

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 708/TT/2020

Coram:

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

Date of Order: 31.10.2021

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing up of transmission tariff of 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff for 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for **Asset-I:** Replacement of 1X100 MVA, 220/132 kV ICT-II by 1X200 MVA, 220/132 kV ICT-II at Raebareli Sub-station, **Asset-II:** Replacement of 1X100 MVA, 220/132 kV ICT-III by 1X200MVA, 220/132 kV ICT-III at Raebareli Sub-station under "Augmentation of Transformation Capacity at Raebareli and Sitarganj 220/132 kV Sub-stations" in the Northern Region.

And in the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No-2,
Sector-29, Gurgaon-122 001 (Haryana).

.....Petitioner

Versus

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Vidyut Marg,
Jaipur-302005 (Rajasthan).
2. Ajmer Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub-Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
3. Jaipur Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).
4. Jodhpur Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub-station Building,



Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).

5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171004 (Himachal Pradesh).
6. Punjab State Electricity Board,
Thermal Shed Tia,
Near 22 Phatak,
Patiala-147001 (Punjab).
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula-134109 (Haryana).
8. Power Development Department,
Government of Jammu & Kashmir,
Mini Secretariat, Jammu.
9. Uttar Pradesh Power Corporation Limited,
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226001 (Uttar Pradesh).
10. Delhi Transco Limited,
Shakti Sadan, Kotla Road,
New Delhi-110002.
11. BSES Yamuna Power Limited,
B-Block, Shakti Kiran, Building. (Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi-110092.
12. BSES Rajdhani Power Limited,
BSES Bhawan, Nehru Place,
New Delhi-110019.
13. Tata Power Delhi Distribution Limited,
NDPL house, Hudson Lines Kingsway Camp,
Delhi-110009.
14. Chandigarh Administration,
Sector-9, Chandigarh.
15. Uttarakhand Power Corporation Limited,
Urja Bhawan, Kanwali Road,
Dehradun (Uttarakhand).



16. North Central Railway,
Allahabad (Uttar Pradesh).

17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110002.

...Respondent(s)

For Petitioner: Shri S.S. Raju, PGCIL
Shri D.K. Biswal, PGCIL
Shri Ved Prakash Rastogi, PGCIL
Shri Amit Yadav, PGCIL

For Respondents: None

ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, seeking truing up of tariff 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 for determination of tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the following transmission assets under “Augmentation of Transformation Capacity at Raebareli and Sitarganj 220/132 kV Sub-stations” (hereinafter referred to as “the transmission system”) in the Northern Region:

Asset-I: Replacement of 1X100 MVA, 220/132 kV ICT-II by 1X200 MVA, 220/132 kV ICT-II at Raebareli Sub-station; and

Asset-II: Replacement of 1X100 MVA, 220/132 kV ICT-III by 1X200 MVA, 220/132 kV ICT-III at Raebareli Sub-station



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

“1) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 8 and 9 above.

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 in Tariff Regulation 2014 and Tariff regulations 2019 as per para 8 and 9 above for respective block.

3) 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.

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

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

6) 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 9.10 above.

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

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

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

Background

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

a) The Investment Approval (IA) for implementation of the transmission system was accorded by the Chairman and Managing Director of the Petitioner company as per the delegation of powers accorded by the Board of Directors of the Petitioner Company vide Memorandum dated 24.3.2017 at an estimated cost



of ₹2917.00 lakh including an IDC of ₹179.00 lakh (based on December 2016 price level).

b) The transmission system was scheduled to be commissioned within 24 months from the date of IA. Therefore, the scheduled date of commissioning of the transmission system was 20.3.2019.

c) The scope of the system strengthening scheme in NR was discussed and agreed in the 37th Standing Committee meeting of Transmission Planning of NR held on 20.1.2016 and in 39th Standing Committee Meetings held on 29-30th May 2017 and the scheme was approved in 38th NRPC meeting held on 25.10.2016. The details of the transmission elements covered under the transmission system are as follows:

Sub-stations:

- i. Replacement of 2x100, 220/132 kV ICTs by 2x200 MVA, 220/132 kV ICTs at Raebareli Sub-station.
- ii. Extension of 220/132 kV Sitarganj Sub-station

200 kV

100MVA 220/132 kV transformer : 1 Number
ICT Bays : 1 Number

132 kV

ICT Bays : 1 Number

d) All elements of the transmission system are not covered under the instant petition. The details of the transmission assets under the transmission system is as follows:

Name of Asset	COD	Remarks
Asset-I	19.2.2018	Covered under the instant petition
Asset-II	1.12.2017	Earlier covered under order dated 12.12.2018 in Petition No. 160/TT/2018
Extension of Sitarganj 220/132 kV Sub-station for installation of replaced 100 MVA, 220/132 kV ICT from Raebareli Sub-station at Sitarganj along with associated bays		Put into commercial operation in 2019-24 tariff period and tariff for the same has been claimed in separate petition.



The dates of commercial operation (COD) and time over-run in respect of the transmission assets covered in the instant petition are as follows:

Particulars	Scheduled date of commercial operation (SCOD)	Date of commercial operation (COD)	Time over-run
Asset-I	20.3.2019	19.2.2018	Nil
Asset-II	20.3.2019	1.12.2017	Nil

e) The transmission tariff in respect of the transmission assets from COD to 31.3.2019 was allowed *vide* order dated 12.12.2018 in Petition No. 160/TT/2018.

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

5. The Petitioner has served the petition on the Respondents and notice of this petition has been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. Uttar Pradesh Power Corporation Limited (UPPCL), Respondent No. 9, has filed its reply *vide* affidavit dated 2.3.2021. However, UPPCL has filed a reply in the instant petition pertaining to the assets covered in Petition No. 273/TT/2020. Therefore, the same has not been considered in the instant order.

