

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 61/TT/2020

Coram:

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

Date of Order: 08.06.2021

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing-up of transmission tariff of 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 2 No. 400 kV line bays at Fatehpur 400/220 kV Sub-station under "Provision of 400 kV bays at Fatehpur for ATS under Unchahar TPS" in Northern Region.

And in the matter of:

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

....Petitioner

Vs.

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur – 302 005.
2. Ajmer Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur – 302 017 (Rajasthan).
3. Jaipur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur – 302 017 (Rajasthan).
4. Jodhpur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,



Caligiri Road, Malviya Nagar,
Jaipur – 302 017 (Rajasthan).

5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla – 171 004 (Himachal Pradesh).
6. Punjab State Electricity Board,
Thermal Shed Tia, Near 22 Phatak,
Patiala – 147 001 (Punjab).
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula – 134 109 (Haryana).
8. Power Development Department,
Government of Jammu & Kashmir,
Mini Secretariat, Jammu.
9. Uttar Pradesh Power Corporation Ltd.,
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg,
Lucknow – 226 001 (Uttar Pradesh).
10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi – 110 002.
11. BSES Yamuna Power Ltd.,
B-Block, Shakti Kiran, Bldg. (Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi – 110 092.
12. BSES Rajdhani Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi – 110 019.
13. Tata Power Delhi Distribution Ltd.,
NDPL House, Hudson Lines Kingsway Camp,
Delhi – 110 009.
14. Chandigarh Administration,
Sector-9, Chandigarh.
15. Uttarakhand Power Corporation Ltd.,
Urja Bhawan, Kanwali Road,
Dehradun (Uttarakhand).
16. North Central Railway,
Allahabad (Uttar Pradesh).
17. New Delhi Municipal Council,



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

For Respondents : Shri R. B. Sharma, Advocate, BRPL
Ms. Megha Bajpeyi, BRPL

ORDER

The instant petition has been filed by Power Grid Corporation of India Ltd., a deemed transmission licensee, for true-up of the transmission tariff for the period from COD to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and 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 2 No. 400 kV line bays at Fatehpur 400/220 kV Sub-station (hereinafter referred to as “the transmission asset”) under the scheme “Provision of 400 kV bays at Fatehpur for ATS under Unchahar TPS” in Northern Region (hereinafter referred to as the “the transmission scheme”).

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

“1) Approve the actual Additional Capitalisation expenditure incurred during 2014-19 tariff block and proposed add cap in 2019-24 tariff block and initial spares claimed project wise, as per para no – 8.8 and 10.3 above.

2) Approve the true-up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 9.1 and 10.4 above.

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 Hon'ble Commission as provided in Tariff Regulation 2014 and Tariff Regulations 2019, as per para 9.1 and 10.4 above.

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 beneficiaries 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 beneficiaries.

7) Allow the Petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para no 10.11 above.

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

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

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

Background

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

a) The Investment Approval (IA) for implementation of the transmission scheme was accorded by the Board of Directors of the Petitioner vide Memorandum No. C/CP/Fatehpur bays in NR for "Provision of 400 kV bays at Fatehpur for ATS under Unchahar TPS", on 21.4.2015 at an estimated cost of ₹1066 lakh including Interest during Construction (IDC) of ₹52 lakh based on December, 2014 price level.



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

Sub-station

Extension of 765/400/220 kV Sub-station at Fatehpur 400 kV Line bays: 2 Numbers.

c) The entire scope of work as per IA covered under the transmission scheme is completed and is covered in the instant petition.

d) As per IA, the transmission asset under the transmission scheme was scheduled to be executed within 19 months from the date of IA. Details of COD of the transmission asset along with time over-run are as follows:

SCOD	COD	Time over-run
20.11.2016	21.12.2016	31 days

e) The tariff in respect of the transmission asset from its COD to 31.3.2019 was determined by the Commission vide order dated 15.11.2017 in Petition No. 48/TT/2017 as per the 2014 Tariff Regulations and COD of the transmission asset was approved as 21.12.2016. As regards liability of payment of IDC/IEDC, the Commission vide order dated 15.11.2017 in Petition No. 48/TT/2017 held as under:

“26. Thus, there is a delay in actual COD of the instant assets. It is observed that bays were charged on no load conditioned on 1.10.2016 and 29.9.2016 and COD proposed by the petitioner was 2.10.2016. However, as discussed above COD has been approved as 21.12.2016, when the bays were put to regular use, hence the delay in commissioning of assets is not attributable to petitioner since it was ready on 2.10.2016. Therefore, the time taken from 20.11.2016 to 20.12.2016 cannot be attributable to the petitioner. Liability of IDC and IEDC for period 1.12.2016 to 20.12.2016 shall be borne by NTPC since SCOD for NTPC generating unit was 30.11.2016. Liability of IDC and IEDC for period 20.11.2016 to 30.11.2016 shall be as decided in Petition No. 99/MP/2017 as per liability of associated transmission line.”

f) The Petitioner has recovered IDC/IEDC amounting to ₹0.75 lakh pertaining to period from 20.11.2016 to 29.11.2016 from LTTCs of POWERGRID Unchahar Transmission Limited (PUTL) while IDC/IEDC amounting to ₹1.49 lakh pertaining to period from 30.11.2016 to 20.12.2016 has



been recovered from NTPC as per the Commission's order dated 15.11.2017 in Petition No. 48/TT/2017 and order dated 31.5.2018 in Petition No. 99/MP/2017.

g) The Annual Fixed Charges (AFC) approved by the Commission vide order dated 15.11.2017 in Petition No. 48/TT/2017 and the trued-up tariff claimed by the Petitioner in respect of the transmission asset from COD to 31.3.2019 is as follows:

Particulars	(₹ in lakh)		
	2016-17	2017-18	2018-19
AFC approved vide order dated 15.11.2017 in Petition No. 48/TT/2017	67.84	268.93	297.26
AFC Claimed	67.19	271.65	298.20

