

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 687/TT/2020

Coram:

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

Date of Order: 28.09.2021

In the matter of:

Approval under Regulation - 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Regulation 9 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 read with sections 62 and 79 of the Electricity Act, 2003 for determination of transmission tariff of 2019-24 tariff period for 400 kV Mandaula-Bawana D/C Transmission Line and 400 kV Ballabhgarh-Bamnauli D/C Transmission Line.

And in the matter of:

Delhi Transco Limited,
Registered Office: Shakti Sadan,
Kotla Road, New Delhi – 110 002.

.....**Petitioner**

Vs

1. Power Grid Corporation of India Limited,
"Saudamini", Plot No. 2, Sector-29,
Gurgaon - 122 001, Haryana.
2. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Vidyut Marg,
Jaipur - 302 005, Rajasthan.
3. Ajmer Vidyut Vitran Nigam Limited,
132 kV GSS RVPNL Sub-Station Building,
Caligiri Road, Malviya Nagar,
Jaipur - 302 017, Rajasthan.



4. Jaipur Vidyut Vitran Nigam Limited,
132 kV GSS RVPNL Sub-Station Building,
Caligiri Road, Malviya Nagar,
Jaipur - 302 017, Rajasthan.
5. Jodhpur Vidyut Vitran Nigam Limited,
132 kV GSS RVPNL Sub-Station Building, Caligiri Road,
Malviya Nagar,
Jaipur - 302 017, Rajasthan.
6. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla - 171 004, Himachal Pradesh.
7. Punjab State Power Corporation Limited,
PSEB Head Office, The Mall,
Patiala - 147 001, Punjab.
8. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula - 134 109, Haryana.
9. Power Development Department,
Government of Jammu & Kashmir,
Civil Secretariat, Jammu - 180 001,
Jammu And Kashmir.
10. Uttar Pradesh Power Corporation Limited,
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226 001, Uttar Pradesh.
11. BSES Yamuna Power Limited,
B-Block, Shakti Kiran Building,
Near Karkardooma Court, 2nd Floor,
New Delhi - 110 092.
12. BSES Rajdhani Power Limited,
BSES Bhawan, Nehru Place,
New Delhi - 110 019.
13. Tata Power Delhi Distribution Limited,
NDPL House, Hudson Lines, Kingsway Camp,
New Delhi - 110 009.
14. Chandigarh Electricity Department,
Chandigarh Administration,



Electricity 'OP' Circle, UT Secretariat,
Sector - 9, Chandigarh - 160 009.

15. Uttarakhand Power Corporation Limited,
Victoria Cross Vijeyta Gabar Singh Urja Bhawan,
Kanwali Road, Balliwala Chowk,
Dehradun - 248 001, Uttarakhand.

16. North Central Railway,
Subedar Ganj Road, Subedar Ganj,
Prayagraj - 211 015, Uttar Pradesh.

17. New Delhi Municipal Council,
Palika Kendra, Parliament Street,
New Delhi - 110 001.

.....Respondents

For Petitioner : Shri Varun Anand, DTL
Shri K. M. Lal, DTL
Shri Y. P. Verma, DTL
Shri Ankur Jain, DTL
Ms. Anjalee Das, DTL
Ms. Neha Gupta, DTL

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

ORDER

The Petitioner, Delhi Transco Limited (DTL) is a Government Company within the meaning of Companies Act, 1956. In exercise of power under sub-section (1) of section 38 of the Electricity Act, 2003, the Government of Delhi declared DTL as the State Transmission Utility (STU) and it being a STU, is deemed to be a transmission licensee under section 14 of the Electricity Act, 2003. DTL being a STU and deemed transmission licensee, it is required to build, maintain and operate a coordinated and economical intra-State transmission system as per Sections 39 and 40 of the Electricity



Act, 2003. This petition has been filed for determination of transmission tariff for 2019-24 tariff period in respect of Asset-1: 400 kV Mandaula-Bawana Double ckt. Transmission Line; and Asset-2: 400 kV Ballabgarh-Bamnauli Double Ckt. Transmission Line (hereinafter referred to as “the transmission assets”) which are intra-State lines and are being used for inter-State transmission of power. Therefore, the tariff for the said two lines, being part of inter-State transmission system, is required to be determined by the Commission in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) read with the provisions of the Electricity Act, 2003.

