	1116.21	1118.44

(₹ in lakh)

Asset-II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC approved vide order dated 9.10.2018 in Petition No. 100/TT/2017	305.02	826.74	854.47	869.24	870.03
AFC claimed based on truing up in the instant petition	306.02	827.56	845.71	850.75	852.40

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



5. The Petitioner has served the petition on the Respondents and public notice regarding filing of the present petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. Bihar State Power (Holding) Company Limited (BSHPCL) i.e. Respondent No. 1 has filed its reply vide affidavit dated 7.8.2020 and has raised issues of Interest During Construction (IDC) and Incidental Expenditure During Construction (IEDC), actual tax paid by the Petitioner, grossing up of Return on Equity (RoE), differential tariff, Additional Capital Expenditure (ACE), Annual Fixed Charges (AFC), recovery of statutory charges, floating rate of interest and filing fees. The Petitioner vide affidavit dated 17.8.2020 has filed its rejoinder to the reply filed by BSHPCL.

6. The hearing in this matter was held on 24.3.2021 through video conference and order was reserved.

7. This order is issued considering the submissions made by the Petitioner vide affidavit dated 17.10.2019 in the petition and affidavits dated 4.5.2020, 30.7.2020, reply filed by BSHPCL vide affidavit dated 7.8.2020 and the Petitioner's rejoinder affidavit dated 17.8.2020.

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

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



9. The Commission vide order dated 29.8.2017 in Petition No. 42/TT/2017 and vide order dated 9.10.2018 in Petition No. 100/TT/2017 approved the tariff for 2014-19 period for Combined Asset-I and Asset-II respectively and the same is as follows:

(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	198.39	213.28	232.32	243.35	243.35
Interest on Loan	218.93	220.02	223.69	215.28	193.11
Return on Equity	220.18	236.77	257.99	270.27	270.27
Interest on working capital	34.66	36.07	37.77	38.82	39.04
O & M Expenses	361.80	373.80	386.22	399.06	412.26
Total	1033.97	1079.94	1137.99	1166.79	1158.04

(₹ in lakh)

Asset-II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	47.79	130.89	138.88	143.10	143.10
Interest on Loan	56.12	145.84	143.25	135.52	122.67
Return on Equity	53.25	145.83	154.74	159.44	159.44
Interest on working capital	11.17	30.38	31.39	32.13	32.56
O & M Expenses	136.69	373.80	386.22	399.06	412.26
Total	305.02	826.74	854.47	869.24	870.03

10. The details of the trued-up transmission charges claimed by the Petitioner in respect of the transmission assets are as follows:

(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	199.58	214.47	226.42	230.42	233.27
Interest on Loan	220.30	219.42	211.94	191.94	173.78
Return on Equity	221.68	239.37	252.63	257.10	260.98
Interest on working capital	34.75	36.15	37.24	37.69	38.15
O & M Expenses	361.80	373.80	386.22	399.06	412.26
Total	1038.11	1083.21	1114.45	1116.21	1118.44

(₹ in lakh)

Asset-II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	48.05	131.22	136.79	138.73	138.79
Interest on Loan	56.39	145.15	138.39	125.93	113.37
Return on Equity	53.58	146.99	153.15	155.32	155.81
Interest on working capital	11.20	30.40	31.19	31.71	32.17
O & M Expenses	136.80	373.80	386.22	399.06	412.26
Total	306.02	827.56	845.71	850.75	852.40



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

(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	30.15	31.15	32.19	33.26	34.36
Maintenance Spares	54.27	56.07	57.93	59.86	61.84
Receivables	173.02	180.53	185.74	186.03	186.41
Total	257.44	267.75	275.86	279.15	282.61
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	34.75	36.15	37.24	37.69	38.15

(₹ in lakh)

Asset-II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	30.15	31.15	32.19	33.26	34.36
Maintenance Spares	54.27	56.07	57.93	59.86	61.84
Receivables	134.90	137.93	140.95	141.79	142.07
Total	219.32	225.15	231.07	234.91	238.27
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	11.20	30.40	31.19	31.71	32.17

Capital Cost

12. The Commission vide order dated 29.8.2017 in Petition No. 42/TT/2017 allowed capital cost as on 31.3.2014 and ACE in respect of the Combined Asset-I as follows:

(₹ in lakh)

Particulars	FR/RCE Approved Capital Cost	Capital cost as on 31.3.2014	ACE					Total Capital Cost as on 31.3.2019
			2014-15	2015-16	2016-17	2017-18	2018-19	
Combined Asset-I	4328.25/ 4700.79	3612.64	260.12	303.76	417.66	0.00	0.00	4594.18

13. The Commission vide order dated 9.10.2018 in Petition No. 100/TT/2017 allowed capital cost as on COD and ACE in respect of Asset-II as follows:

(₹ in lakh)

Particulars	FR/RCE Approved Capital Cost	Capital cost as on COD	ACE					Total Capital Cost as on 31.3.2019
			2014-15	2015-16	2016-17	2017-18	2018-19	
Asset-II	3713.47/ 2918.21	2380.52	26.98	142.82	159.83	0.00	0.00	2710.15



14. The Petitioner has claimed the trued-up transmission tariff in respect of the transmission assets for 2014-19 period based on the following capital cost :

Particulars	FR/RCE Approved Capital Cost	Capital cost as on 31.3.2014/ COD	ACE					Total Capital Cost as on 31.3.2019
			2014-15	2015-16	2016-17	2017-18	2018-19	
Combined Asset-I	4328.25/ 4700.79	3635.18	260.12	303.76	149.04	2.22	105.72	4456.04
Asset-II	3713.47/ 2918.21	2397.76	18.76	137.34	73.62	0.00	2.16	2629.64

15. The Petitioner has claimed capital cost of ₹3635.18 lakh as on 1.4.2014 for Combined Asset-I after adding back disallowed initial spares of ₹22.54 lakh against sub-station. The claim for Initial Spares has been discussed subsequently in this order.

Time Over-run

16. The scheduled date of commercial operation (SCOD) of the transmission assets is 1.4.2013.

17. The Commission vide order dated 30.6.2015 in Petition No. 99/TT/2013 observed the following in respect of Combined Asset-I:

“21. As per the IA, the commissioning schedule of the project was 18 months from the date of IA i.e. 19.9.2011. Accordingly the schedule date of completion works out to 18.3.2013, say 1.4.2013. There is no delay in commissioning of Asset-1(a) and 2. However, there is a delay of 1 month in commissioning of 1 no 80 MVAR Switchable Line Reactor i.e. Asset-1(b). The reason for delay in commissioning of 1 no. 80 MVAR Switchable Line Reactor is due to delay in commissioning of transmission line constructed by M/s Sterlite (through Tariff Based Competitive Bidding).”

18. The Commission vide order dated 9.10.2018 in Petition No. 100/TT/2017 with regard to Asset-II observed as follows:

“25. As claimed in Petition No. 42/TT/2013, the two transmission assets were scheduled to achieve COD on 1.4.2013 and 1.6.2013. Even though the assets were ready, they could not be put into commercial operation as the corresponding transmission line namely 400 kV D/C Siliguri-Bongaigaon TL, which was awarded through TBCB to M/s Sterlite Limited, was not ready for commercial operation as on the aforesaid dates. The 400 kV D/C Siliguri-Bongaigaon TL was commissioned on 14.11.2014; thus, in our view, the delay in commercial operation of Combined Asset-I



and Asset-II by 593 days and 563 days respectively is solely attributable to M/s Sterlite Limited.”