6. The hearing in this matter was held on 6.7.2021 through video conference and the order was reserved.

7. This order is issued considering the submissions made by the Petitioner in the petition *vide* affidavit dated 23.1.2020 and affidavits dated 19.2.2021 and 2.7.2021.



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

Truing Up of Annual Fixed Charges of 2014-19 Tariff Period

9. The Petitioner has claimed the following trued-up transmission charges in respect of the transmission assets from COD to 31.3.2019:

(₹ in lakh)

Particulars	Asset-I		Asset-II	
	2017-18 (pro-rata 41 days)	2018-19	2017-18 (pro-rata 121 days)	2018-19
Depreciation	4.57	43.97	12.55	44.30
Interest on Loan	4.67	43.27	11.95	40.95
Return on Equity	5.12	49.36	14.05	49.73
O&M Expenses	0.00	0.00	0.00	0.00
Interest on Working Capital	0.31	2.93	0.83	2.90
Total	14.67	139.53	39.38	137.88

The Petitioner has claimed the following Interest on Working Capital (IWC) in respect of the transmission assets for the period from COD to 31.3.2019:

(₹ in lakh)

Particulars	Asset-I		Asset-II	
	2017-18 (pro-rata 41 days)	2018-19	2017-18 (pro-rata 121 days)	2018-19
O&M Expenses	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00
Receivables	21.76	23.26	19.80	22.98
Total Working Capital	21.76	23.26	19.80	22.98
Rate of Interest (in %)	12.60	12.60	12.60	12.60
Interest on Working Capital	0.31	2.93	0.83	2.90

Capital Cost

10. The capital cost of the transmission assets has been calculated in accordance with Regulation 9(3) of the 2014 Tariff Regulations.



11. The Commission *vide* order dated 12.12.2018 in Petition No. 160/TT/2018 had allowed the transmission tariff in respect of the transmission assets for 2014-19 period based on the following admitted capital cost as on COD and projected Additional Capital Expenditure (ACE):

Particulars	Apportioned approved cost as per FR	Capital Cost as on COD	ACE during 2014-19		Capital Cost as on 31.3.2019
			2017-18	2018-19	
					(₹ in lakh)
Asset-I	1193.50	371.28**	23.95	207.28	602.51
Asset-II	1193.50	250.73**	103.36	256.45	610.54

**After deduction of accrual IDC, Excess Initial Spares and de-capitalization of 100 MVA ICT at Raibareilly Sub-station.

12. The Petitioner *vide* Auditor's Certificate has claimed capital cost incurred up to COD and actual ACE up to 31.3.2019 in respect of the transmission assets as follows:

Particulars	Apportioned approved cost	Capital Cost as on COD	ACE during 2014-19		Capital Cost as on 31.3.2019
			2017-18	2018-19	
					(₹ in lakh)
Asset-I	1193.50	763.73	28.96	87.97	880.66
Asset-II	1193.50	646.83	160.81	73.01	880.65

Cost over-run

13. The estimated completion cost as on 31.3.2019 is within the approved capital cost against the apportioned approved cost as per F.R. in respect of the transmission assets. Therefore, there is no cost over-run.

Time over-run

14. SCOD of the transmission assets was 20.3.2019 as per IA and the Asset-I was put under commercial operation on 19.2.2018 while Asset-II was put under commercial operation on 1.12.2017. Hence, there is no time-over-run.



Interest during construction (IDC) and Incidental expenditure during construction (IEDC)

15. The Petitioner has claimed IDC in respect of the transmission assets and has submitted the statement showing IDC claim, discharge of IDC liability as on COD and thereafter as follows:

(₹ in lakh)

Particulars	IDC as per Auditor's Certificate	IDC discharged up to COD	IDC discharged	Total
			2018-19	
Asset-I	7.82	0.00	7.82	7.82
Asset-II	10.18	0.00	10.18	10.18

16. IDC is worked out based on the details given in the submissions by the Petitioner. Further, the loan amount as on COD has been mentioned in Form-6 and Form-9C. The allowable IDC has been worked out based on the information available on record and relying upon the loan amount as per Tariff Form-9C. IDC claimed and considered as on COD and summary of discharge of IDC liability up to COD and thereafter for the purpose of tariff determination is as follows:

(₹ in lakh)

Particulars	IDC as per Auditor's Certificate	IDC disallowed due to computational difference	IDC allowed in the instant order	IDC discharged upto COD	IDC discharged
					2018-19
Asset-I	7.82	0.08	7.74	0.00	7.74
Asset-II	10.18	0.16	10.02	0.00	10.02

17. The Petitioner has claimed IEDC in respect of the transmission assets as per the Auditor's Certificate. Further, the Petitioner has submitted that the entire IEDC mentioned in the Auditor's Certificate is on cash basis and was paid upto COD.