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

“Approve the Transmission Tariff for the Tariff Block 2019-24 for the Assets covered under this petition, as per Para 6.3 above.

- (1) Allow the Petitioner to recover the carrying cost of Rs. 35.39 Crore for past period tariff approved by CERC from 2011-12 onwards and direct the Central Transmission Utility – Nodal Agency suitably in this regard.*
- (2) 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 under clause 31 of the Tariff Regulations, 2019.*
- (3) Allow the Petitioner to approach Hon'ble Commission for seeking suitable revision in the norms for O&M Expenditure for claiming the impact of wage hike, if any, during period 2019-24.*
- (4) 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.*
- (5) Allow the reimbursement by the beneficiaries of expenditure incurred as fee for filing petition and publication of notices in newspapers in terms of Regulation 70 CERC (Terms and Conditions of Tariff) Regulations, 2019, and other expenditures (if any) in relation to the filing of this petition.*
- (6) 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 / Government / Municipal Authorities shall be allowed to be recovered from the beneficiaries.

(7) Allow the petitioner to raise the bills along with carrying cost from 01.04.2019 onwards."

3. The Petitioner has filed this Petition (earlier Petition No. 218/TT/2013 was filed for 2009-14 tariff period and Petition No. 175/TT/2017 was filed for 2014-19 period and tariff was granted by the Commission) in compliance of the following direction of the Commission vide order dated 14.3.2012 in Petition No. 15/SM/2012:

"5. It has come to the notice of the Central Commission that the some of the owners/developers of the inter-State transmission lines of 132 kV and above in North Eastern Region and 220 kV and above in Northern, Eastern, Western and Southern regions as mentioned in the Annexure to this order have approached the Implementing Agency for including their transmission assets in computation of Point of Connection transmission charges and losses under the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (hereinafter "Sharing Regulations").

6. As a first step towards inclusion of non-ISTS lines in the PoC transmission charges, the Commission proposes to include the transmission lines connecting two States, for computation of PoC transmission charges and losses. However, for the disbursement of transmission charges, tariff for such assets needs to be approved by the Commission in accordance with the provisions of Sharing Regulations. Accordingly, we direct the owners of these inter-State lines to file appropriate application before the Commission for determination of tariff for facilitating disbursement.

7. We direct the respondents to ensure that the tariff petition for determination of tariff is filed by the developers/owners of the transmission line or by State Transmission Utilities where the transmission lines are owned by them in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, by 20.4.2012."

4. The Petitioner has served the petition on the Respondents and notice of this application 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 public in response to the notices published by the Petitioner under Section 64 of the Act. UPPCL, Respondent No. 10 vide its affidavit dated 1.12.2020 filed its reply to the petition and the Petitioner vide affidavit dated 8.3.2021 filed its rejoinder to the reply of



UPPCL. BRPL, Respondent No. 12 filed its reply to the petition accompanied by letter dated 14.6.2021. The Petitioner vide affidavit 28.6.2021 filed rejoinder to the reply of BRPL. The issues raised by UPPCL and BRPL and response thereto by the Petitioner have been discussed in the subsequent portion of this order.

5. The hearing in this matter was held on 15.6.2021 through video conference and order was reserved.

Analysis and Decision

6. 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.

7. This order is issued after taking into consideration the submissions made by the Petitioner in its petition supported by affidavit dated 30.1.2020, reply of UPPCL dated 1.12.2020, reply of BRPL dated 14.6.2021, the Petitioner's rejoinder dated 28.6.2021 to the reply of BRPL and the Petitioner's rejoinder dated 8.3.2021 to the reply filed by UPPCL.

8. The Commission vide its order dated 14.3.2012 in Petition No. 15/SM/2012 identified the following two D/C transmission lines of the Petitioner as inter-State transmission lines:

Sl. No.	Name of the Line	Connecting States	Length in ckt km
1	Mandaula- Bawana 400 kV D/C TL	Uttar Pradesh- Delhi	23.801
2	Bamnauli-Ballabgarh 400 kV D/C TL	Delhi-Haryana	52.803

9. The Commission vide order dated 21.3.2016 in Petition No. 218/TT/2013 allowed the transmission tariff of the transmission assets covered in the present petition for the period from 1.7.2011 to 31.3.2014. Tariff for the aforesaid period in Petition No.