19. Accordingly, the time over-run of 593 days and 563 days in respect of Asset-1 and Asset-2 (nomenclature as per Petition No. 42/TT/2013) which is Asset-II in the instant petition, respectively, is attributable to Sterlite Limited and as such IDC/IEDC from scheduled date of commercial operation to actual COD shall be borne by Sterlite Limited.

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

20. BSPHCL has submitted that the Petitioner has not clearly disclosed asset-wise amount of IDC/IEDC in the certificate enclosed along with the petition. Further, the total disallowed IDC/IEDC as per order dated 9.10.2018 in Petition No. 100/TT/2017 was ₹56.44 lakh whereas IDC/IEDC for the period from 1.4.2013 to 13.11.2014 in the present petition has been claimed as ₹52.90 lakh for which no proper reasoning has been given by the Petitioner.

21. In response, the Petitioner has submitted that IDC/IEDC of ₹56.44 lakh was disallowed on pro-rata basis by the Commission vide order dated 9.10.2018 in Petition No. 100/TT/2017. The Petitioner has further submitted that in the present petition, ₹52.90 lakh was reduced from the capital cost as per actual discharge/ expenditure.

22. We have considered the submissions of the Petitioner and BSPHCL. The Petitioner has not claimed IDC and IEDC for the Combined Asset-I during 2014-19 period in the instant order. The claim for IDC and IEDC from COD to 31.3.2014 was considered by the Commission vide order dated 29.8.2017 in Petition No. 42/TT/2017 in the capital cost allowed as on 31.3.2014.



23. The Commission vide order dated 9.10.2018 in Petition No. 100/TT/2017 with regard to Asset-II herein observed as follows:

“26. Further, in the present petition the petitioner has combined the above mentioned two assets which were declared ready for commercial operation as on 1.4.2013 and 1.6.2013 in Petition No. 42/TT/2013. However, the petitioner has submitted neither the segregated IEDC and IDC for the two assets nor date wise break-up of the IEDC and IDC for the combined asset. Therefore, considering the available information, we have pro-rated IEDC and IDC for the period from mid date of the CODs of the two assets as claimed in petition no. 42/TT/2013 i.e, 1.5.2013 to the revised COD of the combined asset which shall be borne by M/s Sterlite Limited and shall not be capitalized by the petitioner. The petitioner is directed to submit asset wise and date wise break-up of the IEDC and IDC at the time of filing petition for true-up.”

24. Accordingly, the Commission vide order dated 9.10.2018 in Petition No. 100/TT/2017, disallowed IDC and IEDC of ₹35.37 lakh and ₹21.07 lakh respectively in case of Asset-II, corresponding to 563 days of disallowed time over-run and directed the Petitioner to submit asset-wise and date-wise break-up of IEDC and IDC at the time of filing petition for true-up.

25. The Petitioner has submitted Auditor’s Certificate dated 29.11.2018 along with asset-wise and date-wise break-up of IEDC and IDC in respect of Asset-II and the same is as follows:

(₹ in lakh)			
Sr. No.	Particulars	IEDC	IDC
1	Expenditure from 1.5.2013 to 31.3.2014	11.15	5.59
2	Expenditure from 1.4.2014 to 13.11.2014	22.66	13.50
	Total	33.81	19.09

26. The total IEDC and IDC claimed by the Petitioner in respect of Asset-II as per Auditor’s Certificate is ₹57.77 lakh and ₹34.41 lakh respectively. The allowable IDC has been worked out considering the information submitted by the Petitioner in respect of the transmission assets on cash basis. The loan details submitted in Form-9C for 2014-19 tariff period and the IDC computation sheet have been considered for



the purpose of IDC calculation on cash and accrued basis. ACE (loan) with reference to Asset-II has not been considered for calculation of IDC.

27. As per the Commission's order dated 9.10.2018 in Petition No. 100/TT/2017, the trued up IEDC of ₹33.81 lakh and IDC of ₹19.09 lakh from 1.5.2013 to 13.11.2014 shall be borne by Sterlite Limited. Accordingly, IEDC and IDC allowed based on the submissions of the Petitioner and vide order dated 9.10.2018 in Petition No. 100/TT/2017 are as follows:

Particulars	(₹ in lakh)	
	IEDC	IDC
Approved vide order dated 9.10.2018 in Petition No. 100/TT/2017.	22.40	13.34
Claimed by Petitioner as per Auditor's Certificate	57.77	34.41
Disallowed due to time over-run attributable to Sterlite Limited (563 days)	33.81	19.09
Amount Admissible	23.96	15.32
Allowed as on COD on cash basis	23.96	4.32
Discharged as ACE during 2014-15	0.00	11.00

Cost Over-run

28. The completion cost including ACE in respect of the transmission assets is within the RCE cost. Therefore, there is no cost over-run in respect of the transmission assets.

Initial Spares

29. The Commission vide order dated 29.8.2017 in Petition No. 42/TT/2017 disallowed initial spares of ₹22.54 lakh. The Petitioner in the instant petition has re-claimed the disallowed initial spares of ₹22.54 lakh with reference to Combined Asset-I. The Petitioner has submitted that initial spares are within the ceiling when calculated in respect of the transmission scheme as a whole in line with the APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017.

30. The initial spares claimed by the Petitioner are as follows:



(₹ in lakh)

Particulars	COD	Estimated Completion Cost (A)	Initial Spares Claimed (B)	Ceiling (in %) (C)	Initial Spares Worked out	Remarks
					D = [(A-B)*C / (100-C)]	
Substation						
Combined Asset-I	1.10.2013	2109.52	56	2.50	52.65	Combined Asset with effective COD 01.10.2013, covered in Petition No. 42/TT/2017
	1.10.2013	466.21	14.00	2.50	11.60	
	1.10.2013	1738.83	45.00	2.50	43.43	
Asset-II	14.11.2014 (Brown field S/S)	2590.36	136.94	6.00	156.60	Covered in Petition No. 100/TT/2017
Total for 2014-19		6904.92	251.94	--	264.28	

31. The Petitioner has further submitted that initial spares have been included in the Auditor's Certificate as per actual cash expenditure incurred. The discharge for initial spares in respect of Asset-II as submitted by the Petitioner is as follows:

Particulars	Total spares Claimed		Expenditure on initial Spares up to COD and included in auditor certificate up to COD		Actual Expenditure on Initial Spares in 2014-15 (ACE)		Actual Expenditure on Initial Spares in 2015-16 (ACE)	
	TL	S/S	TL	S/S	TL	S/S	TL	S/S
Asset-II	0.00	136.94	0.00	123.25	0.00	8.22	0.00	5.48

32. BSPHCL has submitted that Regulation 8 of the 2009 Tariff Regulations provided that initial spares have to be capitalized as a percentage of original project cost and Regulation 3(29) of the 2009 Tariff Regulations has defined the original project cost as capital expenditure incurred within original scope of project up to cut-off date as admitted by Commission. Hence, capital expenditure only up to the cut-off date may be considered as per the relevant Regulations.



33. We have considered the submission of the Petitioner and BSPHCL. As per APTEL's judgment dated 14.9.2019 in Appeal No. 74 of 2017, initial spares are to be allowed as per the ceiling on overall project cost.