18. IEDC allowed as on COD for the purpose of tariff determination is as follows:



(₹ in lakh)

Particulars	IEDC as per Auditor's Certificate (A)	IEDC allowed (B)
Asset-I	8.34	8.34
Asset-II	10.00	10.00

Initial Spares

19. Regulation 13(d) of the 2014 Tariff Regulations provides that Initial Spares shall be capitalized as a percentage of plant and machinery cost up to 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%”*

20. Initial Spares claimed by the Petitioner are as follows:

(₹ in lakh)

Asset	Particulars	Plant & Machinery Cost (A) (₹ in lakh)	Initial Spares Claimed (B) (₹ in lakh)	Ceiling Limit (%) (C)	Initial Spares Worked out (₹ in lakh)	Excess Initial Spares (₹ in lakh)
					$D = [(A-B)*C / (100-C)]$	
Asset-I	Brownfield Sub-station	963.32	37.84	6.00	59.07	0.00
Asset-II	Brownfield Sub-station	963.32	37.84	6.00	59.07	0.00
TOTAL		1926.64	75.68		118.15	0.00

21. Based on the information available on record, Initial Spares in respect of the transmission assets are allowed as per respective percentage of the Plant and Machinery Cost as on cut-off date on individual basis. Initial Spares allowed in respect of the transmission assets are as follows:



Assets	Particulars	Estimated Completion Cost (A)	Initial Spares Claimed (B)	Ceiling Limit (in %) (C)	Initial Spares Worked out	Excess Initial Spares	Initial Spares allowed (₹ in lakh)
					$D = \frac{[(A-B)*C}{(100-C)}$		
Asset-I	Brownfield Sub-station	963.32	37.84	6.00	59.07	0.00	37.84
Asset-II	Brownfield Sub-station	963.32	37.84	6.00	59.07	0.00	37.84

De-capitalisation

22. The Commission vide order dated 12.12.2018 in Petition No. 160/TT/2018 had decapitalised the amount of ₹376.45 lakh and ₹372.96 lakh from Asset-I and Asset-II respectively. The de-capitalisation was in respect of replacement of the 2x100 MVA, 220/132 kV ICTs at Raebareli sub-station with higher capacity ICTs of 2x200 MVA. The relevant portion of the order dated 12.12.2018 in Petition No. 160/TT/2018 is as follows:

“34. We have examined the matter. As stated earlier, the Petitioner has submitted the statement of de-capitalization. The Petitioner has replaced the 2 x 100 MVA ICTs at Raebareli S/S with higher capacity of 2 x 200 MVA ICTs. One replaced ICT is to be installed at Sitarganj (Powergrid) sub-station and the other is to be used a regional spare. In case of shifting of assets from one transmission project to another transmission project, we are of the view that the replaced asset should be de-capitalized in the books of the account of the transmission system from where it is transferred and should be capitalised in the books of accounts of the transmission system where it is shifted. Hence, the original book values of Asset-I and Asset-II i.e., `376.45 lakh and `372.96 lakh respectively, is being taken out from the capital costs on COD in the present petition. This approach is in harmony with the decisions involving similar issues already taken up vide Commission’s Orders dated 28.9.2017 in Petition No 195/TT/2016, Order dated 22.11.2017 in Petition No 208/TT/2016, and Order dated 31.10.2017 in Petition No 200/TT/2016.”

23. The Petitioner in the instant petition has submitted that 2x100 MVA ICTs at Raebareli Sub-station (replaced/ shifted ICT) which were earlier covered under Unchahar-II Transmission System in Petition No. 428/TT/2014, shall be utilised in the following manner as agreed in the relevant SCM and RPC of the Northern Region:



Asset	Utilization
1x100 MVA ICT at Raebareli pertains to Asset-I	Shall be installed at Sitarganj 220/132kV Sub-station
1x100 MVA ICT at Raebareli pertains to Asset-II	Shall be utilized as Regional Spare.

24. The Petitioner has further submitted that the Gross Block of replaced/ shifted 1x100 MVA ICT at Raebareli sub-station pertaining to Asset-I is being de-capitalized in Unchahar-III Transmission System in Petition No. 119/TT/2020. Further, de-capitalization of 1x100 MVA ICT at Raebareli sub-station pertaining to Asset-II is not applicable. Therefore, de-capitalization of replaced ICTs is not being done in the instant petition and the transmission tariff with respect of Asset-I and Asset-II is being claimed without carrying out de-capitalization.

25. Regarding shifting of ICTs de-capitalized from Unchahar-III Transmission System, the Petitioner during the hearing held on 6.7.2021, has submitted that one ICT was shifted to Sitarganj and its re-capitalisation has been claimed in Petition No. 273/TT/2020 and the second ICT was earlier supposed to be used as regional spare as per the recommendations of RPC and SCM but later it was shifted to Nepal and no tariff has been claimed in respect of it in the instant petition.

26. We have considered the submissions of the Petitioner. The Commission vide order dated 17.10.2021 in Petition No. 119/TT/2020 (filed for truing up of tariff for 2014-19 period allowed for Unchahar-III Transmission System in Petition No. 428/TT/2014) has already dealt with de-capitalisation of replaced 2x100 MVA ICTs at Raebareli Sub-station. The relevant portion of the order dated 17.10.2021 in Petition No. 119/TT/2020 is extracted as follows:

“39. The augmentation of 100 MVA ICT to 200 MVA ICT was done under project “Augmentation of Transformation Capacity at Raebareli & Sitarganj 220/ 132 kV Sub-



station". Its tariff was determined vide order dated 12.12.2018 in Petition No. 160/TT/2018 and truing-up of its tariff is covered under Petition No. 708/TT/2020 which deals with the truing up of transmission tariff for 2014-19 period. Further existing bay (for 100 MVA ICTs) of present project is being used with augmented 200 MVA ICTs and, therefore, cost of bays has not been claimed by the Petitioner in Petition No. 708/TT/2020. Thus, O&M Expenses of ICT bays have been claimed by the Petitioner in the instant petition and not in Petition No. 708/TT/2020.

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44. We have considered the submissions of the Petitioner, UPPCL and BRPL. The Petitioner in the course of hearing the matter on 31.3.2021 has prayed for decapitalization of ICT-III which was earlier agreed to be utilized as Regional Spare, but later on, it was commissioned at Tanakpur Sub-station for utilization by Nepal Electricity Authority.