218/TT/2013 claimed by the Petitioner was based on acquisition cost of the transmission assets and the Commission had allowed the tariff on the basis of the same acquisition cost of the transmission assets. The details of the capital cost allowed for 2011-12 to 2013-14 period are as follows:

(₹ in lakh)		
Sl. No.	Name of the Line	Capital Cost allowed vide order dated 21.3.2016 in Petition No. 218/TT/2013
1	Mandaula- Bawana 400 kV D/C Transmission Line	3743.00
2	Bamnauli-Ballabgarh 400 kV D/C Transmission Line	5904.00

10. The details of the tariff allowed for the period from 2011 to 2014 in respect of the transmission assets are as follows:

(₹ in lakh)				
Sl. No.	Assets	2011-12	2012-13	2013-14
1	Asset-1	439.97	581.58	562.36
2	Asset-2	724.87	961.48	931.37

11. The Commission vide its order dated 29.6.2018 in Petition No. 175/TT/2017, allowed the transmission tariff in respect of the transmission assets for 2014-19 period. The capital cost allowed by the Commission vide order dated 29.6.2018 in Petition No. 175/TT/2017 is as follows:

(₹ in lakh)		
Sl. No	Name of the Line	Capital Cost allowed vide order dated 29.6.2018 in Petition No. 175/TT/2017
1	Mandaula-Bawana 400 kV D/C Transmission Line	1124.84
2	Bamnauli-Ballabgarh 400 kV D/C Transmission Line	1963.35

12. The transmission tariff allowed by the Commission vide order dated 29.6.2018 in Petition No. 175/TT/2017 in respect of the transmission assets for 2014-19 period is as follows:



(₹ in lakh)

Sr. No.	Name of Assets	Transmission Tariff approved in order dated 29.06.2018 in Petition No. 175/TT/2017				
		2014-15	2015-16	2016-17	2017-18	2018-19
1	Mandaula- Bawana 400 kV D/C TL	148.54	109.27	108.50	107.76	107.68
2	Bamnauli-Ballabgarh 400 kV D/C TL	279.43	273.93	205.82	204.97	204.17

13. Aggrieved by the order dated 29.6.2018 in Petition No. 175/TT/2017, the Petitioner preferred Review Petition No. 40/RP/2018 submitting that non-consideration of audited acquisition capital cost, non-consideration of tariff computation details already submitted in respect of the transmission assets in the original petition regarding weighted average rate of interest on loan as well as non-consideration of revised income tax rate for 2014-15 to 2018-19 period are errors apparent on the face of record which require modifications. The Commission vide its order dated 29.11.2019 rejected the Review Petition No. 40/RP/2018 observing as under:

“14. The Review Petitioner has submitted the audited acquisition cost in respect of Mandola-Bawana and Bamnauli-Ballabgarh transmission lines along with 2 nos. 400 kV bays each at Ballabgarh and Mandola. However, as pointed out by the Respondents, the “book value” is different from the “acquisition cost”. The Review Petitioner has not submitted the capital cost based on the “book value” and has only submitted the audited acquisition cost of the two transmission lines. Besides the price paid for the assets, additional costs associated with the purchase are also part of the acquisition cost. As the Review Petitioner did not submit the capital cost based on the “book value”, like many other States, we do not find force in the contention of the Review Petitioner that they cannot be equated with other States which have not given details of the capital cost. In the absence of the capital cost based on the “book value”, the Commission, in the case of the Review Petitioner, adopted the methodology used for determination of transmission tariff of the inter-State transmission lines owned by other States, which is based on the capital cost based on the “book value”. We, therefore, do not find any error apparent on record.

Xxxxxx
Xxxxxx
Xxxxxx

18. On re-examination of the weighted average rate of interest on loan allowed by us in the order dated 29.6.2018 in line with the benchmarks as discussed above in the methodology, we find that the rate of interest on normative loan shall be the weighted average rate of interest as derived on the basis of PGCIL’s balance sheet. Thus, we find no error apparent on record requiring us to review the impugned order on this ground.