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition was also published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Uttar Pradesh Power Corporation Ltd. (UPPCL), Respondent No 9, has filed its reply vide affidavit dated 8.6.2020 and has raised issues of grossing up of Return on Equity (RoE), Additional Capital Expenditure (ACE), Initial Spares, license fee, floating rate of interest and security expenses. The Petitioner has filed rejoinder to the reply of UPPCL vide affidavit dated 16.3.2021. BSES Rajdhani Power Ltd. (BRPL) i.e. Respondent No. 12 has also filed its reply vide affidavit dated 23.3.2021 and has raised issues of ACE and accrued IDC, tax paid, refund of tax, grossing-up of RoE, deferred tax liability, adoption of Indian Accounting Standards by the Petitioner, annual truing-up by transmission licensee, security expenses, GST, filing fee and publication expenses. The issues raised by UPPCL



and BRPL and clarifications given by the Petitioner are dealt in the relevant paragraphs of this order.

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

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

8. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 19.11.2019, Petitioner's affidavits dated 28.9.2020, and 23.3.2021, replies of UPPCL and BRPL and Petitioner's rejoinder thereupon.

9. The Commission observes that the Respondents BRPL and UPPCL have been mechanically raising the same issues in several petitions and the Petitioner has been giving the same replies to the issues raised by these Respondents. Most of the issues raised by BRPL and UPPCL have already been dealt with by the Commission in its various order and we consider it unnecessary to deal with the same issues time and again. In view thereof, we have briefly mentioned the issues raised and decision thereon.

10. BRPL has submitted that the Petitioner has adopted the Indian Accounting Standard (IND AS) due to which tariff of the transmission asset has increased. We have considered the submissions of BRPL and have also gone through the record. We observe that BRPL raised the same issue in number of petitions including in Petition No. 136/TT/2020. It was placed before us that the Commission vide order dated 24.1.2021 in Petition No.136/TT/2020 has already held that tariff is decided based on Tariff Regulations and that IND AS has no impact on tariff and findings of



the Commission on this issue raised by BRPL on previous occasions have not been challenged and have attained finality. In view of these facts, the plea raised by BRPL is rejected.

11. BRPL has submitted that in terms of Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and section 94(3) of the Electricity Act, 2003, some consumer association may be asked to represent the consumer's interest in the present case. This issue has also been raised by BRPL in numerous petitions. In terms of Regulations 3(6) and 3(8) of the Central Electricity Regulatory Commission (Procedure for Making of Application for Determination of Tariff, Publication of Application and Other Related Matters) Regulations, 2004, the Petitioner vide affidavit dated 27.12.2019 has carried out the publication of the present tariff application in the newspapers on 6.12.2019 in various languages. A general notice was also published on Commission's website on 12.3.2020. No suggestions/ objections with regard to the present tariff petition was received by the Commission before listing of the present petition for hearing. Accordingly, we are of the view that there is no need to engage any entity/ consumer association as suggested by BRPL to represent the interest of consumers.

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

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

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 101 days)	2017-18	2018-19
Depreciation	9.23	42.88	52.19
Interest on Loan	9.69	40.49	44.11
Return on Equity	10.15	45.49	54.01
Interest on working capital	2.50	9.77	10.47
O & M Expenses	35.62	133.02	137.42
Total	67.19	271.65	298.20



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

(₹ in lakh)			
Particulars	2016-17 (Pro-rata for 101 days)	2017-18	2018-19
O&M Expenses	10.73	11.09	11.45
Maintenance Spares	19.31	19.95	20.61
Receivables	40.47	45.28	49.70
Total	70.51	76.32	81.76
Rate of Interest (%)	12.80	12.80	12.80
Pro-rate Interest on Working Capital	2.50	9.77	10.47

Capital Cost

14. The Commission vide order dated 15.11.2017 in Petition No. 48/TT/2017 approved the capital cost in respect of the transmission asset for 2014-19 tariff period. The details of the same are as follows:

(₹ in lakh)				
Admitted Cost as on COD (after adjustment of IDC & IEDC, initial spares on COD)	Allowed Additional Capital Expenditure			Admitted Cost as on 31.03.2019
	2016-17	2017-18	2018-19	
591.26	84.62	162.62	154.04	992.54

15. The Petitioner vide Auditor's Certificate dated 16.10.2019 has submitted the capital cost incurred up to COD and ACE up to 31.3.2019. The details of approved capital cost, capital cost as on COD, ACE incurred up to 31.3.2019, as claimed by the Petitioner in respect of the transmission asset are as follows:

(₹ in lakh)				
Cost as on COD	Actual Additional Capitalisation			Cost as on 31.3.2019
	2016-17	2017-18	2018-19	
579.09 - (0.75+1.49)*	116.89	166.75	109.68	970.17

*IDC/IEDC has been recovered from LTTCs of PUTL project & NTPC in compliance of Commission direction in Petition No.99/MP/2017 and Petition No. 48/TT/2017.



Interest during Construction (IDC)

16. The Petitioner has claimed IDC in respect of the transmission asset and has submitted Auditor's Certificates in support of the same. The Petitioner has submitted computation of IDC along with year-wise details of the IDC discharged.

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

18. Accordingly, based on the information furnished by the Petitioner, IDC considered is as follows:

(₹ in lakh)				
IDC claimed by Petitioner (as per Auditor Certificate)	Entitled IDC up to SCOD	IDC disallowed as on SCOD due to computation difference	Un discharged portion of entitled IDC as on SCOD	IDC allowed on cash basis as on SCOD
A	B	C=A-B	D	E=B-D
18.48	18.27	0.21	14.53	3.74

Incidental Expenditure during Construction (IEDC)

19. The Petitioner has claimed IEDC of ₹0.13 lakh in respect of the transmission asset and has submitted Auditor's Certificate in support of the same. The Petitioner has also submitted that entire IEDC has been discharged as on COD in respect of the transmission asset. IEDC claimed is within the estimated expenditure of IEDC as indicated in the Abstract Cost Estimate in respect of the transmission asset. Hence, IEDC claimed has been allowed.