45. The actual date of removal of 100 MVA, 220/132 kV ICT-III at Raibareilly substation is on 5.11.2017 and the Petitioner has decapitalized ₹372.96 lakh in respect of this ICT. The actual date of removal of 100 MVA, 220/132 kV ICT-II is 25.1.2018 and the Petitioner has decapitalized ₹376.45 lakh in respect of this ICT. Regulation 9(6) of the 2014 Tariff Regulations, inter alia, provides that the assets not in use or assets de-capitalised shall be removed from the capital cost of the existing and new projects.

46. The de-capitalization has been considered as per the following details:

(₹ in lakh)

Work/ equipment proposed to be decapitalized	Year of capitalization of asset/ equipment being decapitalized	Original Book value of the asset being decapitalized	Debt: Equity Ratio at the time of capitalisation		Cumulative depreciation corresponding to decapitalization	Cumulative repayment of loan corresponding to decapitalization	Actual Date of Removal
1x100 MVA, 220/132 kV ICT-II at Raebareli	2007-08 (1.11.2007)	376.45	70.01	29.99	196.62	196.62	25.1.2018
1x100 MVA, 220/132 kV ICT-III at Raebareli	2007-08 (1.8.2007)	372.96	70.01	29.99	193.37	193.37	5.11.2017

27. Since the replaced 2x100 MVA ICTs at Raebareli Sub-station has already been de-capitalised in Petition No. 119/TT/2020, no further de-capitalisation is required to be carried out in the instant petition. Accordingly, the details of capital cost as on COD approved in the instant order is as follows:



(₹ in lakh)

Particulars	Capital Cost claimed as on COD	IDC disallowed due to computational difference	Un-discharged IDC as on COD	Capital Cost allowed as on COD
1	2	3	4	5=2-3-4
Asset-I	763.73	0.08	7.74	755.91
Asset-II	646.83	0.16	10.02	636.65

Additional Capital Expenditure (“ACE”)

28. The Commission *vide* order dated 12.12.2018 in Petition No. 160/TT/2018 had allowed ACE of ₹231.23 lakh and ₹359.81 lakh in case of Asset-I and Asset-II respectively for 2014-19 tariff period.

29. The Petitioner has claimed ACE based on actual expenditure as follows:

(₹ in lakh)

Particulars	2017-18	2018-19	Total
Asset-I	28.96	95.79**	124.75
Asset-II	160.81	83.19**	244.00

**Including IDC discharged.

30. The Petitioner has submitted that ACE claimed for 2014-19 tariff period is on account of balance and retention payments due to undischarged liability for works executed within the cut-off date and work deferred for execution. The Petitioner has submitted that ACE for 2014-19 tariff period has been claimed in accordance with Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations.

31. We have considered the submissions of the Petitioner. ACE claimed by the Petitioner has been allowed under Regulation 14(1)(i) and 14(1)(ii) of the 2014 Tariff Regulations on account of balance and retention payments due to undischarged liability for works executed within the cut-off date and work deferred for execution. The entitled un-discharged IDC liability as on COD has been allowed as ACE during the



year of its discharge. ACE allowed for 2014-19 tariff period in respect of the transmission assets covered in the instant petition is as follows:

(₹ in lakh)

Asset	Particulars	ACE allowed during	
		2017-18	2018-19
Asset-I	ACE	28.96	87.97
	IDC Discharged	0.00	7.74
	Total	28.96	95.71
Asset-II	ACE	160.81	73.01
	IDC Discharged	0.00	10.02
	Total	160.81	83.03

32. Accordingly, capital cost considered for 2014-19 tariff period is as follows:

(₹ in lakh)

Particulars	Apportioned Approved Cost	Capital Cost (as on COD)	ACE		Capital Cost (as on 31.3.2019)
			2017-18	2018-19	
Asset-I	1193.50	755.91	28.96	95.71	880.58
Asset-II	1193.50	636.65	160.81	83.03	880.49

Debt-Equity ratio

33. The Petitioner has claimed debt-equity ratio of 70:30 as on COD. Debt-equity ratio has been considered in accordance with Regulation 19 of the 2014 Tariff Regulations. Debt-equity ratio of 70:30 has been considered for ACE allowed during 2014-19 period in accordance with Regulation 19(3) of the 2014 Tariff Regulations. The details of the debt-equity as on COD and on 31.3.2019 in respect of the transmission assets considered for the purpose of truing up of tariff for 2014-19 period is as follows:

Asset-I	Capital Cost (as on COD)		Capital Cost (as on 31.3.2019)	
	Amount (₹ in lakh)	(in %)	Amount (₹ in lakh)	(in %)
Debt	529.14	70.00	616.41	70.00
Equity	226.77	30.00	264.18	30.00
Total	755.91	100.00	880.58	100.00



Asset-II	Capital Cost (as on COD)		Capital Cost (as on 31.3.2019)	
	Amount (₹ in lakh)	(in %)	Amount (₹ in lakh)	(in %)
Debt	445.66	70.00	616.35	70.00
Equity	191.00	30.00	264.15	30.00
Total	636.65	100.00	880.49	100.00

Depreciation

34. The Gross Block during 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD at Annexure-I has been worked out after taking into account the depreciation rates of asset as prescribed in the 2014 Tariff Regulations. Asset-wise trued-up depreciation allowed is as follows:

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Depreciation		
Opening Gross Block	755.91	784.87
ACE	28.96	95.71
Closing Gross Block	784.87	880.58
Average Gross Block	770.39	832.73
Weighted Average Rate of Depreciation (in %)	5.28	5.28
Balance useful life at the beginning of the year (Year)	25	25
Lapsed Life at the beginning of the year (Year)	0	0
Aggregated Depreciable Value	693.35	749.45
Depreciation during the year	4.57	43.97
Aggregate Cumulative Depreciation at the end of the year	4.57	48.54
Remaining Aggregate Depreciable Value at the end of year	688.78	700.92