19. Examining the issue of grossing up of return on equity with the tariff methodology as applied to the present case, we find that under para 6 of the order dated 29.6.2018, grossing up of rate of return on equity with tax rate is being dispensed with in order to avoid complexity of dealing with different effective tax rates for different companies. Thus, we do not find any error apparent on record.

20. For the reasons as mentioned in the foregoing paragraphs, we do not find any error apparent on record and therefore any reason for review of the order dated 29.6.2018. The Review Petition is, therefore, disposed of accordingly.”

14. The Petitioner has filed Appeal being DFR No. 52 of 2020 before the Appellate Tribunal for Electricity (APTEL) against the Commission’s order dated 29.06.2018 in Petition No. 175/TT/2017 and the same is pending adjudication.

15. The instant petition has been filed for determination of transmission tariff for 2019-24 period and the Petitioner has claimed tariff based on the acquisition cost of the transmission assets as was claimed by it in Petition No. 218/TT/2013 for 2011 to 2014 period.

16. The following transmission tariff in respect of the transmission assets is claimed by the Petitioner for 2019-24 tariff period:

(₹ in lakh)

Sr. No.	Name of Assets	Annual Transmission Charges claimed				
		2019-20	2020-21	2021-22	2022-23	2023-24
1	Mandaula- Bawana 400kV D/C TL	606.17	594.08	582.55	571.08	559.61
2	Bamnauli-Ballabgarh 400 kV D/C TL	968.71	968.33	950.46	933.34	916.30

17. UPPCL in its reply has submitted that the Petitioner cannot for claim determination of tariff based upon the capital cost arrived at by apportionment as it was the Petitioner’s duty to collect commercial data of the transmission assets including capital cost and date of commercial operation. The Petitioner has failed to produce the



actual capital cost of the transmission assets and now claims that lower tariff was fixed by the Commission for 2014-19 tariff period. UPPCL has further submitted that the Petitioner cannot submit tariff proposal for 2019-24 period based on the capital cost not admitted or allowed by the Commission in Petition No. 175/TT/2017. UPPCL has also submitted that the petition is not maintainable in its present form and is liable to be dismissed.

18. The Petitioner has submitted that all the details with regard to capital cost including audited capital cost for the transmission assets have been submitted by it in line with the tariff forms as per the 2019 Tariff Regulations. The Petitioner has also submitted that the principle evolved by the Commission vide order dated 19.12.2017 i.e. in Petition No. 88/TT/2017, Petition No. 173/TT/2016 and Petition No. 168/TT/2016 filed by Madhya Pradesh Power Transmission Corporation Limited, Maharashtra State Electricity Transmission Company Ltd and Uttar Pradesh Power Transmission Corporation Limited respectively, relates to the category of cases wherein no information was available including the capital cost, financing cost etc. and the same cannot be applied to the present case as the Petitioner has given all the details of capital cost including acquisition capital cost before the Commission. The Petitioner has submitted that the same capital cost as allowed by the Commission for determination of tariff for the 2011-14 period in respect of the transmission assets has to be used for determination of tariff for the 2019-24 period. The Petitioner has submitted that the petition is maintainable as that the Petitioner has complied with the 2019 Tariff Regulations and the petition is supported by documents.



19. BRPL in its reply has submitted that the Commission vide order dated 21.3.2016 in Petition No. 218/TT/2013 allowed tariff for 2009-14 period in respect of the transmission assets wherein ROE (return on equity) was grossed up with tax and the same was required to be trued up in accordance with Regulation 6(1) of the 2009 Tariff Regulations. BRPL has further submitted that the Petitioner did not file any petition for true up of tariff of the 2009-14 tariff period in respect of the transmission assets. The claim of the Petitioner for grossing up can be allowed only if the Petitioner can submit any document indicating payment of tax on its transmission business. BRPL has submitted that the Commission may re-visit its order dated 21.3.2016 in Petition No. 218/TT/2013 as the Commission did not allow the grossing up of RoE with tax in the said order.

20. In response, the Petitioner has submitted that the order passed in the year 2016 was never challenged by BRPL on the issue of grossing up and the same has now attained finality. BRPL cannot now seek review of the order passed in 2016 in the present pleadings.