Initial Spares

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

*“(d) Transmission System
Transmission line: 1.00%
Transmission sub-station (Green Field): 4.00%
Transmission sub-station (Brown Field): 6.00%
GIS Sub-station: 5.00%”*

21. The Petitioner has claimed the Initial Spares in respect of the transmission asset and prayed to allow them as per actuals. Initial Spares claimed by the Petitioner is as follows:

Particulars	Total plant and machinery cost under Substation excluding IDC/IEDC, Land & civil works (₹ in lakh) (A)	Initial Spares claimed (₹ in lakh) (B)	Ceiling Limit (%) (C)	Allowable Initial Spares worked out
				$D = [(A-B)*C / (100-C)]$ (₹ in lakh)
Sub-station	953.81	63.87	6	56.80

22. UPPCL has submitted that the Initial Spares should be restricted to the ceiling of 6%. In response, the Petitioner has submitted that it has already deducted excess Initial Spares of ₹ 7.07 lakh from ACE during 2018-19.

23. We have considered the submissions of the Petitioner and UPPCL. COD of the transmission asset was 21.12.2016 and cut-off date was 31.3.2019. The capital cost up to the cut-off date has been considered for computation of Initial Spares. The Commission vide order dated 15.11.2017 in Petition No. 48/TT/2017 has restricted Initial Spares in respect of the transmission asset to 6% being a brown sub-station. Excess Initial Spares of ₹7.07 lakh has been deducted from ACE during 2018-19 in line with the Petitioner's claim. The Initial Spares allowed are as follows:



Particulars	Plant & machinery cost up to cut-off date (excluding IDC and IEDC as per Auditor certificate) (A) (₹ in lakh)	Initial Spares claimed (B) (₹ in lakh)	Ceiling Limit (%) (C)	Allowable Initial Spares worked out	Excess Initial Spares (₹ in lakh)	Initial Spares allowed (₹ in lakh)
				D = [(A-B)*C/(100-C)]		
Sub-station	953.81	63.87	6	56.80	7.07	56.80

Capital Cost as on COD

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

Capital cost as on 1.4.2014 or COD whichever is later as per Auditor Certificate	Less: IDC as on COD due to		Less: IEDC disallowed as on COD	Excess Initial Spares	Capital cost considered as on 1.4.2014 COD whichever is later
	Computation difference	Un-discharged			
576.85*	0.21	14.53	0.00	0.00	562.11

*The Petitioner has deducted IDC/ IEDC recovered from LTTCs of PUTL project & NTPC in compliance with the Commission direction in Petition No. 99/MP/2-17 and Petition No. 48/TT/2017

Additional Capital Expenditure (ACE)

25. UPPCL has submitted that ACE against balance and retention payments cannot be verified in the absence of item-wise and year-wise liability flow statement. In response, the Petitioner has submitted that it has submitted the liability flow statement vide affidavit dated 28.9.2020.

26. The Petitioner has claimed ACE as per the Auditor's Certificate in respect of the transmission asset covered in the instant petition as follows:

Additional Capital Expenditure (ACE) 2014-2019 (As per Auditor's Certificate)		
2016-17	2017-18	2018-19
116.89	166.75	109.68



27. The Petitioner has submitted that ACE incurred in respect of the transmission asset is on account of un-discharged liability towards final payment/ withheld payment due to contractual exigencies for work executed with in the cut-off date. ACE for years 2016-17, 2017-18 and 2018-19 for the transmission asset has been claimed under Regulation 14(1)(i) (Un-discharged liabilities) and Regulation 14(1)(ii) (un-executed works) of the 2014 Tariff Regulations.

28. BRPL has submitted that transmission asset has accrued IDC of varying order in the projected ACE and the same may be disallowed as there is no provision for ACE in the 2014 Tariff Regulations.

29. We have considered the submissions of the Petitioner, UPPCL and BRPL. The ACE claimed by the Petitioner is allowed under Regulation 14(1)(i) and (ii) of the 2014 Tariff Regulations. The details of ACE allowed are as follows:

Particulars	ACE		
	2016-17	2017-18	2018-19
ACE to the extent of Balance & Retention Payments and work deferred for execution	116.89	61.90	109.68
ACE to the extent of unexecuted work	0.00	104.85	0.00
Add: IDC Discharged	0.29	14.25	0.00
Add: Un-discharged Initial Spares allowed as ACE	0.00	0.00	-7.07
Total ACE allowed	117.18	181.00	102.61

Capital cost for 2014-19 tariff period

30. Accordingly, the capital cost considered as on 31.3.2019 for 2014-19 tariff period is as follows:

Capital Cost as on COD	ACE 2016-17	ACE 2016-17	ACE 2018-19	Total Capital Cost as on 31.3.2019
562.11	117.18	181.00	102.61	962.90



Cost Over-Run

31. The total completion cost including ACE in respect of transmission asset is ₹962.90 lakh and the approved FR cost is ₹1066 lakh. Therefore, there is no cost over-run in respect of the FR cost.

Time Over-run

32. As per IA dated 21.4.2015, the transmission asset was to be executed within 19 months from the date of IA i.e. by 20.11.2016. The transmission asset was put under commercial operation on 21.12.2016 as against SCOD of 20.11.2016. Hence, there is time over-run of 31 days. The Petitioner has recovered IDC/IEDC pertaining to period from 20.11.2016 to 29.11.2016 from LTTCs of Powergrid Unchahar Transmission Ltd. while IDC/IEDC pertaining to the period from 30.11.2016 to 20.12.2016 was recovered from NTPC as per the Commission's order dated 15.11.2017 in Petition No. 48/TT/2017 and order dated 31.5.2018 in Petition No. 99/MP/2017.