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Depreciation		
Opening Gross Block	636.65	797.46
ACE	160.81	83.03
Closing Gross Block	797.46	880.49
Average Gross Block	717.06	838.98
Weighted Average Rate of Depreciation (in %)	5.28	5.28
Balance useful life at the beginning of the year (Year)	25	25



Elapsed Life at the beginning of the year (Year)	0	0
Aggregated Depreciable Value	645.35	755.08
Depreciation during the year	12.55	44.30
Aggregate Cumulative Depreciation at the end of the year	12.55	56.85
Remaining Aggregate Depreciable Value at the end of year	632.80	698.23

35. The details of depreciation allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018, as claimed by the Petitioner in the instant petition and as trued-up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	2.27	26.35
Claimed by the Petitioner in the instant petition	4.57	43.97
Approved after true-up in this order	4.57	43.97

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	5.29	25.47
Claimed by the Petitioner in the instant petition	12.55	44.30
Approved after true-up in this order	12.55	44.30

Interest on Loan ("IoL")

36. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and rate of interest.

37. IoL has been calculated based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. Trued-up IoL allowed in respect of the transmission assets is as follows:



(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Interest on Loan		
Gross Normative Loan	529.14	549.41
Cumulative Repayments up to Previous Year	0.00	4.57
Net Loan-Opening	529.14	544.84
Additions	20.27	67.00
Repayment during the year	4.57	43.97
Net Loan-Closing	544.84	567.88
Average Loan	536.99	556.36
Weighted Average Rate of Interest on Loan (in %)	7.7421	7.7763
Interest on Loan	4.67	43.26

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Interest on Loan		
Gross Normative Loan	445.66	558.22
Cumulative Repayments upto Previous Year	0.00	12.55
Net Loan-Opening	445.66	545.67
Additions	112.57	58.13
Repayment during the year	12.55	44.30
Net Loan-Closing	545.67	559.50
Average Loan	495.66	552.59
Weighted Average Rate of Interest on Loan (in %)	7.2729	7.4106
Interest on Loan	11.95	40.95

38. The details of IoL allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018, as claimed by the Petitioner in the instant petition and as trued-up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	2.32	25.85
Claimed by the Petitioner in the instant petition	4.67	43.27
Approved after true-up in this order	4.67	43.26



(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Allowed <i>vide</i> order dated 12.12.2018 in Petition No. 160/TT/2018	4.99	23.01
Claimed by the Petitioner in the instant petition	11.95	40.95
Approved after true-up in this order	11.95	40.95

Return on Equity (“RoE”)

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

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

40. We have considered the submissions of the Petitioner. The Commission *vide* order dated 27.4.2020 in Petition No. 274/TT/2019 had arrived at the effective tax rate for the Petitioner based on the notified MAT rates and the same is given in the table below:

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



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

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Base rate of RoE (in %)	Grossed up RoE [(Base Rate)/(1-t)] (in %)
2014-15	20.961	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

42. RoE is trued-up on the basis of the MAT rate applicable for the respective years and the same is allowed as follows:

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Return on Equity		
Opening Equity	226.77	235.46
Additions	8.69	28.72
Closing Equity	235.46	264.18
Average Equity	231.12	249.82
Return on Equity (Base Rate) (in %)	15.500	15.500
MAT Rate for respective year (in %)	21.342	21.549
Rate of Return on Equity (in %)	19.705	19.758
Return on Equity	5.12	49.36

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Return on Equity		
Opening Equity	191.00	239.24
Additions	48.24	24.91
Closing Equity	239.24	264.15
Average Equity	215.12	251.69
Return on Equity (Base Rate) (in %)	15.500	15.500
MAT Rate for respective year (in %)	21.342	21.549



Rate of Return on Equity (in %)	19.705	19.758
Return on Equity	14.05	49.73

43. The details of RoE allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018, as claimed by the Petitioner in the instant petition and as trued-up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	2.53	29.36
Claimed by the Petitioner in the instant petition	5.12	49.36
Approved after true-up in this order	5.12	49.36

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	5.90	28.37
Claimed by the Petitioner in the instant petition	14.05	49.73
Approved after true-up in this order	14.05	49.73

44. The Petitioner has not claimed any O&M Expenses in respect of the transmission assets in the instant petition.

Interest on Working Capital (“IWC”)

45. IWC for 2014-19 period has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and the same is allowed as follows:

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Working Capital for O&M Expenses (O&M Expenses for one Month)	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00
Working Capital for Receivables (Equivalent to two months of annual fixed costs/annual	21.76	23.25



transmission charges)		
Total Working Capital	21.76	23.25
Rate of Interest (in %)	12.60	12.60
Interest on working capital	0.31	2.93

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Working Capital for O&M Expenses (O&M Expenses for one Month)	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00
Working Capital for Receivables (Equivalent to two months of annual fixed costs/annual transmission charges)	19.80	22.98
Total Working Capital	19.80	22.98
Rate of Interest (in %)	12.60	12.60
Interest on working capital	0.83	2.90

46. The details of IoL allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018, as claimed by the Petitioner in the instant petition and as trued-up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	0.15	1.75
Claimed by the Petitioner in the instant petition	0.31	2.93
Approved after true-up in this order	0.31	2.93

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	0.35	1.65
Claimed by the Petitioner in the instant petition	0.83	2.90
Approved after true-up in this order	0.83	2.90

Approved Annual Fixed Charges for 2014-19 Period

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



(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Annual Transmission Charges		
Depreciation	4.57	43.97
Interest on Loan	4.67	43.26
Return on Equity	5.12	49.36
O&M Expenses	0.00	0.00
Interest on Working Capital	0.31	2.93
Total	14.66	139.52