34. In the present case, Combined Asset-I was put into commercial operation during 2009-14 tariff period, while Asset-II was put into commercial operation during 2014-19 tariff period. Therefore, 2009 Tariff Regulations is applicable for Combined Asset-I and 2014 Tariff Regulations is applicable for Asset-II. Though transmission assets were put into commercial operation during 2009-14 and 2014-19 tariff periods but the entire transmission project was completed only during 2014-19 tariff period. The overall project cost of the transmission scheme is arrived at only when all the transmission assets are combined while claiming the tariff for 2019-24 period. Therefore, initial spares are allowed on the basis of cost of the individual asset in 2014-19 tariff period and the initial spares are allowed on the basis of the overall project cost during 2019-24 tariff period.

35. The cut-off date for Combined Asset-I and Asset-II is 31.3.2016 and 31.3.2017 respectively.

36. The details of initial spares allowed in respect of the transmission assets for 2014-19 tariff period are as follows:

Particulars	Capital Cost/ P&M Cost as on cut-off date (₹ in lakh)	Initial Spares Claimed (₹ in lakh)	Norms as per 2009 Tariff Regulations and 2014 Tariff Regulations (in %)	Initial Spares allowable as per 2009 Tariff Regulations and 2014 Tariff Regulations	Initial Spares Allowed (₹ in lakh)
Combined Asset-I	4057.58	115.00	2.50	101.09	101.09
Asset-II	2588.20	136.94	6.00	156.46	136.94



Capital Cost as on COD

37. Accordingly, capital cost allowed in respect of the transmission assets as on COD is as follows:

Particulars	Capital Cost as on 31.3.2014/ COD as per Auditor's Certificate	Less: IDC due to		Less: IEDC due to time over-run	Add: Disallowed Initial Spares allowed	Capital Cost considered as on 31.3.2014 (on cash basis)
		Time Over-run	Undischarged as on COD			
		Combined Asset-I	3612.64			
Asset-II	2450.66	19.09	11.00	33.81	0.00	2386.76

*Disallowed initial spares of ₹22.54 lakh have not been included in Auditor's Certificate for Asset-I, but have been claimed by Petitioner in tariff forms. Out of disallowed initial spares of ₹22.54 lakhs, 8.63 lakhs has been allowed as on 1.4.2014.

Additional Capital Expenditure ("ACE")

38. The Commission vide order dated 29.8.2017 in Petition No. 42/TT/2017 and order dated 9.10.2018 in Petition No. 100/TT/2017 has allowed ACE of ₹981.54 lakh and ₹329.63 lakh in respect of the Combined Asset-I and Asset-II respectively. The Petitioner has claimed the following ACE in respect of the transmission assets and submitted Auditor's Certificate in support of its claim:

Particulars	ACE					Total
	2014-15	2015-16	2016-17	2017-18	2018-19	
Combined Asset-I	260.12	303.76	149.04	2.22	105.72	820.86
Asset-II	18.76	137.34	73.62	0.00	2.16	231.88

39. BSPHCL has submitted that in the light of Regulation 14 of the 2014 Tariff Regulations, it is clear that ACE towards Combined Asset-I for 2017-18 and 2018-19 and for Asset-II for 2018-19 has been incurred without prior approval of the Commission and does not qualify as expenses due to uncontrollable factor and as such, the same may be disallowed. It is evident from the orders of the previous tariff



periods that expenditure towards ACE was substantially lower than what was approved by the Commission and ACE in the present petition has been deliberately sought higher than actual expenditure. Hence, the same may be refunded to the beneficiaries as per Regulation 7 of the 2014 Tariff Regulations. BSPHCL has further submitted that the Petitioner has claimed ACE after the cut-off dated in respect of the transmission assets without furnishing the information as per Regulation 14(2)(iv) of the 2014 Tariff Regulations and Regulation 14(3)(v) of the 2014 Tariff Regulations. BSPHCL has further submitted that expenditure for instant Asset-II up to COD/ 31.3.2014 has been arrived at after deduction of the disallowed IDC/IEDC of ₹52.90 lakh as opposed to ₹56.44 lakh as stated in order dated 9.10.2018 in Petition No. 100/TT/2017.

40. In response, the Petitioner has submitted that ACE beyond the cut-off date is on account of work executed before the cut-off date but discharged later and the same may be allowed as per Regulation 14(3)(v) of the 2014 Tariff Regulations. Further, if variation in the claimed and approved ACE is more than 5% on year to year basis, the same may be dealt with as per the 2014 Tariff Regulations.

41. The Petitioner in the instant petition has submitted that ACE incurred in respect of the transmission assets is on account of balance and retention payments due to un-discharged liability towards final payment or withheld payment due to contractual exigencies for works executed within the cut-off date. ACE for the transmission assets covered in the instant petition during 2014-19 tariff period has been claimed under Regulation 14(1)(i), Regulation 14(2)(iv) and Regulation 14(3)(v) of the 2014 Tariff Regulations. It is further observed that total completion cost including ACE during



2014-19 tariff period in respect of the transmission assets is within the RCE approved apportioned cost.

42. We have considered the submissions of the Petitioner and BSPHCL. The un-discharged IDC as on COD has been allowed as ACE in its respective year of discharge. ACE for 2014-19 tariff period is allowed under Regulation 14(1)(i) and Regulation 14(1) (ii) of the 2014 Tariff Regulations. Accordingly, ACE allowed in respect of the transmission assets is as follows:

(₹ in lakh)

Particulars	ACE				
	2014-15	2015-16	2016-17	2017-18	2018-19
Combined Asset-I	260.12	303.76	149.04	2.22	105.72
Asset-II	29.76*	137.34	73.62	0.00	2.16

**Including Discharge of IDC in 2014-15*

43. Capital cost allowed as on 31.3.2019 after including ACE in respect of the transmission assets is as follows:

(₹ in lakh)

Particulars	Capital cost as on 31.3.2014/ COD on cash basis	ACE					Total Capital cost as on 31.3.2019
		2014-15	2015-16	2016-17	2017-18	2018-19	
Combined Asset-I	3621.27	260.12	303.76	149.04	2.22	105.72	4442.13
Asset-II	2386.76	29.76*	137.34	73.62	0.00	2.16	2629.64

**Including Discharge of IDC in 2014-15*

Debt-Equity Ratio

44. The Petitioner has claimed debt-equity ratio of 70:30 as on 31.3.2014 for Combined Asset-I and as on COD for Asset-II. Debt-equity ratio of 70:30 has been considered for capital cost as on 31.3.2014/COD and ACE during 2014-19 tariff period as provided under Regulation 19 of the 2014 Tariff Regulations. The same is as follows:

Combined Asset-I	Amount as on 31.3.2014 (₹ in lakh)	(in %)	Amount as on 31.3.2019 (₹ in lakh)	(in %)
Debt	2534.89	70.00	3109.49	70.00
Equity	1086.38	30.00	1332.64	30.00
Total	3621.27	100.00	4442.13	100.00

Asset-II	Amount as on 31.3.2014 (₹ in lakh)	(in %)	Amount as on 31.3.2019 (₹ in lakh)	(in %)
Debt	1670.73	70.00	1840.75	70.00
Equity	716.03	30.00	788.89	30.00
Total	2386.76	100.00	2629.64	100.00

Depreciation

45. Depreciation has been dealt in line with Regulation 27 of the 2014 Tariff Regulations. Combined Asset-I and Asset-II were put under commercial operation during 2013-14 and 2014-15 respectively. Accordingly, the transmission assets will complete 12 years beyond 2014-19 tariff period.