Debt-Equity Ratio

33. The Petitioner has considered debt-equity ratio of 70:30 as on COD and for ACE post-COD. The debt-equity ratio of 70.01:29.97 has been considered for capital cost as on COD and ACE during the 2014-19 period as provided under Regulation 19 of the 2014 Tariff Regulations. The details of debt-equity ratio in respect of the transmission asset as on COD and as on 31.3.2019 are as follows:

Asset	As on COD		As on 31.3.2019	
	Amount (₹ in lakh)	(%)	Amount (₹ in lakh)	(%)
Debt	393.64	70.03	674.20	70.02
Equity	168.47	29.97	288.70	29.98
Total	562.11	100	962.90	100

Depreciation

34. The Gross Block during the 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD) and working of WAROD is given



in Annexure-1 of the 2014 Tariff Regulations. Depreciation for 2014-19 tariff period is trued-up in respect of the transmission asset as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 101 days)	2017-18	2018-19
Opening Gross Block	562.11	679.29	860.29
ACE	117.18	181.00	102.61
Closing Gross Block	679.29	860.29	962.90
Average Gross Block	620.70	769.79	911.59
Weighted Average Rate of Depreciation (WAROD) (%)	5.37	5.37	5.37
Balance useful life at the beginning of the year (Year)	24.00	24.00	23.00
Aggregated Depreciable Value	558.63	692.81	820.43
Remaining Aggregated Depreciable Value	549.40	642.23	720.88
Depreciation during the year	9.23	41.35	48.97

35. Accordingly, depreciation allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017, claimed by the Petitioner in the instant petition and trued-up in the instant order are as follows:

Particulars	(₹ in lakh)		
	2016-17	2017-18	2018-19
Allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017	9.42	40.68	49.18
Claimed by the Petitioner in the instant petition	9.23	42.88	52.19
Allowed after true-up in this order	9.23	41.35	48.97

Interest on Loan (IoL)

36. The Petitioner has claimed weighted average rate of IoL based on actual interest rates for each year during the 2014-19 period. We have considered the submissions of the Petitioner and accordingly calculated IoL based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. IoL has been worked out as follows:

- (i) Gross amount of loan, repayment of installments 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.

37. The details of trued-up IoL allowed in respect of the transmission asset for 2014-19 tariff period is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 101 days)	2017-18	2018-19
Gross Normative Loan	393.64	475.67	602.37
Cumulative Repayments up to Previous Year	0.00	9.23	50.58
Net Loan-Opening	393.64	466.44	551.79
Addition due to ACE	82.02	126.70	71.83
Repayment during the year	9.23	41.35	48.97
Net Loan-Closing	466.44	551.79	574.65
Average Loan	430.04	509.11	563.22
Weighted Average Rate of Interest on Loan (%)	8.144	7.963	7.874
Interest on Loan	9.69	40.54	44.35

38. Accordingly, IoL allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017, claimed by the Petitioner in the instant petition and trued up in the instant order is as follows:

Particulars	(₹ in lakh)		
	2016-17	2017-18	2018-19
Allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017	9.98	40.97	46.35
Claimed by the Petitioner in the instant petition	9.69	40.49	44.11
Allowed after true-up in this order	9.69	40.54	44.35

Return on Equity (RoE)

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

Year	Claimed effective tax (%)	Grossed up RoE [(Base Rate)/(1-t)] (%)
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

40. UPPCL has submitted that capital cost of the transmission asset is ₹562.12 lakh and debt-equity ratio is 70:30. Therefore opening equity is ₹168.60 lakh. Similarly, the opening equity for 2017-18 was ₹203.85 lakh and ₹258.147 lakh for 2018-19. The notional equity on ACE is ₹31.21 lakh for 2016-17, ₹54.30 lakh for 2017-18 and ₹30.78 lakh for 2018-19. The average equity is ₹186.305 lakh for 2016-17, ₹231.00 lakh for 2017-18 and ₹273.45 lakh for 2018-19. UPPCL further submitted that presumptive grossed-up rate of RoE is 19.705% for 2016-17, 19.705% for 2017-18 and 19.758% for 2018-19. The pro-rata RoE for 2016-17 is ₹10.21 lakh, for 2017-18 is ₹45.51 lakh and for 2018-19 is ₹54.05 lakh, which are in close proximity of figures of RoE claimed by the Petitioner. The gross rate of RoE is not based upon the MAT rates approved by the Income Tax Authorities.

41. The Petitioner has submitted that the effective rates of tax considered for 2014-15 and 2015-16 are based on Assessment Orders issued by the Income Tax Authorities for the purpose of grossing up of RoE. The Petitioner has further submitted that the effective rates of tax considered for grossing up of RoE for 2016-17 and 2017-18 are based upon the Income Tax returns filed and for 2018-19 pending filing of ITR during effective tax rate is calculated based the applicable MAT rate (i.e. MAT 18.50% + Surcharge 12.00% + Cess 4%), for the purpose of grossing up of RoE rate. The Petitioner in its affidavit dated 16.3.2021 has submitted that so far it has been granted trued-up tariff for 2014-19 period by the Commission vide order dated 18.4.2020 in Petition No. 247/TT/2019, vide order dated 27.4.2020 in Petition No. 274/TT/2019, vide order dated 23.4.2020 in Petition No. 245/TT/2019 and vide order



dated 16.4.2020 in Petition No. 307/TT/2019 for the transmission assets under the respective petitions wherein the effective tax rate for 2014-19 tariff period was based on notified MAT rates and the same was considered for the purpose of grossing-up of RoE.

42. The Petitioner has submitted that tariff for each of year for 2014-19 tariff period is being determined by the Commission considering the above effective tax percentage to arrive at grossed-up RoE. The Petitioner has further submitted that grossed up RoE (in %) and effective tax rate for 2014-19 tariff period has already been determined by the Commission and requested to allow the differential tariff on account of the trued-up RoE based on effective tax rate calculated on completion of Income Tax assessment/re-assessment for the years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 on receipt of the respective assessment orders, directly from the beneficiaries, on yearly basis as provided in the 2014 Tariff Regulations.