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Annual Transmission Charges		
Depreciation	12.55	44.30
Interest on Loan	11.95	40.95
Return on Equity	14.05	49.73
O&M Expenses	0.00	0.00
Interest on Working Capital	0.83	2.90
Total	39.38	137.87

48. The details of AFC as allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018, as claimed by the Petitioner in the instant petition and as approved after truing up in the instant order are as follows:

(₹ in lakh)

Particulars	Asset-I	
	2017-18 (pro-rata 41 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	7.28	83.31
Claimed by the Petitioner in the instant petition	14.66	139.53
Approved after true-up in this order	14.66	139.52

(₹ in lakh)

Particulars	Asset-II	
	2017-18 (pro-rata 121 days)	2018-19
Allowed vide order dated 12.12.2018 in Petition No. 160/TT/2018	16.53	78.50
Claimed by the Petitioner in the instant petition	39.38	137.88
Approved after true-up in this order	39.38	137.87



Determination of Annual Fixed Charges for 2019-24 Tariff Period

49. Asset-I and Asset-II have been combined during the 2019-24 tariff period and transmission tariff of the Combined Asset has been claimed by the Petitioner for the 2019-24 tariff period.

50. The Petitioner has claimed following transmission charges in respect of the Combined Asset for the 2019-24 tariff period:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	98.32	103.65	103.65	103.65	103.65
Interest on Loan	87.93	85.60	77.67	69.72	61.75
Return on Equity	104.92	110.60	110.60	110.60	110.60
O&M Expenses	98.00	101.60	105.20	108.80	112.80
Interest on Working Capital	8.65	8.95	8.99	9.03	9.07
Total	397.82	410.40	406.11	401.80	397.87

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	8.17	8.47	8.77	9.07	9.40
Maintenance Spares	14.70	15.24	15.78	16.32	16.92
Receivables	48.91	50.60	50.07	49.54	48.92
Total Working Capital	71.78	74.31	74.62	74.93	75.24
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	8.65	8.95	8.99	9.03	9.07

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

52. The Petitioner has claimed E-COD in respect of the Combined Asset as 10.1.2018. Based on the capital cost and actual COD of the individual assets, same E-COD has been worked out as follows:



Particulars	Admitted Capital Cost (as on 31.3.2019)	COD	Number of days from last COD	Weight of cost	Weighted days	E-COD (latest COD less total weighted days)
	(₹ in lakh)					
Asset-I	880.58	19.2.2018	0.00	50.00%	0.00	10.1.2018
Asset-II	880.49	1.12.2017	80.00	50.00%	40.00	
Total	1761.07			100%	40.00	

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

Weighted Average Life (“WAL”)

54. WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2019 and their respective useful life as specified in the 2019 Tariff Regulations. Accordingly, WAL of the Combined Asset has been worked out as 25 years and the same is as follows:

Particulars	Capital Cost (as on 31.3.2019) (₹ in lakh) (1)	Life (in years) (2)	Weighted Cost (₹ in lakh) (3) = (1) x (2)	Weighted Avg. Life of Asset (in years) (4) = (3)/ (1)
Building & Civil Works	0.00	25	0.00	25 years
Transmission Line	0.00	35	0.00	
Sub Station	1761.07	25	44026.84	
PLCC	0.00	15	0.00	
IT Equipment (Incl. Software)	0.00	6.67	0.00	
Total	1761.07		44026.84	

55. WAL as on 1.4.2019 as determined above is applicable prospectively (i.e. for 2019-24 tariff period onwards) and no retrospective adjustment of depreciation in previous tariff period is required to be done. As discussed above, E-COD of the Combined Asset is 10.1.2018 and the lapsed life of the project as a whole works out



as 1 year as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2019 to be 24 years.

Capital Cost

56. Regulation 19 of the 2019 Tariff Regulations provide as follows:

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) *Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) *Expenditure on account of change in law and force majeure events; and*
- (o) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve*



and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

- (3) *The Capital cost of an existing project shall include the following:*
- (a) *Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*
 - (b) *Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
 - (c) *Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;*
 - (d) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
 - (e) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and*
 - (f) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*
- (4) *The capital cost in case of existing or new hydro generating station shall also include:*
- (a) *cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and*
 - (b) *cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.*
- (5) *The following shall be excluded from the capital cost of the existing and new projects:*
- (a) *The assets forming part of the project, but not in use, as declared in the tariff petition;*
 - (b) *De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:*

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

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

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



body or authority for the execution of the project which does not carry any liability of repayment.”

57. The Petitioner has claimed capital cost of ₹1761.31 lakh as on 31.3.2019 for the Combined Asset. However, capital cost of ₹1761.07 lakh as on 31.3.2019 worked out for the Combined Asset has been considered as the opening capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

Additional Capital Expenditure (“ACE”)

58. Regulation 24 and Regulation 25 of the 2019 Tariff Regulations provide as follows:

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

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

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

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

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

“25. Additional Capitalisation within the original scope and after the cut-off date:

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



- (a) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;
- (b) Change in law or compliance of any existing law;
- (c) Deferred works relating to ash pond or ash handling system in the original scope of work;
- (d) Liability for works executed prior to the cut-off date;
- (e) Force Majeure events;
- (f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and
- (g) Raising of ash dyke as a part of ash disposal system.

(2) In case of replacement of Asset deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed Asset and the cumulative depreciation, subject to prudence check on the following grounds:

- (a) The useful life of the Asset is not commensurate with the useful life of the project and such Asset have been fully depreciated in accordance with the provisions of these regulations;
- (b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;
- (c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and
- (d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”

59. The Petitioner has projected ACE of ₹201.67 lakh for the year 2019-20 in respect of the Combined Asset during 2019-24 tariff period in accordance with Regulation 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations.