46. Depreciation has been calculated annually based on Straight Line Method. The Gross Block during 2014-19 period has been depreciated at Weighted Average Rate of Depreciation (WAROD) as given in Annexure-1 of this order. WAROD has been worked out after taking into account the depreciation rates of the assets as prescribed in the 2014 Tariff Regulations and depreciation allowed is as follows:

(₹ in lakh)					
Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	3621.27	3881.39	4185.15	4334.19	4336.41
ACE	260.12	303.76	149.04	2.22	105.72
Closing Gross Block	3881.39	4185.15	4334.19	4336.41	4442.13
Average Gross Block	3751.33	4033.27	4259.67	4335.30	4389.27
Weighted average rate of Depreciation (WAROD) (in %)	5.30	5.30	5.30	5.30	5.30
Balance useful life of the asset at the beginning of the year (Year)	25	24	23	22	21
Aggregated Depreciable Value	3376.20	3629.94	3833.70	3901.77	3950.34
Depreciation during the year	198.85	213.73	225.69	229.68	232.53



Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Cumulative depreciation at the end of the year	290.04	503.77	729.46	959.14	1191.67
Remaining Depreciable value at the end of the year	3086.16	3126.17	3104.24	2942.63	2758.67

(₹ in lakh)

Asset-II					
Particulars	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	2386.76	2416.52	2553.86	2627.48	2627.48
ACE	29.76	137.34	73.62	0.00	2.16
Closing Gross Block	2416.52	2553.86	2627.48	2627.48	2629.64
Average Gross Block	2401.64	2485.19	2590.67	2627.48	2628.56
Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28	5.28
Balance useful life of the asset at the beginning of the year (Year)	25	25	24	23	22
Aggregated Depreciable Value	2161.48	2236.67	2331.60	2364.73	2365.70
Depreciation during the year	47.94	131.22	136.79	138.73	138.79
Cumulative depreciation at the end of the year	47.94	179.16	315.95	454.68	593.47
Remaining Depreciable value at the end of the year	2113.53	2057.51	2015.65	1910.05	1772.24

47. The details of depreciation approved vide order dated 29.8.2017 in Petition No. 42/TT/2017 and order dated 9.10.2018 in Petition No. 100/TT/2017, trued up depreciation claimed by the Petitioner in the instant petition and trued up depreciation allowed in the instant order is as follows:

(₹ in lakh)

Combined Asset-I	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 29.8.2017 in Petition No. 42/TT/2017	198.39	213.28	232.32	243.35	243.35
Claimed by the Petitioner in the instant petition	199.58	214.47	226.42	230.42	233.27
Allowed after true-up in the instant order	198.85	213.73	225.69	229.68	232.53



(₹ in lakh)					
Asset-II	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 9.10.2018 in Petition No. 100/TT/2017	47.79	130.89	138.88	143.10	143.10
Claimed by the Petitioner in the instant petition	48.05	131.22	136.79	138.73	138.79
Allowed after true-up in the instant order	47.94	131.22	136.79	138.73	138.79

Interest on Loan (“IoL”)

48. The Petitioner has claimed IoL based on actual interest rates for each year during 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.

49. We have considered the submission of the Petitioner. It is observed that the SBI and ICICI loans with respect to the 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.

50. IoL in respect of the transmission assets has been worked out considering the following:

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

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

51. The details of IoL allowed are as follows:

(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	2534.89	2716.97	2929.61	3033.93	3035.49
Cumulative Repayments up to Previous Year	91.19	290.04	503.77	729.46	959.14
Net Loan-Opening	2443.70	2426.94	2425.83	2304.47	2076.35
Addition due to ACE	182.08	212.63	104.33	1.55	74.00
Repayment during the year	198.85	213.73	225.69	229.68	232.53
Net Loan-Closing	2426.94	2425.83	2304.47	2076.35	1917.82
Average Loan	2435.32	2426.39	2365.15	2190.41	1997.08
Weighted Average Rate of Interest on Loan (in %)	9.011	9.006	8.930	8.734	8.674
Interest on Loan	219.46	218.52	211.21	191.31	173.23

(₹ in lakh)

Asset-II					
Particulars	2014-15 (pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	1670.73	1691.56	1787.70	1839.24	1839.24
Cumulative Repayments up to Previous Year	0.00	47.94	179.16	315.95	454.68
Net Loan-Opening	1670.73	1643.62	1608.54	1523.29	1384.56
Addition due to ACE	20.83	96.14	51.53	0.00	1.51
Repayment during the year	47.94	131.22	136.79	138.73	138.79
Net Loan-Closing	1643.62	1608.54	1523.29	1384.56	1247.28
Average Loan	1657.18	1626.08	1565.91	1453.92	1315.92
Weighted Average Rate of Interest on Loan (in %)	8.979	8.926	8.836	8.662	8.616
Interest on Loan	56.26	145.14	138.36	125.94	113.38

52. The details of IoL approved vide order dated 29.8.2017 in Petition No. 42/TT/2017 and order dated 9.10.2018 in Petition No. 100/TT/2017, trued up IoL claimed by the Petitioner in the instant petition and trued up IoL allowed in the instant order is as follows:



(₹ in lakh)

Combined Asset-I	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 29.8.2017 in Petition No. 42/TT/2017	218.93	220.02	223.69	215.28	193.11
Claimed by the Petitioner in the instant petition	220.30	219.42	211.94	191.94	173.78
Allowed after true-up in the instant order	219.46	218.52	211.21	191.31	173.23

(₹ in lakh)

Asset-II	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 9.10.2018 in Petition No. 100/TT/2017	56.12	145.84	138.88	143.10	143.10
Claimed by the Petitioner in the instant petition	56.39	145.15	138.36	125.93	113.37
Allowed after true-up in the instant order	56.26	145.14	138.36	125.94	113.38

Return on Equity (“RoE”)

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

Year	Claimed effective tax rate (in %)	Grossed up RoE [(Base Rate)/(1-t)] (in %)
2014-15	21.018	19.624
2015-16	21.382	19.715
2016-17	21.338	19.704
2017-18	21.337	19.704
2018-19	21.549	19.757

54. BSPHCL has submitted that as provided in Regulation 25(3) of the 2014 Tariff Regulations, penalty, if any, arising on account of delay in deposit or short deposit of tax amount cannot be permitted to be claimed and the actual tax paid has to be duly



adjusted for any refund of tax including interest received from the income tax authorities. BSPHCL has further submitted that instant petition is silent on whether the tax and interest paid by the Petitioner is indeed after such adjustment and exclusive of the impermissible claims as stated hereinabove. BSPHCL has submitted that the grossed up rate of RoE has to be trued up every financial year based on actual tax paid as stated in Regulations 25(3) of the 2014 Tariff Regulations and the Regulations also does not contemplate claim of differential tariff on this account directly from the beneficiaries. Hence, differential tariff on this account should not be permitted to be claimed directly from the beneficiaries.

55. In response, the Petitioner has submitted that the effective rate of tax considered for 2014-15, 2015-16 and 2016-17 are based on Assessment Orders issued by Income-Tax authorities, for the purpose of grossing up of RoE rate and that the effective rate of tax considered for 2017-18 and 2018-19 are based on the Income Tax returns filed, for the purpose of grossing up of RoE rate of respective years. The Petitioner has further submitted that deferred tax liability before 1.4.2009 shall be recoverable from the beneficiaries or long-term customers/ DICs as the case may be, as and when the same is materialized as per Regulation 49 of the 2014 Tariff Regulations and Regulation 67 of 2019 Tariff Regulations.