43. BRPL has submitted that the Petitioner has calculated the effective tax rate after grossing up the rate of RoE at the end of every financial year which is not based on actual tax paid. BRPL has also submitted that the Petitioner is required to calculate the effective tax rate as per Regulation 25(1) of the 2014 Tariff Regulations; the base rate of return on equity is required to be grossed up with the effective tax rate and not with MAT as per Regulation 25(2) of the 2014 Tariff Regulations; the transmission licensee should carry out truing up of grossed up rate of RoE as per Regulation 8(8) in accordance with Regulation 25(3) of the 2014 Tariff Regulations; the Petitioner is claiming tax benefits of higher depreciation during initial period under the Income Tax Act, 1961 and also the benefits of the Tax Holiday as per Section 80IA of the IT Act, 1961; benefits under IT Act, 1961 are permissible only in respect of its core services



related to the transmission business; the Petitioner under the IT Act, 1961 has option either to pay the Corporate tax or the Minimum Alternate Tax (MAT); and Regulation 49 of the 2014 Tariff Regulations and Regulation 39 of the 2009 Tariff Regulations restrict the claim of deferred tax amount only to deferred tax liabilities up to 31.3.2009 whenever it will materialize.

44. As regards the submissions of UPPCL that the grossed-up rate of RoE for the period 2017-18 to 2018-19 is not based on the MAT rates approved by the Income Tax Authorities, we note that UPPCL has raised this issue in several petitions and the Commission in its various orders including in Petition No. 136/TT/2020 has already dealt with this issue raised by UPPCL and rejected it. The Commission vide order dated 24.1.2021 in Petition No. 136/TT/2020 observed as follows:

“53. As regards UPPCL’s contention that the grossed up rate of RoE for the period 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 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 the 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 UPPCL.”

45. It was placed before us that the issues raised by BRPL have already been considered by the Commission in orders of various petitions including order dated 31.3.2021 in Petition No. 104/TT/2020 and order dated 31.3.2021 in Petition No. 313/TT/2019. We do not find any merit in the submissions of BRPL to consider them once again here in this petition. The submissions of BRPL on the issue of RoE are rejected.

46. The Petitioner is entitled to RoE as per Regulations 24 and 25 of the 2014 Tariff Regulations as it has submitted necessary documents in support of its claim. The Commission vide order dated 27.4.2020 in Petition No. 274/TT/2019, has arrived at



the effective tax rate for the Petitioner based on the notified MAT rates and the same is as follows:

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

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

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

48. The Petitioner has also requested to allow it to claim the differential tariff on account of the trued-up RoE based on effective rate calculated on completion of Income tax assessment/ re-assessment for 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 on receipt of the respective assessment orders, directly from the beneficiaries, on year to year basis as provided in the Regulation.

49. Accordingly, RoE allowed in respect of the transmission asset is as follows:

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 101 days)	2017-18	2018-19
Opening Equity	168.47	203.62	257.92
Addition due to ACE	35.15	54.30	30.78
Closing Equity	203.62	257.92	288.70
Average Equity	186.04	230.77	273.31
Return on Equity (Base Rate) (%)	15.500	15.500	15.500



Tax Rate applicable (%)	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax)	19.705	19.705	19.758
Return on Equity (Pre-tax)	10.14	45.47	54.00

50. Accordingly, RoE allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017, claimed by the Petitioner in the instant petition and trued up in the instant order is as follows:

(₹ in lakh)			
Particulars	2016-17	2017-18	2018-19
Allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017	10.31	44.55	53.86
Claimed by the Petitioner in the instant petition	10.15	45.49	54.01
Allowed after true-up in this order	10.14	45.47	54.00

Operation & Maintenance Expenses (O&M Expenses)

51. The details of the O&M Expenses allowed in respect of the transmission asset under Regulation 29(4)(a) of the 2014 Tariff Regulations are as follows:

(₹ in lakh)			
Particulars	2016-17 (Pro-rata for 101 days)	2017-18	2018-19
Sub-station bays			
Fatehpur: 2 Numbers of bays at Fatehpur	2	2	2
Norm (₹ lakh/bay)			
400 kV	64.37	66.51	68.71
Total Sub-station O&M Expenses	128.74	133.02	137.42
Total O&M Expenses	35.62	133.02	137.42

52. Accordingly, O&M expenses allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017, claimed by the Petitioner in the instant petition and trued up in the instant order are as follows:

(₹ in lakh)			
Particulars	2016-17	2017-18	2018-19
Allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017	35.62	133.02	137.42
Claimed by the Petitioner in the instant petition	35.62	133.02	137.42
Allowed after true-up in this order	35.62	133.02	137.42



Interest on Working Capital (IWC)

53. The Petitioner is entitled to claim interest on working capital as per Regulation 28(1)(c) of the 2014 Tariff Regulations. The components of the working capital and the Petitioner's entitlement to interest thereon are discussed as follows:

i. Maintenance spares:

Maintenance spares have been worked out based on 15% of Operation and Maintenance Expenses.

ii. O & M Expenses:

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

iii. Receivables:

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

iv. Rate of interest on working capital:

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

54. The trued-up IWC allowed in respect of the transmission asset for 2014-19 tariff period is as follows:

(₹ in lakh)			
Particulars	2016-17(Pro-rata for 101 days)	2017-18	2018-19
O&M Expenses (O&M Expenses for one month)	10.73	11.09	11.45
Maintenance Spares (15% of O&M)	19.31	19.95	20.61
Receivables (Equivalent to two months of annual transmission charges)	40.47	45.02	49.19
Total	70.50	76.06	81.25
Rate of Interest on working capital (%)	12.80	12.80	12.80
Interest of Working Capital	2.50	9.74	10.40



55. Accordingly, IWC allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)			
Particulars	2016-17	2017-18	2018-19
Allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017	2.51	9.71	10.45
As claimed by the Petitioner in the instant petition	2.50	9.77	10.47
Allowed after true up in this order	2.50	9.74	10.40