60. The Petitioner vide affidavit has submitted the following details of ACE incurred/ projected to be incurred during 2019-24 tariff period:

Year	ACE (₹ in lakh)	Party Name	Package
2019-20	201.67	M/s. Kanohar Electricals	Sub-station

61. We have considered the submissions of the Petitioner. ACE claimed by the Petitioner has been allowed under Regulation 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations, as it is towards liabilities for works executed prior to the cut-off date.



Accordingly, capital cost as on 31.3.2024 in respect of the Combined Asset is considered as follows:

(₹ in lakh)		
Admitted Capital Cost (as on 1.4.2019)	Admitted ACE	Capital Cost (as on 31.3.2024)
	2019-20	
1761.07	201.67	1962.74

Debt-Equity ratio

62. Regulation 18 of the 2019 Tariff Regulations provide 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.”

63. Debt-equity ratio considered for the purpose of computation of tariff for 2019-24 tariff period in respect of the Combined Asset is as follows:

Funding	Capital Cost (as on 1.4.2019) (₹ in lakh)	(in %)	Capital Cost (as on 31.3.2024) (₹ in lakh)	(in %)
Debt	1232.75	70.00	1373.92	70.00
Equity	528.33	30.00	588.83	30.00
Total	1761.07	100.00	1962.74	100.00

Depreciation

64. Regulation 33 of the 2019 Tariff Regulations provide as follows:

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

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

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

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



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

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

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

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

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

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

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

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

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

(8) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful services.”

65. WAROD at Annexure-II has been worked out after taking into account the depreciation rates of IT and non-IT assets as specified in the 2019 Tariff Regulations. Depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. Depreciation allowed in respect of the Combined Asset is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	1761.07	1962.74	1962.74	1962.74	1962.74
Addition during the year 2019-24 due to projected ACE	201.67	0.00	0.00	0.00	0.00
Closing Gross Block	1962.74	1962.74	1962.74	1962.74	1962.74
Average Gross Block	1861.91	1962.74	1962.74	1962.74	1962.74
Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28	5.28
Balance useful life at the beginning of the year (Year)	24	23	22	21	20
Lapsed life at the beginning of the year (Year)	1	2	3	4	5
Aggregated Depreciable Value	1675.72	1766.47	1766.47	1766.47	1766.47
Combined Depreciation during the year	98.31	103.63	103.63	103.63	103.63
Aggregate Cumulative Depreciation at the end of the year	203.69	307.33	410.96	514.59	618.23
Remaining Aggregated Depreciable Value at the end of the year	1472.02	1459.14	1355.51	1251.88	1148.24

Interest on Loan (“IoL”)

66. Regulation 32 of the 2019 Tariff Regulations provide 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.”

67. We have considered the submission of the Petitioner. The weighted average rate of IoL has been considered on the basis of rate prevailing as on 1.4.2019. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during 2019-24 tariff period may be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up. Therefore, IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed in respect of the Combined Asset is as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	1232.75	1373.92	1373.92	1373.92	1373.92
Cumulative Repayments up to Previous Year	105.39	203.69	307.33	410.96	514.59
Net Loan-Opening	1127.36	1170.22	1066.59	962.96	859.32
Additions	141.17	0.00	0.00	0.00	0.00
Repayment during the year	98.31	103.63	103.63	103.63	103.63
Net Loan-Closing	1170.22	1066.59	962.96	859.32	755.69
Average Loan	1148.79	1118.40	1014.77	911.14	807.51
Weighted Average Rate of	7.6530	7.6530	7.6530	7.6513	7.6458



Interest on Loan (in %)					
Interest on Loan	87.92	85.59	77.66	69.71	61.74

Return on Equity (“RoE”)

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

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

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

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system

Provided further that:

- i. *In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;*
- ii. *in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;*
- iii. *in case of a thermal generating station, with effect from 1.4.2020:*
 - a) *rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;*
 - b) *an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:*

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

“31. Tax on Return on Equity.(1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on



income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

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

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

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

Illustration-

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

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

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

- (a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;
- (b) Estimated Advance Tax for the year on above is Rs 240 crore;
- (c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore / Rs 1000 Crore = 24%;
- (d) Rate of return on equity = $15.50 / (1 - 0.24) = 20.395\%$.

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

69. The Petitioner has submitted that MAT rate is applicable to it. Accordingly, MAT rate applicable for the year 2019-20 has been considered for the purpose of RoE, which shall be trued-up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed in respect of the Combined Asset is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	528.33	588.83	588.83	588.83	588.83
Additions	60.50	0.00	0.00	0.00	0.00
Closing Equity	588.83	588.83	588.83	588.83	588.83
Average Equity	558.58	588.83	588.83	588.83	588.83
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
Return on Equity	104.91	110.59	110.59	110.59	110.59

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

70. O&M Expenses claimed by the Petitioner in respect of the Combined Asset for 2019-24 period are as follows:

	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses					
Sub-station: Raebareli:200 MVA ICT At Raebareli Sub-station					
MVA Capacity (2x 200 MVA)	400	400	400	400	400
Total O&M Expenses (₹ in lakh)	98.00	101.60	105.20	108.80	112.80

71. Regulation 35(3)(a) of the 2019 Tariff Regulations provide 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
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					



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

72. We have considered the submission of the Petitioner. O&M Expenses have been worked out as per the norms specified in the 2019 Tariff Regulations and are as follows:

	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses					
Sub-station: Raebareli:200 MVA ICT At Raebareli Sub-station					
MVA Capacity (2X200 MVA)	400	400	400	400	400



Total O&M Expenses (₹ in lakh)	98.00	101.60	105.20	108.80	112.80
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Interest on Working Capital (IWC)

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

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

.....