56. We have considered the submissions of the Petitioner and BSPHCL. As regards BSPHCL's contention that the grossed up rate of RoE for the periods 2016-17 to 2018-19 is not based on the MAT rates approved by the Income Tax Authorities, it is observed that the effective rate of tax considered by the Petitioner for 2014-15, 2015-16 and 2016-17 are based on Assessment Orders issued by Income Tax authorities and effective rate of tax considered for 2017-18 and 2018-19 are based on the



Income Tax returns filed for the purpose of grossing up of RoE rate of respective years. In view of the clarification given by the Petitioner, we are of the view that there is no merit in the contention of BSPHCL.

57. The Commission vide 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 and the same is as follows:

Year	Notified MAT rates (%) (inclusive of surcharge & cess)	Effective tax rate (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

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

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Base rate of RoE (in %)	Grossed up RoE [(Base Rate)/(1-t)] (in %)
2014-15	20.9605	15.50	19.610
2015-16	21.3416	15.50	19.705
2016-17	21.3416	15.50	19.705
2017-18	21.3416	15.50	19.705
2018-19	21.5488	15.50	19.758

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

(₹ in lakh)					
Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	1086.38	1164.42	1255.55	1300.26	1300.92
Addition due to ACE	78.04	91.13	44.71	0.67	31.72
Closing Equity	1164.42	1255.55	1300.26	1300.92	1332.64
Average Equity	1125.40	1209.98	1277.90	1300.59	1316.78
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (in %)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax)	19.610	19.705	19.705	19.705	19.758
Return on Equity (Pre-tax)	220.69	238.43	251.81	256.28	260.17



(₹ in lakh)

Asset-II					
Particulars	2014-15 (pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Opening Equity	716.03	724.96	766.16	788.24	788.24
Addition due to ACE	8.93	41.20	22.09	0.00	0.65
Closing Equity	724.96	766.16	788.24	788.24	788.89
Average Equity	720.49	745.56	777.20	788.24	788.57
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (in %)	20.961	21.342	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax)	19.610	19.705	19.705	19.705	19.758
Return on Equity (Pre-tax)	53.42	146.91	153.15	155.32	155.81

60. The details of RoE approved vide order dated 29.8.2017 in Petition No. 42/TT/2017 and order dated 9.10.2018 in Petition No. 100/TT/2017, trued up RoE claimed by the Petitioner in the instant petition and trued up RoE allowed in the instant order is as follows:

(₹ in lakh)

Combined Asset-I	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 29.8.2017 in Petition No. 42/TT/2017	220.18	236.77	257.99	270.27	270.27
Claimed by the Petitioner in the instant petition	221.68	239.27	252.63	257.10	260.98
Allowed after true-up in the instant order	220.69	238.43	251.81	256.28	260.17

(₹ in lakh)

Asset-II	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 9.10.2018 in Petition No. 100/TT/2017	53.25	145.83	154.74	159.44	159.44
Claimed by the Petitioner in the instant petition	53.58	146.99	153.15	155.32	155.81
Allowed after true-up in the instant order	53.42	146.91	153.15	155.32	155.81



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

61. The true up O&M Expenses claimed by the Petitioner in respect of the transmission assets are as follows:

(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sub-station Bays					
400 kV – Biharsharif: Switchable Line Reactor Bays	1	1	1	1	1
400 kV – Purnea: Bay I & II for Purnea-Biharsharif Line	2	2	2	2	2
400 kV – Biharsharif: Bays I & II for Purnea-Biharsharif Line	2	2	2	2	2
400 kV – Biharsharif: Reactor Bay	1	1	1	1	1
Norm (₹ lakh/bay)					
400 kV	60.30	62.30	64.37	66.51	68.71
Total Sub-station O&M Expenses	361.80	373.80	386.22	399.06	412.26
Total O&M Expenses	361.80	373.80	386.22	399.06	412.26

(₹ in lakh)

Asset-II					
Particulars	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Sub-station Bays					
400 kV – Siliguri: Line Bays I & II for Bongaigaon-Siliguri Line	2	2	2	2	2
400 kV – Siliguri: Switchable Line Reactor Bay I & II	2	2	2	2	2
400 kV – Bongaigaon: Bays I & II for Siliguri-Bongaigaon Line	2	2	2	2	2
Norm (₹ lakh/bay)					
400 kV	60.30	62.30	64.37	66.51	68.71
Total Sub-station O&M Expenses	136.79	373.80	386.22	399.06	412.26
Total O&M Expenses	136.79	373.80	386.22	399.06	412.26

62. Regulation 29(3) of the 2014 Tariff Regulations specifies the norms for O&M Expenses for the transmission system. The norms specified in respect of the elements covered in the transmission assets are as follows:

Particulars	Norms for 2014-15	Norms for 2015-16	Norms for 2016-17	Norms for 2017-18	Norms for 2018-19
400 kV Sub-station Bay (₹ lakh/bay)	60.300	62.300	64.370	66.510	68.710

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

(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
6 Numbers 400 kV Sub-station Bays	361.80	373.80	386.22	399.06	412.26
Total O&M Expenses	361.80	373.80	386.22	399.06	412.26

(₹ in lakh)

Asset-II					
Particulars	2014-15 (Pro-rate for 138 days)	2015-16	2016-17	2017-18	2018-19
6 Numbers 400 kV Sub-station Bays	136.79	373.80	386.22	399.06	412.26
Total O&M Expenses	136.79	373.80	386.22	399.06	412.26

64. The details of O&M Expenses approved vide order dated 29.8.2017 in Petition No. 42/TT/2017 and order dated 9.10.2018 in Petition No. 100/TT/2017, trued up O&M Expenses claimed by the Petitioner in the instant petition and trued up O&M Expenses allowed in the instant order are as follows:

(₹ in lakh)

Combined Asset-I	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 29.8.2017 in Petition No. 42/TT/2017	361.80	373.80	386.22	399.06	412.26
Claimed by the Petitioner in the instant petition	361.80	373.80	386.22	399.06	412.26
Allowed after true-up in the instant order	361.80	373.80	386.22	399.06	412.26



(₹ in lakh)

Asset-II	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 9.10.2018 in Petition No. 100/TT/2017	136.79	373.80	386.22	399.06	412.26
Claimed by the Petitioner in the instant petition	136.79	373.80	386.22	399.06	412.26
Allowed after true-up in the instant order	136.79	373.80	386.22	399.06	412.26

Interest on Working Capital (“IWC”)

65. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and true-up IWC has been allowed in respect of the transmission assets as follows:

(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M expenses for one month)	30.15	31.15	32.19	33.26	34.36
Working Capital for Maintenance Spares (15% of O&M expenses)	54.27	56.07	57.93	59.86	61.84
Working Capital for Receivables (Equivalent to two months of annual fixed cost / annual transmission charges)	172.58	180.09	185.35	185.66	186.05
Total Working Capital	257.00	267.31	275.47	278.78	282.24
Rate of Interest on working capital (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	34.70	36.09	37.19	37.63	38.10

(₹ in lakh)

Asset-II					
Particulars	2014-15 (pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M expenses for one month)	30.15	31.15	32.19	33.26	34.36
Working Capital for Maintenance Spares (15% of O&M expenses)	54.27	56.07	57.93	59.86	61.84
Working Capital for	134.71	137.91	140.95	141.80	142.07



Asset-II					
Particulars	2014-15 (pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Receivables (Equivalent to two months of annual fixed cost / annual transmission charges)					
Total Working Capital	219.13	225.13	231.07	234.91	238.26
Rate of Interest on working capital (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	11.18	30.39	31.19	31.71	32.17