Annual Fixed Charges for the 2014-19 Tariff Period

56. Accordingly, the annual fixed charges (AFC) in respect of the transmission asset after truing-up of tariff of 2014-19 period are as follows:

(₹ in lakh)			
Particulars	2016-17 (Pro-rata for 101 days)	2017-18	2018-19
Depreciation	9.23	41.35	48.97
Interest on Loan	9.69	40.54	44.35
Return on Equity	10.14	45.47	54.00
Interest on Working Capital	2.50	9.74	10.40
O&M Expenses	35.62	133.02	137.42
Total	67.18	270.12	295.14

57. Accordingly, AFC allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017, claimed by the Petitioner in the instant petition and trued up in the instant order is as follows:

(₹ in lakh)			
Particulars	2016-17	2017-18	2018-19
Allowed vide order dated 15.11.2017 in Petition No. 48/TT/2017	67.84	268.93	297.26
As claimed by the Petitioner in the instant petition	67.19	271.65	298.20
Allowed after true up in this order	67.18	270.12	295.14

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

58. The Petitioner has claimed the following transmission charges in respect of the transmission asset for 2019-24 tariff period:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	55.10	55.10	55.10	55.10	55.10
Interest on Loan	42.98	38.58	34.26	29.94	25.52
Return on Equity	54.23	54.23	54.23	54.23	54.23
Interest on Working Capital	5.17	5.21	5.24	5.29	5.32
Operation and Maintenance	66.00	68.26	70.60	73.02	75.52
Total	223.48	221.38	219.43	217.58	215.69

59. The Petitioner has claimed the following IWC in respect of the transmission asset for 2019-24 tariff period:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses	5.50	5.69	5.88	6.09	6.29
Maintenance Spares	9.90	10.24	10.59	10.95	11.33
Receivables	27.48	27.29	27.05	26.82	26.52
Total	42.88	43.22	43.52	43.86	44.14
Rate of Interest on working capital (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	5.17	5.21	5.24	5.29	5.32

Capital Cost

60. Regulations 19 of the 2019 Tariff Regulations provides as follows:

“19 Capital Cost:

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

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

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

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

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

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



- (e) Capitalised Initial Spares subject to the ceiling rates in accordance with these regulations;
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the asset before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

(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 renovation and modernisation as admitted by this Commission in accordance with these regulations;
- (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
- (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

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



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

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

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

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

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

61. The capital cost has been considered in accordance with Regulation 19(3) of the 2019 Tariff Regulations. The trued-up capital cost of ₹ 962.90 lakh in respect of the transmission asset has been considered as admitted capital cost as on 1.4.2019 for working out tariff for the 2019-24 tariff period

62. The Petitioner has not claimed any ACE for 2019-24 tariff period.

Capital Cost for the 2019-24 Tariff Period

63. Accordingly, the capital cost in respect of the transmission asset considered for 2019-24 tariff period, subject to truing-up is as follows:

(₹ in lakh)		
Capital Cost allowed as on 1.4.2019	ACE allowed for the year 2019-24	Total Estimated Completion Cost up to 31.3.2024
962.90	0.00	962.90



64. The total completion cost including ACE in respect of transmission asset is ₹962.90 lakh and the approved FR cost is ₹1066 lakh. Therefore, there is no cost over-run in respect of the FR cost.

Debt-Equity Ratio

65. 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.”

66. The details of the debt-equity considered for the purpose of computation of tariff for 2019-24 tariff period in respect of the transmission asset is as follows:

Particulars	(₹ in lakh)			
	Capital Cost as on 1.4.2019 (₹ in lakh)	(%)	Capital Cost as on 31.3.2024 (₹ in lakh)	(%)
Debt	674.20	70.02	674.20	70.02
Equity	288.70	29.98	288.70	29.98
Total	962.90	100.00	962.90	100.00

Depreciation

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

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

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

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

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

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



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

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

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

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

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

68. The IT equipment has been considered as part of the Gross Block and depreciated using Weighted Average Rate of Depreciation (WAROD). WAROD has been worked out and given in Annexure-2 of this order after taking into account the depreciation rates of IT and non-IT assets as prescribed in the 2019 Tariff Regulations. The salvage value of IT equipment has been considered nil, i.e. IT asset has been considered as 100 per cent depreciable. Depreciation has been worked out



considering the admitted capital expenditure as on 31.3.2019. Depreciation allowed in respect of the transmission asset is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	962.90	962.90	962.90	962.90	962.90
Addition during 2019-24 due to Projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	962.90	962.90	962.90	962.90	962.90
Average Gross Block	962.90	962.90	962.90	962.90	962.90
Weighted Average Rate of Depreciation (WAROD) (%)	5.72	5.72	5.72	5.72	5.72
Balance Useful life at the beginning of the year (Year)	22.00	21.00	20.00	19.00	18.00
Lapsed life at the beginning of the year (Year)	2.00	3.00	4.00	5.00	6.00
Aggregate Depreciable Value	870.07	870.07	870.07	870.07	870.07
Depreciation during the year	55.10	55.10	55.10	55.10	55.10
Aggregate Cumulative Depreciation	154.65	209.75	264.84	319.94	375.04
Remaining Aggregated Depreciable Value Total	715.42	660.32	605.23	550.13	495.03

Interest on Loan (IoL)

69. 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”.