21. We have considered the submissions of the Petitioner, UPPCL and BRPL. The tariff in the present petition is computed by adopting the methodology evolved for allowing transmission charges for natural ISTS connecting two States as per the Commission's orders dated 19.12.2017 in Petition No. 88/TT/2017, Petition No. 173/TT/2016 and Petition No. 168/TT/2016 filed by Madhya Pradesh Power Transmission Corporation Limited, Maharashtra State Electricity Transmission Company Ltd and Uttar Pradesh Power Transmission Corporation Limited respectively.



22. In view of adoption of the said methodology by the Commission, the submissions of UPPCL and BRPL are misplaced and are, accordingly, rejected. Further, as regards the submissions of BRPL on the issue of grossing up of RoE on tax is concerned, the same is immaterial as the Commission in the said methodology, has dispensed with the requirement of grossing up of rate of return on equity.

23. The Commission continued to adopt the same methodology in order dated 4.5.2018 in Petition No.112/TT/2017, while granting tariff for ISTS connecting Rajasthan with other States and owned by Rajasthan Rajya Vidyut Prasaran Limited. Subsequently, in other similar petitions also, the Commission has been consistently adopting the same methodology. The Commission derived the benchmark cost on the basis of the transmission lines owned by PGCIL. The useful life of the transmission line was considered as 25 years and for lines more than or equal to 25 years as on 1.4.2014, only O & M Expenses and Interest on Working Capital (IWC) corresponding to the tariff period as per the Tariff Regulations were allowed. For assets put into commercial operation on or after 1.4.2014, tariff has been allowed on the basis of the audited financial capital cost. The relevant portion of the order dated 4.5.2018 in Petition No.112/TT/2017 is extracted as follows:

“13. It is observed that the information submitted by the Petitioner States for computation of transmission charges for the deemed ISTS lines are not uniform, thereby causing divergence in working out the tariff. In some cases, the data related to funding and depreciation was not available and in some cases the assets have already completed, or nearing, their useful life. In most of the petitions, the states have expressed their inability to furnish the audited capital cost of transmission lines as the lines are old. As a result, tariff workings for old assets are ending in skewed results. It is further observed that the YTC figures emerging out by the existing ARR methodology are on the higher side. Considering these facts, we have conceptualized a modified methodology for determining the tariff of the inter-State transmission lines. The methodology is broadly based on the following:



- (a) PGCIL's Annual Report data has been used as the reference data based on which, year wise benchmark cost has been derived.
- (b) Useful life of Transmission Line has been considered as 25 years. Thus, if life is more than or equal to 25 years as on 1.4.2014, only O & M Expenses and Interest on Working Capital (IWC) shall be allowed as per the existing Tariff Regulations, in lieu of complete tariff.
- (c) It is expected that the States do have the audited financial data of recently commissioned (i.e. on or after 1.4.2014) lines.

Tariff Methodology

14. As per the petitions filed by the States, their ISTS lines generally have the configuration of 132 kV, 220 kV or 400 kV. In the absence of an established tariff data base, in order to develop this methodology Annual Reports of PGCIL from 1989-90 to 2013-14 have been referred to. The Annual Reports depict, inter alia, the information pertaining to year wise total length of transmission lines in ckt-km and corresponding Gross Block. This pan-India data represents all the five transmission regions and is a composite mix of parameters like terrains, wind-zones, tower and conductor type etc. +/- 500 kV HVDC and 765 kV and above voltage level AC lines too have come up in between and the data also includes those lines. Voltage level-wise data as on 30.4.2017, obtained from PGCIL indicates that the percentage of 220 kV, 132 kV and 66 kV Transmission Line taken together makes it around 8.3 % of the total line length owned by PGCIL. Further, 132 kV Transmission Lines were established in NER prior to 1990. The Transmission Lines of 220 kV voltage levels were last commissioned in around the year 2004 in NR. Majority of the transmission lines consist of 400 kV which correspond to 66% of the total transmission line lengths. Thus, the 400 kV and lesser voltage levels account for approximately 75% of the transmission lines. Assuming the above referred spread of voltage wise percentages for earlier years too, it can be said that the year wise average Transmission Line cost figures derived from PGCIL data, when further reduced by 25%, fairly represent the average transmission line capital cost corresponding to a 400 kV S/C line. Considering 400 kV S/C transmission line cost as reference cost, analysis of PGCIL's indicative cost data (P/L February, 2017) suggests as follows:

	Reference cost of 400 kV S/C TL	` X lakh/km
1.	400 kV D/C TL	1.39 X
2.	220 kV D/C TL	0.57 X
3.	220 kV S/C TL	0.36 X
4.	132 kV D/C TL	0.43 X
5.	132 kV S/C TL	0.31 X

15. Therefore, for arriving at the costs of transmission lines of other voltage levels and circuit configurations, the average transmission line cost data shall be multiplied by



the factors illustrated in the above table. Lower voltage levels can be treated as part of 132 kV. The above table contemplates Twin Moose conductor which is widely used in State transmission lines.