66. The details of IWC approved vide order dated 29.8.2017 in Petition No. 42/TT/2017 and order dated 9.10.2018 in Petition No. 100/TT/2017, trued up IWC claimed by the Petitioner in the instant petition and trued up IWC allowed in the instant order is as follows:

(₹ in lakh)					
Combined Asset-I	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 29.8.2017 in Petition No. 42/TT/2017.	34.66	36.07	37.77	38.82	39.04
Claimed by the Petitioner in the instant petition.	34.75	36.15	37.24	37.69	38.15
Allowed after true-up in the instant order.	34.70	36.09	37.19	37.63	38.10

(₹ in lakh)					
Asset-II	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 9.10.2018 in Petition No. 100/TT/2017	11.17	30.38	31.39	32.13	32.56
Claimed by the Petitioner in the instant petition	11.20	30.40	31.19	31.71	32.17
Allowed after true-up in the instant order	11.18	30.39	31.19	31.71	32.17

Approved Annual Fixed Charges for 2014-19 Tariff Period

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



(₹ in lakh)

Combined Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	198.85	213.73	225.69	229.68	232.53
Interest on Loan	219.46	218.52	211.21	191.31	173.23
Return on Equity	220.69	238.43	251.81	256.28	260.17
O&M Expenses	361.80	373.80	386.22	399.06	412.26
Interest on Working Capital	34.70	36.09	37.19	37.63	38.10
Total	1035.49	1080.57	1112.12	1113.97	1116.30

(₹ in lakh)

Asset-II					
Particulars	2014-15 (pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Depreciation	47.94	131.22	136.79	138.73	138.79
Interest on Loan	56.26	145.14	138.36	125.94	113.38
Return on Equity	53.42	146.91	153.15	155.32	155.81
Interest on Working Capital	136.79	373.80	386.22	399.06	412.26
O&M Expenses	11.18	30.39	31.19	31.71	32.17
Total	305.60	827.46	845.71	850.77	852.40

68. The details of Annual Transmission Charges approved vide order dated 29.8.2017 in Petition No. 42/TT/2017 and order dated 9.10.2018 in Petition No. 100/TT/2017, trued up AFC claimed by the Petitioner in the instant petition and trued up AFC allowed in the instant order are as follows:

(₹ in lakh)

Combined Asset-I	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 29.8.2017 in Petition No. 42/TT/2017	1033.97	1079.94	1137.99	1166.79	1158.04
Claimed by the Petitioner in the instant petition	1038.11	1083.21	1114.45	1116.21	1118.44
Allowed after true-up in the instant order	1035.49	1080.57	1112.12	1113.97	1116.30

(₹ in lakh)

Asset-II	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 9.10.2018 in Petition No. 100/TT/2017	305.02	826.74	854.47	869.24	870.03
Claimed by the Petitioner in the instant petition	306.02	827.56	845.71	850.75	852.40
Allowed after true-up in the instant order	305.60	827.46	845.71	850.77	852.40



DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

69. The Petitioner has combined the transmission assets during 2019-24 period and claimed the following transmission charges for 2019-24 tariff period in respect of the Combined Asset:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	374.90	374.90	374.90	374.90	374.90
Interest on Loan	259.21	226.81	194.62	162.09	129.36
Return on Equity	399.22	399.22	399.22	399.22	399.22
Interest on Working Capital	32.42	32.58	32.70	32.85	32.95
O&M Expenses	387.28	400.84	414.88	429.40	444.40
Total	1453.03	1434.35	1416.32	1398.46	1380.83

70. The details of IWC claimed by the Petitioner for 2019-24 period in respect of the Combined Asset are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	32.27	33.40	34.57	35.78	37.03
Maintenance Spares	58.09	60.13	62.23	64.41	66.66
Receivables	178.65	176.84	174.61	172.41	169.77
Total	269.01	270.37	271.41	272.60	273.46
Rate of Interest on working capital (in %)	12.05	12.05	12.05	12.05	12.05
Interest on working Capital	32.42	32.58	32.70	32.85	32.95

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

71. The Petitioner has claimed E-COD of the Combined Asset as 2.3.2014. Accordingly, based on the trued-up admitted capital cost and actual COD of the transmission assets, E-COD has been worked out as follows:

Computation of E-COD					
Particulars	Actual COD	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Weight of the cost (in %)	Number of days from last COD	Weighted days
Combined Asset-I	1.10.2013	4442.13	62.81	409	256.91
Asset-II	14.11.2014	2629.64	37.19	0	0.00
Total		7071.77	100.00		257.00
E-COD (Latest COD – Total weighted Days) 2.3.2014					



72. E-COD is used to determine the lapsed life of the project as a whole which works out as five (5) years as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from E-COD).

Weighted Average Life (“WAL”)

73. The life as defined in Regulation 33 of the 2019 Tariff Regulations has been considered for determination of WAL.

74. 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.

75. 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 life as defined in the 2019 Tariff Regulations has been considered for determination of WAL. Accordingly, WAL in respect of the Combined Asset has been worked out as 25 years as follows:

Admitted Capital Cost as on 31.3.2019				
Particulars	Combined capital Cost (₹ in lakh) (a)	Life as per 2019 Regulation (Years) (b)	Weight (a) x (b)	WAL = Total Weight/ Capital cost of the project
Building	0.00	25	0.00	
Transmission Line	0.00	35	0.00	
Sub Station	6997.71	25	174942.82	
PLCC	74.06	15	1110.90	
Leasehold Land	0.00	25	0.00	
IT Equipment and software	0.00	7	0.00	
Total	7071.77		176053.72	24.90 years (rounded off to 25 years)

76. WAL 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 above, E-COD of the Combined Asset is 2.3.2014 and the lapsed life of the project as a whole works out as five (5) years as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2019 to be 20 years.

Capital Cost

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

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

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

- (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 tried up by excluding liability, if any, as on 1.4.2019;
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
- (c) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
- (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.”

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

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

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

- (a) The assets forming part of the project, but not in use, as declared in the tariff petition;
- (b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

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

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

- (c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
- (d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and



(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”

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

(₹ in lakh)					
Particulars	Apportioned Approved Capital Cost (FR)	Apportioned Approved Capital Cost (RCE)	Capital Cost claimed as on 31.3.2019	ACE claimed in 2019-24	Estimated Completion Capital Cost
Combined Asset-I	4328.25	4700.79	4456.04	0.00	4456.04
Asset-II	3713.47	2918.21	2629.64	0.00	2629.64
Total	9029.04	7619.00	7085.68	0.00	7085.68

79. Against the overall apportioned approved capital cost (as per RCE) of ₹7619.00 lakh, the estimated completion cost is ₹7085.68 lakh. The individual capital cost of each asset is also within the respective RCE apportioned capital cost. Therefore, there is no cost over-run in respect of the Combined Asset.

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

(₹ in lakh)			
Particulars	Combined Asset-I	Asset-II	Capital cost for Combined Asset as on 31.3.2019
Land	0.00	0.00	0.00
Building	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00
Sub Station	4368.07	2629.64	6997.71
PLCC	74.06	0.00	74.06
Leasehold Land	0.00	0.00	0.00



Particulars	Combined Asset-I	Asset-II	Capital cost for Combined Asset as on 31.3.2019
IT Equipment and software	0.00	0.00	0.00
Total	4442.13	2629.64	7071.77

81. The trued-up capital cost of ₹7071.77 lakh in respect of the Combined Asset is considered as admitted capital cost as on 31.3.2019 for working out tariff for 2019-24 period.