70. The weighted average rate of IoL has been considered on the basis of the rate prevailing as on 1.4.2019. The Petitioner has prayed that change in interest rate due to floating rate of interest applicable, if any, during the 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 the above, IoL has been allowed in respect of the transmission asset in accordance with Regulation 32 of the 2019 Tariff Regulations as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	201-22	2022-23	2023-24
Gross Normative Loan	674.20	674.20	674.20	674.20	674.20
Cumulative Repayments up to Previous Year	99.55	154.65	209.75	264.84	319.94
Net Loan-Opening	574.65	519.55	464.45	409.35	354.26
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Repayment during the year	55.10	55.10	55.10	55.10	55.10
Net Loan-Closing	519.55	464.45	409.35	354.26	299.16
Average Loan	547.10	492.00	436.90	381.80	326.71
Weighted Average Rate of Interest on Loan (%)	7.923	7.917	7.926	7.937	7.924
Interest on Loan	43.35	38.95	34.63	30.30	25.89

Return on Equity (RoE)

71. Regulations 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:

Rate of pre-tax return on equity = Base rate / (1-t)

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



Illustration-

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

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

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

(a) *Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;*

(b) *Estimated Advance Tax for the year on above is Rs 240 crore;*

(c) *Effective Tax Rate for the year 2019-20 = Rs 240 Crore / Rs 1000 Crore = 24%;*

(d) *Rate of return on equity = 15.50 / (1 - 0.24) = 20.395%.*

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

72. BRPL has submitted that as per Form-3 submitted by the Petitioner, tax to be paid by the Petitioner for 2019-24 tariff period has not been furnished and the same has been left blank and as such RoE may not be grossed up for 2019-24 tariff period. BRPL has submitted that as per Regulation 31(3) of the 2019 Tariff Regulations, it is the statutory duty of the transmission licensee to provide all the documents related to tax payment including the actual tax payment by the Petitioner only on the transmission business in the particular region. BRPL has requested to lay down the procedure for truing-up by the generating companies and the transmission licensees for smooth operation of bill payment.

73. We have considered the submissions of the Petitioner and BRPL. The Petitioner has submitted that MAT rate is applicable to the Petitioner's Company. Accordingly, MAT rate applicable in 2019-20 has been considered for the purpose of RoE for



2019-24 tariff period 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 transmission asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	288.70	288.70	288.70	288.70	288.70
Addition due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	288.70	288.70	288.70	288.70	288.70
Average Equity	288.70	288.70	288.70	288.70	288.70
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (Pre-tax)	18.782	18.782	18.782	18.782	18.782
Return on Equity (Pre-tax)	54.22	54.22	54.22	54.22	54.22

Operation & Maintenance Expenses (O&M Expenses)

74. Regulations 35(3)(a) and Regulation 33(4) of the 2019 Tariff Regulations provides as follows:

“35 Operation and Maintenance Expenses:

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289



Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±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.”

75. The O&M Expenses claimed by the Petitioner in respect of the transmission asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station bays					
Fatehpur: 2 Numbers bays at Fatehpur	2	2	2	2	2
Norm (₹ lakh/bay)					
400 kV	32.15	33.28	34.45	35.66	36.91
Total Sub-station O&M Expenses	64.30	66.56	68.90	71.32	73.82
Communication System					
PLCC (₹ in lakh)	84.85	84.85	84.85	84.85	84.85
Norms (%)					
Communication System	2	2	2	2	2
Total Communication System	1.70	1.70	1.70	1.70	1.70
Total O&M Expenses	66.00	68.26	70.60	73.02	75.52

76. 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 though PLCC is a communication system. Therefore, the Petitioner's claim for separate O&M Expenses for PLCC @2% is not allowed. The relevant portions of the order dated 24.1.2021 in Petition No.126/TT/2020 are extracted as follows:

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

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

106. The principle adopted in this petition that PLCC is part of sub-station and accordingly no separate O&M Expenses is admissible for PLCC equipment in the 2019-24 tariff period under Regulation 35(4) of the 2019 Tariff Regulations shall be applicable in case of all petitions where similar claim is made by the Petitioner. As already mentioned, the Commission, however, on the basis of the claim made by the Petitioner has inadvertently allowed O&M Expenses for PLCC equipment @2% of its original project cost, which is applicable for other “communication system”, for 2019-24 period in 31 petitions given in Annexure-3 of this order. Therefore, the decision in this order shall also be applicable to all the petitions given in Annexure-3. Therefore, PGCIL is directed to bring this decision to the notice of all the stakeholders in the 31 petitions given in Annexure-3 and also make revised claim of O&M Expenses for PLCC as part of the sub-station at the time of truing up of the tariff allowed for 2019-24 period in respective petitions.”

77. O&M Expenses allowed as per norms specified in the 2019 Tariff Regulations in respect of the transmission asset are as follows:



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station bays					
Fatehpur: 2 Numbers bays at Fatehpur	2	2	2	2	2
Norm (₹ lakh/bay)					
400 kV	32.15	33.28	34.45	35.66	36.91
Total Sub-station O&M Expenses	64.30	66.56	68.90	71.32	73.82
Total O&M Expenses	64.30	66.56	68.90	71.32	73.82

Interest on Working Capital (IWC)

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

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

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

(i) Receivables equivalent to 45 days of annual fixed cost;

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

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

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

Provided that in case of 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. Definition -

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



79. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the bank rate as on 1.4.2019.

80. The 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, whereas the rate of interest for 2020-21 onwards has been considered as 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points). The components of the working capital and interest allowed thereon allowed for Instant Asset is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M Expenses for one month)	5.36	5.55	5.74	5.94	6.15
Maintenance Spares (20% of O&M)	9.65	9.98	10.34	10.70	11.07
Receivables (Equivalent to 45 days of annual transmission charges)	27.30	27.08	26.84	26.61	26.30
Total Working Capital	42.31	42.61	42.91	43.25	43.53
Rate of Interest on working capital (%)	12.05	11.25	11.25	11.25	11.25
Interest of Working Capital	5.10	4.79	4.83	4.87	4.90

Annual Fixed Charges for the 2019-24 Tariff Period

81. The transmission charges in respect of the transmission asset for 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	201-22	2022-23	2023-24
Depreciation	55.10	55.10	55.10	55.10	55.10
Interest on Loan	43.35	38.95	34.63	30.30	25.89
Return on Equity	54.22	54.22	54.22	54.22	54.22
Interest on Working Capital	5.10	4.79	4.83	4.87	4.90
Operation and Maintenance	64.30	66.56	68.90	71.32	73.82
Total	222.07	219.62	217.68	215.81	213.93



Filing Fee and Publication Expenses

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

83. BRPL has objected to the claim of filing fee, submitting that the same is at the discretion of the Commission under Regulation 70(1) of the 2019 Tariff Regulations, but exercise of such discretion is a judicial discretion in the adjudication of tariff for which no justification has been given by the Petitioner. BRPL has also submitted that the Commission in its order dated 11.9.2008 in Petition No. 129 of 2005 declined reimbursement of filing fee against the claim of Central Power Sector undertakings.