16. Based on respective year end data, average transmission line length during the year has been worked out. Difference between a particular year's average transmission line length figures and that for the immediate preceding year provides us the transmission line length added during that year. Average gross block corresponding to transmission lines has been divided by the average transmission line length to arrive at the Average Cost of transmission line (in ` lakh per ckt-km) during the year. Thus, considering the year of COD of a State's ISTS line and its ckt-km, its cost would be worked out by relating it to PGCIL's transmission line cost during that year. Although the Commission has relied on PGCIL's Annual Reports, there are certain deviations in the cost data worked out. Year 1989-90 was the year of incorporation for PGCIL, and the transmission assets of NTPC, NHPC, NEEPCO etc. were taken over by PGCIL by mid 1991-92. Thus, as the base data for these years was not available, the corresponding average cost of transmission line could not be worked out. The average cost from 1992-93 onwards up to 2013-14 shows an increasing trend at a CAGR of 5.17%. Therefore, for the years 1989-90, 1990-91 and 1991-92, the average cost of transmission line has been back derived considering the 1992-93 average cost. Similarly, abnormal dip/spikes in the transmission line cost for the years 1996-97, 2001-02 and 2004-05 has been corrected by considering the average values of the transmission line costs in the immediate preceding and succeeding years.

17. While calculating tariff, the following has been considered:

(i) Useful life of the transmission line shall be deemed to be 25 years.

(ii) Prevailing depreciation rates as per the 2014 Tariff Regulations shall be considered uniformly for all the previous tariff periods so as to do away with the Advance Against Depreciation which was in vogue during earlier tariff periods. Notwithstanding the depreciation considered as recovered earlier, for the purpose of these tariff calculations, remaining depreciable value shall be spread over the remaining useful life of the transmission line, where the elapsed life is more than or equal to 12 years.

(iii) Normative debt-equity ratio shall be 70:30.

(iv) Normative loan repayment during a year shall be deemed to be equal to the depreciation allowed for that year.

(v) Rate of Interest on normative loan shall be the weighted average rate of interest as derived on the basis of PGCIL's balance sheet.

(vi) In order to avoid complexity, grossing up of rate of Return on Equity with tax rate is being dispensed with.

(vii) Bank rate as defined in 2014 Tariff Regulations as on 1.4.2014 shall be applied for calculating the rate of interest on working capital on normative basis.

(viii) O & M Expenses as per the 2014 Tariff Regulations shall be considered.

(ix) Where life of transmission line is more than or equal to 25 years as on 1.4.2014, only O & M Expenses and IWC shall be allowed in lieu of complete tariff.



18. Thus, in effect, this is a normative tariff working methodology which shall be applied in those cases where the audited capital cost information is not available. -----”

24. In line with the above-quoted methodology, tariff has been worked out for the transmission assets in the present petition. While O&M Expenses and depreciation rates corresponding to 2019-24 period have been applied, depreciation has been spread over the remaining useful life of the transmission line as the elapsed life is more than 12 years.

25. Before we proceed to determine tariff of the transmission assets, it is necessary to deal with the issue of carrying cost raised by the Petitioner. The Petitioner has submitted that consequent to the order dated 21.3.2016 in Petition No. 218/TT/2013 and order dated 29.6.2018 in Petition No 175/TT/2017, the Petitioner filed tariff petition for true-up of FY 2017-18 before Delhi Electricity Regulatory Commission (DERC) for adjustment of Annual Transmission Charges as approved by the Commission.

26. The Commission vide order dated 21.3.2016 in Petition No 218/TT/2013 had observed as follows:

“14. As the tariff of the above lines have already been included in the ARR of Delhi Transco Limited by the Delhi Electricity Regulatory Commission (DERC), the annual transmission charges allowed in this order shall be adjusted against the ARR approved by DERC.”