82. The Petitioner has not claimed any ACE during 2019-24 period in respect of the Combined Asset.

Initial Spares

83. As stated in earlier part of this order, initial spares are allowed for 2014-19 period on the basis of cost of the individual asset. The transmission assets covered in the transmission scheme are combined during 2019-24 tariff period and as such initial spares are allowed on the basis of the overall project cost as per the APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017.

84. Accordingly, initial spares allowed in 2019-24 tariff period are as follows:

Particulars	Capital Cost/ P&M Cost as on cut-off date (₹ in lakh)	Initial Spares Claimed (₹ in lakh)	Norms as per 2009 Tariff Regulations and 2014 Tariff Regulations (in %)	Initial Spares allowable as per 2009 Tariff Regulations and 2014 Tariff Regulations (₹ in lakh)	Initial Spares Allowed during 2014-19 period (₹ in lakh)	Initial Spares allowed in respect of Combined Asset (₹ in lakh)
Combined Asset-I	4057.58	115.00	2.50	101.09	106.92	
Asset-II	2588.20	136.94	6.00	156.46	136.94	
Combined Asset	6645.78	251.94		257.56	238.03	13.91

**Additional Initial Spares of ₹13.91 lakh (₹251.94-₹238.03) are allowed for sub-station.*



85. Thus, in line with APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017, additional initial spares of ₹13.91 lakh are admissible.

(₹ in lakh)

Particulars	Total Capital Cost as on 31.3.2019	Additional Initial Spares as per APTEL's judgement dated 14.9.2019	Total Capital Cost as on 1.4.2019
Combined Asset-I	4442.13	13.91	4456.04
Asset-II	2629.64	0.00	2629.64
Total	7075.40	13.91	7085.68

Capital Cost considered for 2019-24 tariff period

86. Accordingly, capital cost of the Combined Asset considered for 2019-24 tariff period is as follows:

(₹ in lakh)

Capital Cost as on 1.4.2019	ACE allowed for 2019-24	Capital cost for Combined Asset up to 31.3.2024
7085.68	0.00	7085.68

Debt-Equity Ratio

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

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

Provided that:

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

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

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent



authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

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

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

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

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

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

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

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	Total Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	4959.98	70.00	4959.98	70.00
Equity	2125.70	30.00	2125.70	30.00
Total	7085.68	100.00	7085.68	100.00

Depreciation

89. Regulations 33 of the 2019 Tariff Regulations provide as follows:

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



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

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

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

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

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

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

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

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

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

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

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

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

(8) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be



adjusted by taking into account the depreciation recovered in tariff by the decapitalized asset during its useful services.”

90. We have considered the submissions of the Petitioner. WAROD has been worked out as given in Annexure-2 after taking into account the depreciation rates as prescribed in the 2019 Tariff Regulations. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. Depreciation allowed in respect of the Combined Asset is as follows:

(₹ in lakh)					
Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	7085.68	7085.68	7085.68	7085.68	7085.68
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	7085.68	7085.68	7085.68	7085.68	7085.68
Average Gross Block	7085.68	7085.68	7085.68	7085.68	7085.68
Weighted average rate of Depreciation (WAROD) (in %)	5.29	5.29	5.29	5.29	5.29
Balance useful life at the beginning of the year (Year)	20	19	18	17	16
Lapsed life of the Asset (Year)	5	6	7	8	9
Depreciable Value	6377.11	6377.11	6377.11	6377.11	6377.11
Depreciation during the year	374.90	374.90	374.90	374.90	374.90
Aggregate Cumulative Depreciation	2160.04	2534.94	2909.85	3284.75	3659.65
Remaining Aggregate Depreciable Value at the end of the year	4217.07	3842.17	3467.27	3092.37	2717.46

Interest on Loan (“IoL”)

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

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

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

(3) *The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-*



capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

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

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

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

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

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

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

92. BSPHCL has submitted that interest on loan may be calculated as contemplated by Regulation 32 of the 2019 Tariff Regulations. BSPHCL has submitted that nothing in the Regulations permit the change in interest rate due to floating rate of interest applicable, if any, to be adjusted/ claimed over the tariff period directly from/with the beneficiaries.

93. In response, the Petitioner has submitted that IoL has been calculated on the basis of actual interest rates prevailing as on 1.4.2019 for respective loans. The change in interest rate due to floating rate of interest applicable, if any, for the transmission scheme needs to be claimed/adjusted over the tariff period directly from/with the beneficiaries.



94. We have considered the submissions of the Petitioner and BSPHCL. 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 in respect of the Combined Asset for 2019-24 tariff period is follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	4959.98	4959.98	4959.98	4959.98	4959.98
Cumulative Repayments up to Previous Year	1785.14	2160.04	2534.94	2909.85	3284.75
Net Loan-Opening	3174.84	2799.93	2425.03	2050.13	1675.23
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	374.90	374.90	374.90	374.90	374.90
Net Loan-Closing	2799.93	2425.03	2050.13	1675.23	1300.33
Average Loan	2987.38	2612.48	2237.58	1862.68	1487.78
Weighted Average Rate of Interest on Loan (in %)	8.687	8.694	8.712	8.719	8.716
Interest on Loan	259.52	227.12	194.94	162.40	129.68

Return on Equity (“RoE”)

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

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

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

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



Provided further that:

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

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

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

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

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

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

“31. Tax on Return on Equity: (1) *The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.*

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

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

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

Illustration-

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

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

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



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

$$\text{Rate of return on equity} = 15.50 / (1 - 0.24) = 20.395\%$$

(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.”

96. We have considered the submissions of the Petitioner. The Petitioner has submitted that MAT rate is applicable to it. Accordingly, MAT rate applicable during 2019-20 period 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 in respect of the Combined Asset for 2019-24 tariff period is as follows:

(₹ in lakh)					
Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	2125.70	2125.70	2125.70	2125.70	2125.70
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	2125.70	2125.70	2125.70	2125.70	2125.70
Average Equity	2125.70	2125.70	2125.70	2125.70	2125.70
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (in %)	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)	399.25	399.25	399.25	399.25	399.25

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

97. O&M Expenses claimed by the Petitioner in respect of the Combined Asset for the various elements included in the Combined Asset for 2019-24 tariff period are as follows:



(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
400 kV – Siliguri: Line Bays I & II for Bongaigaon-Siliguri Line	2	2	2	2	2
400 kV – Siliguri: Switchable Line Reactor Bay I & II	2	2	2	2	2
400 kV – Bongaigaon: Bays I & II for Siliguri-Bongaigaon Line	2	2	2	2	2
400 kV – Biharsharif: Switchable Line Reactor Bays	1	1	1	1	1
400 kV – Purnea: Bay I & II for Purnea-Biharshariff Line	2	2	2	2	2
400 kV – Biharshariff: Bays I & II for Purnea-Biharshariff Line	2	2	2	2	2
400 kV – Biharshariff: Reactor Bay	1	1	1	1	1
Norm (₹ lakh/bay)					
400 kV	32.150	33.280	34.450	35.660	36.910
Total Sub-station O&M Expenses	385.80	399.36	413.40	427.92	442.92
PLCC					
Capital Cost of PLCC	74.06	74.06	74.06	74.06	74.06
Norm (in %)	2.00	2.00	2.00	2.00	2.00
Total PLCC O&M Expenses	1.46	1.46	1.46	1.46	1.46
Total O&M Expenses	387.28	400.84	414.88	429.40	444.40

98. The norms specified under Regulation 35(3)(a) and 35(4) of the 2019 Tariff Regulations provides as follows:

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

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



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;*
- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
- iii. the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*
- iv. the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;*
- v. the O&M expenses of ±800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M*



expenses for ± 800 kV, Bishwanath-Agra HVDC bi-pole scheme; and

vi. the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.