84. We have considered the submissions of the Petitioner and BRPL. Regulation 70(1) of the 2019 Tariff Regulations provides for reimbursement of filing fees and publication expenses paid by the Petitioner. We are of the view that the Petitioner is 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.

Licensee Fee and RLDC Fees and Charges

85. UPPCL has submitted that license fee is the onus of Petitioner.

86. In response, the Petitioner has submitted the Regulation 70(3) and (4) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 authorize Petitioner to bill and recover licensee fee and RLDC fees and charges, separately from the beneficiaries. License fee is to be reimbursed directly by beneficiaries as per manner specified in Tariff Regulations.



87. We have considered the submissions of the Petitioner and BRPL. The Petitioner shall be entitled for reimbursement of license fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for the 2019-24 tariff period. The Petitioner shall also be entitled for recovery of RLDC fee and charges in accordance with Regulations 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Goods and Services Tax

88. 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 Respondents 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.

89. BRPL has objected to the prayer of the Petitioner regarding GST stating that grant of GST at this stage is not tenable.

90. We have considered the submission of the Petitioner and BRPL and are of the opinion that GST is not levied on transmission service at present and as such the Petitioner's prayer is premature.

Security Expenses

91. The Petitioner has submitted that security expenses in respect of the transmission asset are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential IWC. The Petitioner has requested to consider the actual security expenses incurred during 2018-19 for claiming estimated security expenses for 2019-20 which shall be subject to true up at the end of the year based on the actuals. The Petitioner has submitted



that similar petition for security expenses for 2020-21, 2021-22, 2022-23 and 2023-24 shall be filed on a yearly basis on the basis of the actual expenses of previous year subject to true up at the end of the year on actual expenses. The Petitioner has submitted that difference, if any, between the estimated security expenses and actual security expenses as per the audited accounts may be allowed to be recovered from the beneficiaries on yearly basis.

92. UPPCL has submitted that overall security expenses should be as per the criteria of affordability fixed by annually by the Government. In response, the Petitioner has submitted that as per regulation 35(3)(c) of the 2019 Tariff Regulation, the security expenses for transmission system shall be allowed separately after prudence check.

93. BRPL has submitted that if separate petitions are to be filed for claiming security expenses, then there is no need for IWC as the same is claimed in advance. BRPL also submitted that the Petitioner should clarify the provision of the Tariff Regulations under which such a claim has been made.

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



Capital Spares

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

Sharing of Transmission Charges

96. The commission vide order dated 15.11.2017 in petition no 48/TT/2017 has observed as follows:

"70. Under Regulation 8(8) of Connectivity Regulation, the transmission charges from 21.12.2016 till date of start of LTA shall be borne by NTPC and thereafter the transmission charges shall be considered under POC and the billing collection and disbursement of transmission charges shall be governed by provision of Central Electricity Regulatory Commission (sharing of Interstate Transmission Charges and Losses) Regulations, 2010 amended from time to time"

97. In view of the above, the transmission charges from COD of the transmission system till the date of start of LTA shall be borne by NTPC. Thereafter the billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 or the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, as applicable, as provided in Regulation 43 of the 2014 Tariff Regulations for the 2014-19 tariff period and Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period.

98. To summarize:

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

Particulars	(₹ in lakh)		
	2016-17 (Pro-rata for 101 days)	2017-18	2018-19
AFC	67.18	270.12	295.14



(b) The Annual Fixed Charges allowed in respect of the transmission asset for 2019-24 tariff period is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	222.07	219.62	217.68	215.81	213.93

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

100. This order disposes of Petition No. 61/TT/2020 in terms of above discussions and findings.

sd/-
(Pravas Kumar Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



Petition No.	61-TT-2020
Period	2014-19 True Up

Annexure-1

Asset-I

2014-19	Admitted Capital Cost as on 31.3.2014 or COD whichever is later (₹ in lakh)	Additional Capitalization (₹ in lakh)			Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Additional Depreciation (₹ in lakh)			
		2016-17	2017-18	2018-19			2016-17	2017-18	2018-19	
Capital Expenditure as on COD										
Sub-station	512.86	106.95	134.04	89.58	843.43	5.28	29.90	36.26	42.17	
PLCC	49.25	10.22	15.79	9.57	84.83	6.33	3.44	4.26	5.07	
IT Equipment and Software	0.00	0.00	31.17	3.46	34.63	5.28	0.00	0.82	1.74	
Total	562.11	117.18	181.00	102.61	962.90		33.34	41.35	48.97	
		Average Gross Block (₹ in lakh)						620.70	769.79	911.59
		Weighted Average Rate of Depreciation %						5.37	5.37	5.37



Petition No.:	61-TT-2020
Period	2019-24 Tariff

Annexure – 2

Asset-I	2019-24	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Additional Capitalization (₹ in lakh)	Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation (₹ in lakh)				
	Capital Expenditure as on 1.4.2019		2019-24			2019-20	2020-21	2021-22	2022-23	2023-24
	Sub-station	843.43	0.00	843.43	5.28	44.53	44.53	44.53	44.53	44.53
	PLCC	84.83	0.00	84.83	6.33	5.37	5.37	5.37	5.37	5.37
	IT Equipment and Software	34.63	0.00	34.63	15.00	5.19	5.19	5.19	5.19	5.19
	TOTAL	962.90	0.00	962.90		55.10	55.10	55.10	55.10	55.10
				Average Gross Block (₹ in lakh)		962.90	962.90	962.90	962.90	962.90
				Weighted Average Rate of Depreciation (%)		5.72	5.72	5.72	5.72	5.72