27. The Commission vide order dated 29.6.2018 in Petition No 175/TT/2017 had observed the following:

“12. The 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 Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time. Further, the transmission charges allowed in this order shall be adjusted against the ARR approved by the State Commission.”



28. The Petitioner has submitted that DERC vide its order dated 31.7.2019, has adjusted the transmission tariff allowed by this Commission alongwith carrying cost i.e. ₹91.78 crore from FY 2011-12 to FY 2017-18. The relevant extract of DERC's order dated 31.7.2019 is as follows:

“3.51 The Petitioner has indicated tariff of Rs. 59.52 Crores from ISTS lines owned by DTL towards Non-Tariff Income from FY 2011-12 to FY 2017-18 as approved by the Central Electricity Regulatory Commission vide Order dated 21.03.2016 and 29.06.2018. It is observed that this amount of Rs. 59.52 Crore includes Rs. 3.12 Crore of the tariff for FY 2018-19. Accordingly, the Commission has reduced Rs. 3.12 Crore from Rs. 59.52 Crore to arrive for tariff from FY 2011-12 to FY 2017-18. Further, it is observed that the Petitioner has not included the amount of carrying cost as applicable for recovery of the tariff. It is felt that the Petitioner should have collected the amount including the carrying cost. Therefore, the Commission has calculated the tariff of Rs. 91.78 Crores from ISTS lines owned by DTL towards Non-Tariff Income from FY 2011-12 to FY 2017-18. The details are as follows:

Table 20: Commission Approved: Tariff of ISTS lines till FY 2017-18

Sr. No.	Particulars	UOM	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
A	Opening gap	Rs. Cr	0.00	12.32	30.05	49.19	59.38	69.83	80.68
B	Addition during year	Rs. Cr	11.65	15.43	14.94	4.28	3.83	3.14	3.13
C	Closing Balance	Rs. Cr	11.65	27.75	44.99	53.47	63.21	72.97	83.81
D	Carrying Cost	%	11.50	11.50	11.20	11.50	10.80	10.80	9.69
E	Carrying Cost	Rs. Cr	0.67	2.30	4.20	5.90	6.62	7.71	7.97
F	Closing gap	Rs. Cr	12.32	30.05	49.19	59.38	69.83	80.68	91.78

29. Petitioner has further submitted that tariff for the period FY 2011-12 to FY 2017-18 approved by the Commission was only ₹56.39 crore. However, DERC in its order has adjusted the transmission tariff allowed alongwith carrying cost i.e. ₹91.78 crore from FY 2011-12 to FY 2017-18. The Petitioner has submitted that it has incurred loss of ₹35.39 crore. The Petitioner has submitted that it made efforts to claim reimbursement of carrying cost of ₹35.39 crore from CTU, but due to absence of any approved methodology for calculation of interest, carrying cost reimbursement from CTU is difficult. The Petitioner has prayed for issue of appropriate directions in this



matter for recovery of transmission tariff allowed earlier, along with carrying cost as the same has been deducted by DERC in its order dated 31.7.2019.

30. BRPL has submitted that reimbursement of the carrying cost amounting ₹ 35.39 crore deducted by the State Commission and the ground for such deduction has been stated to be owing to absence of any approved methodology of calculation of interest and determination of rate of interest. The contention of the Petitioner is misleading and without any basis. The discrepancy is due to disallowing the grossing up of the tax with ROE by the Commission during the tariff period 2014-19 which was approved vide order 29.06.2018 in Petition No. 175/TT/2017. Accordingly, the contention of the Petitioner on this issue is liable to be rejected by the Commission.

31. In response, the Petitioner has submitted that BRPL is incorrectly correlating the issue of non-reimbursement of carrying cost with the disallowance of grossing up of tax with ROE. The Petitioner has submitted that transmission tariff of the transmission assets covered in Petition No. 218/TT/2013 and Petition No. 175/TT/2017 for the period FY 2011-12 to FY 2017-18 as approved by the Commission was only ₹56.39 crore. DERC in its order dated 31.7.2019 in Petition No. 13/2019 has adjusted the transmission tariff allowed by the Commission along with carrying cost i.e. ₹91.78 crore from FY 2011-12 to FY 2017-18 which includes carrying cost of ₹35.39 crore. On account of approach of DERC for deduction of carrying cost as aforesaid, the Petitioner had to suffer an additional loss of ₹35.39 crore.