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

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

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

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

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

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



					(₹ in lakh)
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays					
12 Numbers 400 kV Sub-station Bays	385.80	399.36	413.40	427.92	442.92
Total O&M Expenses	385.80	399.36	413.40	427.92	442.92

Interest on Working Capital (“IWC”)

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

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

(a) Xxxxx

(b) Xxxxx

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

- i. Receivables equivalent to 45 days of fixed cost;*
- ii. Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
- iii. Operation and maintenance expenses, including security expenses for one month”*

“(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

Provided that in case of truing-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency.”

“3. Definitions ...

(7) ‘Bank Rate’ means the one-year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;”

102. The Petitioner has submitted that it has computed IWC for 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner



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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for one month)	32.15	33.28	34.45	35.66	36.91
Working Capital for Maintenance Spares (15% of O&M Expenses)	57.87	59.90	62.01	64.19	66.44
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	178.50	176.42	173.94	171.74	169.10
Total Working Capital	268.52	269.60	270.40	271.59	272.45
Rate of Interest of working capital (in %)	12.05	11.25	10.50	10.50	10.50
Interest of Working Capital	32.36	30.33	28.39	28.52	28.61

Annual Fixed Charges for 2019-24 Tariff Period

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	374.90	374.90	374.90	374.90	374.90
Interest on Loan	259.52	227.12	194.94	162.40	129.68
Return on Equity	399.25	399.25	399.25	399.25	399.25
O&M Expenses	385.80	399.36	413.40	427.92	442.92
Interest on Working Capital	32.36	30.33	28.39	28.52	28.61
Total	1451.83	1430.96	1410.88	1392.99	1375.36



Filing Fee and Publication Expenses

104. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses.

105. BSPHCL has submitted that grant of filing fee and expenses incurred is in the discretion of the Commission and need not necessarily be allowed in all cases.

106. In response, the Petitioner has submitted that reimbursement of expenditure by the beneficiaries towards petition filing fee and publication expense, in terms of Regulation 70(1) of the 2019 Tariff Regulations. The Petitioner has further submitted that the Commission vide order dated 28.3.2016 in Petition No. 137/TT/2015 for determination of tariff for 2014-19 period, allowed the recovery of petition filing fee and publication of notices from the beneficiaries on pro-rata basis.

107. We have considered the submissions of the Petitioner and BSPHCL. 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

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

Goods and Services Tax

109. The Petitioner has submitted that if GST is levied at any rate and at any point of time in future on charges of transmission of electricity, the same shall be borne and



additionally paid by the Respondent(s) to the Petitioner and the same shall be charged and billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Government / Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

110. BSPHCL has submitted that Regulation 56 of the 2019 Tariff Regulations contemplates recovery of statutory charges by generating company and not by transmission licensee and as such the claim of the Petitioner is liable to be rejected.

111. In response, the Petitioner has reiterated its submission.

112. We have considered the submissions of the Petitioner and BSPHCL. Since GST is not levied on transmission service at present and we are of the view that Petitioner's prayer in this regard is premature.

Security Expenses

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

114. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses for the Combined Asset owned by it on projected basis for 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The Commission vide order dated 3.8.2021 in Petition No. 260/MP/2020 approved security expenses from 1.4.2019 to 31.3.2024. Therefore, security expenses will be shared in terms of the order dated 3.8.2021 in Petition No. 260/MP/2020. Therefore, the Petitioner's prayer in the instant



petition for allowing it to file a separate petition for claiming the overall security expenses and consequential IWC has become infructuous.

Capital Spares

115. 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

116. The Commission vide order dated in Petition No. 100/TT/2017 held as follows:

“57. The IDC and IEDC for the instant Assets from respective CODs, i.e. 1.4.2013 and 1.6.2013 to 14.11.2014 shall be borne by M/s Sterlite as discussed in Para 25 and 26 above. Accordingly Petitioner is directed to bill and recover the same from M/s Sterlite. Thereafter, transmission charges shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations and shall be shared by the beneficiaries and long term transmission customers in accordance with Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.

117. In view of above, IDC and IEDC from respective CODs of the Combined Asset-I and Asset-II i.e. 1.4.2013 and 1.6.2013 to 14.11.2014 shall be borne by M/s Sterlite.

118. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2010. With effect from 1.11.2020, sharing of transmission charges is governed by the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2020 (“2020 Sharing Regulations”). Accordingly, the liabilities of the DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and shall be recovered from the concerned DICs through Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection and disbursement of



transmission charges for subsequent period shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

119. To summarise:

a. The trued-up AFC allowed in respect of the transmission assets for 2014-19 tariff period are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Combined Asset-I	1035.49	1080.57	1112.12	1113.97	1116.30
Particulars	2014-15 (Pro-rata for 138 days)	2015-16	2016-17	2017-18	2018-19
	Asset-II	305.60	827.46	845.71	850.77

b. AFC allowed in respect of the Combined Asset for 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC (Combined Asset)	1451.83	1430.96	1410.88	1392.99	1375.36

120. Annexure-1 and Annexure-2 given hereinafter form part of the order.

121. This order disposes of Petition No. 55/TT/2020 in terms of the above discussions and findings.

sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



Annexure – 1

Combined Asset-I	2014-19	Combined admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations				
	Capital Expenditure as on 1.4.2014				2014-15 (₹ in lakh)	2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Combined Asset-I	Sub Station	3547.21	4368.07	5.28	194.16	209.05	221.00	224.99	227.84
	PLCC	74.06	74.06	6.33	4.69	4.69	4.69	4.69	4.69
	TOTAL	3621.27	4442.13		198.85	213.73	225.69	229.68	232.53
	Average Gross Block (₹ in lakh)					3751.33	4033.27	4259.67	4335.30
Weighted Average Rate of Depreciation (%)					5.30	5.30	5.30	5.30	5.30

Particulars	2014-19	Combined admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations					
	Capital Expenditure as on 1.4.2014				2014-15 (₹ in lakh)	2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)	
Asset-II	Sub Station	2386.76	2629.64	5.28	126.81	131.22	136.79	138.73	138.79	
	TOTAL	2386.76	2629.64		126.81	131.22	136.79	138.73	138.79	
	Average Gross Block (₹ in lakh)					2407.14	2485.19	2590.67	2627.48	2628.56
	Weighted Average Rate of Depreciation (%)					5.28	5.28	5.28	5.28	5.28



Annexure - 2

Asset	2019-24	Combined admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations				
	Capital Expenditure as on 1.4.2019				2019-20 (₹ in lakh)	2020-21 (₹ in lakh)	2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)
Combined Asset	Sub-station	7011.62	7011.62	5.28	370.21	370.21	370.21	370.21	370.21
	PLCC	74.06	74.06	6.33	4.69	4.69	4.69	4.69	4.69
	TOTAL	7085.68	7085.68		374.90	374.90	374.90	374.90	374.90
			Average Gross Block (₹ in lakh)		7085.68	7085.68	7085.68	7085.68	7085.68
			Weighted Average Rate of Depreciation (%)		5.29	5.29	5.29	5.29	5.29