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

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

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

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

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

“3. Definitions. - *In these regulations, unless the context otherwise requires:-*

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

74. The Petitioner has submitted that it has computed IWC for 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%.

75. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, 11.25% (SBI



1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-2021 and from 2021-22 onwards as 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points). The components of the working capital and interest allowed thereon are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for one month)	8.17	8.47	8.77	9.07	9.40
Working Capital for Maintenance Spares (15% of O&M Expenses)	14.70	15.24	15.78	16.32	16.92
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/annual transmission charges)	48.91	50.52	49.92	49.39	48.77
Total Working Capital	71.77	74.23	74.47	74.77	75.09
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	8.65	8.35	7.82	7.85	7.88

Annual Fixed Charges of 2019-24 Tariff Period

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	98.31	103.63	103.63	103.63	103.63
Interest on Loan	87.92	85.59	77.66	69.71	61.74
Return on Equity	104.91	110.59	110.59	110.59	110.59
O&M Expenses	98.00	101.60	105.20	108.80	112.80
Interest on Working Capital	8.65	8.35	7.82	7.85	7.88
Total	397.79	409.77	404.91	400.59	396.65

Filing Fee and Publication Expenses

77. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. The Petitioner shall be entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly



from the beneficiaries on pro-rata basis in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

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

Goods and Services Tax (“GST”)

79. The Petitioner has submitted that, if GST is levied at any rate and at any point of time in future on charges of transmission of electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be charged and billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Government / Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

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

Security Expenses

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

82. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses on projected basis for 2019-24 tariff period on



the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The said petition has already been disposed of by the Commission vide order dated 3.8.2021 wherein, the Commission has approved security expenses from 1.4.2019 to 31.3.2024. Therefore, security expenses will be shared in terms of the order dated 3.8.2021 in Petition No. 260/MP/2020. Therefore, the Petitioner's prayer in the instant petition for allowing it to file a separate petition for claiming the overall security expenses and consequential IWC has become infructuous.

Capital Spares

83. 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

84. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission system were governed by the 2010 Sharing Regulations. 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 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.



85. To summarise:

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

(₹ in lakh)

Asset-I	2017-18 (pro-rata 41 days)	2018-19
AFC	14.66	139.52

(₹ in lakh)

Asset-II	2017-18 (pro-rata 121 days)	2018-19
AFC	39.38	137.87

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

(₹ in lakh)

Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	397.79	409.77	404.91	400.59	396.65

86. Annexure-I and Annexure-II given hereinafter shall form part of the order.

87. This order disposes of Petition No. 708/TT/2020 in terms of the above discussions and findings.

sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member



Annexure-I

Asset-I

Particulars	Admitted Capital Cost as on 19.2.2018	Admitted ACE		Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations	
		2017-18	2018-19			2017-18	2018-19
Land - Freehold	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
Land - Leasehold	0.00	0.00	0.00	0.00	3.34%	0.00	0.00
Building Civil Works & Colony	0.00	0.00	0.00	0.00	3.34%	0.00	0.00
Transmission Line	0.00	0.00	0.00	0.00	5.28%	0.00	0.00
Sub Station	755.91	28.96	95.71	880.58	5.28%	40.68	43.97
PLCC	0.00	0.00	0.00	0.00	6.33%	0.00	0.00
IT Equipment (Incl. Software)	0.00	0.00	0.00	0.00	5.28%	0.00	0.00
Total	755.91	28.96	95.71	880.58		40.68	43.97
Average Gross Block						770.39	832.73
Weighted Average Rate of Depreciation						5.28%	5.28%

Asset-II

Particulars	Admitted Capital Cost as on 1.12.2017	Admitted ACE		Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations	
		2017-18	2018-19			2017-18	2018-19
Land - Freehold	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
Land - Leasehold	0.00	0.00	0.00	0.00	3.34%	0.00	0.00
Building Civil Works & Colony	0.00	0.00	0.00	0.00	3.34%	0.00	0.00
Transmission Line	0.00	0.00	0.00	0.00	5.28%	0.00	0.00
Sub Station	636.65	160.81	83.03	880.49	5.28%	37.86	44.30
PLCC	0.00	0.00	0.00	0.00	6.33%	0.00	0.00
IT Equipment (Incl. Software)	0.00	0.00	0.00	0.00	5.28%	0.00	0.00
Total	636.65	160.81	83.03	880.49		37.86	44.30
Average Gross Block						717.06	838.98
Weighted Average Rate of Depreciation						5.28%	5.28%



Annexure-II

Particulars	Admitted Capital Cost as on 1.4.2019	Projected ACE	Admitted Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations				
		2019-20			2019-20	2020-21	2021-22	2022-23	2023-24
Land - Freehold	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
Land - Leasehold	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building Civil Works & Colony	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00	5.28%	0.00	0.00	0.00	0.00	0.00
Sub Station	1761.07	201.67	1962.74	5.28%	98.31	103.63	103.63	103.63	103.63
PLCC	0.00	0.00	0.00	6.33%	0.00	0.00	0.00	0.00	0.00
IT Equipment (Incl. Software)	0.00	0.00	0.00	15.00%	0.00	0.00	0.00	0.00	0.00
Total	1761.07	201.67	1962.74		98.31	103.63	103.63	103.63	103.63
Average Gross Block					1861.91	1962.74	1962.74	1962.74	1962.74
Weighted Average Rate of Depreciation					5.28%	5.28%	5.28%	5.28%	5.28%