32. We have considered the submissions of the Petitioner and BRPL carefully. We are not inclined to accept the contentions of the Petitioner with respect to carrying cost.



The 2009 Tariff Regulations or the 2014 Tariff Regulations have no such provision for reimbursement of carrying cost as claimed by the Petitioner. Therefore, the carrying cost as claimed by the petitioner is not allowed.

33. BRPL has submitted that in terms of Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 read with Section 94(3) of the Electricity Act, 2003, any association/ forum of consumers may be permitted to participate in the proceedings to represent the interest of consumers in the present matter.

34. The Petitioner vide its letter dated 17.3.2020 has annexed the copy of publication of notice in the newspapers wherein details of claimed transmission assets for 2019-24 period have been given. No objection from any stakeholder in response to the publication was received by the Commission. Accordingly, we are of the view that there is no need of engagement of any consumer association in the present case.

35. In the instant petition, the Petitioner has claimed tariff in respect of the following two transmission lines:

Sl. No.	Name of the Line	S/C or D/C	Number of Sub-Conductors	Voltage Level	Length of Line (Ckt. km)	Number of Bays	COD**
1	Mandaula – Bawana Transmission Line	D/C	Four	400 kV	23.801	0	1.7.2002
2	Ballabgarh – Bamnauti Transmission Line	D/C	Four	400 kV	52.803	0	10.3.2004

** Vide the earlier order dated 29.6.2018 in Petition No 175/TT/2017, the Commission accepted the date of acquisition of the transmission assets as the CODs.



36. It is clear from the above table that both the transmission assets are yet to complete their twenty five years of useful life and they have completed life of 16 years and 15 years respectively as on 1.4.2019. Therefore, as per the afore-mentioned methodology developed by the Commission in order dated 4.5.2018 in Petition No.112/TT/2017, transmission tariff has been worked out for the transmission assets of the Petitioner in the following paragraphs.

37. The annual transmission charges allowed for the transmission assets are:

Asset (1): 400 kV D/C Mandaula- Bawana transmission line:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	23.05	23.05	23.05	23.05	23.05
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	52.30	52.30	52.30	52.30	52.30
IWC	1.82	1.72	1.63	1.65	1.67
O & M Expenses	15.73	16.28	16.85	17.44	18.05
Total	92.90	93.36	93.83	94.44	95.07

Asset (2): 400 kV D/C Bamnauli- Ballabgarh transmission line:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	40.23	40.23	40.23	40.23	40.23
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	91.30	91.30	91.30	91.30	91.30
IWC	3.50	3.32	3.14	3.19	3.24
O & M Expenses	34.90	36.11	37.38	38.70	40.05
Total	169.93	170.96	172.05	173.42	174.82

Filing Fee and Publication Expenses



38. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 70 of the 2019 Tariff Regulations. The petitioner shall be entitled for reimbursement of publication expenses incurred, if any, and the filing fee in connection with the present petition, directly from the beneficiaries on pro-rata basis in accordance with clause (1) of Regulation 70 of the 2019 Tariff Regulations.

Service Tax

39. The Petitioner has sought to recover service tax on transmission charges separately from the respondents, if at any time service tax on transmission is withdrawn from negative list in future. Service tax is not levied on transmission service. Further, service tax is subsumed by GST. Hence, the Petitioner's prayer has become infructuous.

Goods and Services Tax

40. The Petitioner has prayed for reimbursement of tax, if any, on account of implementation of GST. Since GST is not levied on transmission service at present and as such we are of the view that Petitioner's prayer is premature.

Sharing of Transmission Charges

41. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the provisions of the 2010 Sharing Regulations. However, with effect from 1.11.2020, the 2010 Sharing Regulations has been repealed and sharing of transmission charges is governed by the provisions of the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the



provisions of respective Tariff Regulations and shall be recovered from the concerned DICs through Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations. 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.

42. This order disposes of Petition No. 687/TT/2020 in terms of the above discussions and findings.

sd/-
(P.K. Singh)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson

