

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 129/TT/2020

Coram:

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

Date of Order: 30.06.2022

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing up of transmission tariff of the 2014-19 period under 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-1:** SCADA/EMS systems for Main and backup SLDC of Chhattisgarh (CSPTCL); **Asset-2:** SCADA/EMS systems for Main and backup SLDC of Goa Electricity Department (GED); **Asset-3:** SCADA/EMS system upgradation of Main and backup SLDCs and Sub-LDCs of Gujarat (GETCO); **Asset-4:** SCADA/EMS system upgradation of Main and backup SLDCs and Sub-LDCs of Madhya Pradesh (MPPTCL); **Asset-5:** SCADA/EMS system upgradation of Main and backup SLDCs of Daman and Diu (DDED) and **Asset-6:** SCADA/EMS system upgradation of Main and backup SLDCs and Sub-LDCs of Dadar and Nagar Haveli (DNHED) under "Expansion/Upgradation of SCADA/EMS System of SLDC of the Western Region" in Western Region.

And in the matter of:

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

.....Petitioner

Vs

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008.
2. Madhya Pradesh Power Transmission Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008.
3. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited,
3/54, Press Complex, Agra-Bombay Road, Indore-452008.



4. Maharashtra State Electricity Distribution Company Limited,
Hongkong Bank Building, 3rd Floor,
M.G. Road, Fort,
Mumbai-400001.
 5. Maharashtra State Electricity Transmission Company Limited,
Prakashganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai-400051.
 6. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road,
Vadodara-390007.
 7. Electricity Department,
Government of Goa,
Vidyut Bhawan, Panaji, Near Mandvi Hotel,
Goa- 403001.
 8. Electricity Department,
Administration of Daman & Diu,
Daman- 396210.
 9. DNH Power Distribution Corporation Limited,
Vidyut Bhawan, 66 kV Road,
Near Secretariat Amla,
Silvasa- 396230.
 10. Chhattisgarh State Power Transmission Company Limited,
State Load Dispatch Building,
Dangania, Raipur-492013.
 11. Chhattisgarh State Power Distribution Company Limited,
P.O. Sunder Nagar,
Dangania, Raipur-492013.
- ...Respondent(s)**

For Petitioner : Ms. Swapna Seshadri, Advocate, PGCIL
Shri Aditya H. Dubey, Advocate, PGCIL
Shri S.S. Raju, PGCIL
Shri A.K. Verma, PGCIL
Shri V.P. Rastogi, PGCIL
Shri D.K. Biswal, PGCIL

For Respondent : Shri Anindya Khare, MPPMCL



ORDER

The instant petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for 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 assets under the “Expansion/Upgradation of SCADA/EMS System of SLDC of the Western Region” (hereinafter referred to as “the transmission system”):

Asset-1: SCADA/EMS systems for Main and backup SLDC of Chhattisgarh (CSPTCL);

Asset-2: SCADA/EMS systems for Main and backup SLDC of Goa Electricity Department (GED);

Asset-3: SCADA/EMS system upgradation of Main and backup SLDCs and Sub-LDCs of Gujarat (GETCO);

Asset-4: SCADA/EMS system up-gradation of Main and backup SLDCs and Sub-LDCs of Madhya Pradesh (MPPTCL);

Asset-5: SCADA/EMS system upgradation of Main and backup SLDCs of Daman and Diu (DDED) and

Asset-6: SCADA/EMS system upgradation of Main and backup SLDCs and Sub-LDCs of Dadar and Nagar Haveli (DNHED).

2. The Petitioner has made the following prayers:

“1) Allow the entire IEDC claimed for each asset as the total IEDC claimed under subject project is within the specified limit of 10.75% of the total hard cost of the project.

2) Allow the add cap for 2014-19 and 2019-24 tariff block as claimed as per Para 5 and 7 above.

3) 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 6 and 7 above.



4) 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 6 and 7 above for respective block.

5) 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.

6) 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.

7) 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.

8) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 6.6 above.

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

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

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

Background

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

a. The Investment Approval (IA) of the transmission system was accorded by the Board of Directors of the Petitioner's Company on 28.3.2013 vide Memorandum Ref.: C/CP/WR-SCADA dated 5.4.2013 at an estimated cost of ₹5362 lakh including IDC of ₹422 lakh, based on February, 2013 price level.

b. The system requirement was discussed and agreed to by WRPC in the 12th, 16th and 18th WRPC meetings held on 16.1.2010, 12.2.2011 and 1.10.2011 respectively.



c. The scope of work covered under the transmission system is broadly as follows:

(i) Installation of new SCADA/EMS platform equipped with Hardware & Software at

(a) SLDCs of MPPTCL (Madhya Pradesh), GETCO (Gujarat), CSPTCL (Chhattisgarh) and Goa Electricity Department.

(b) Backup SLDCs of MPPTCL, GETCO, CSPTCL, and Goa Electricity Department.

(ii) Installation of new SCADA systems at Electricity Departments of Daman & Diu and Dadar and Nagar Haveli.

(iii) Installation of new SCADA systems equipped with hardware and software at Sub-SLDCs of MPPTCL, GETCO and integration of the same with their respective Main and Back-up SLDCs.

(iv) Integration of RTUs/SAS to Main & Backup Control Centre on IEC 60870-5-101/104 protocol.

(v) Integration of Main and Backup Control Centers of SLDCs with Main and Backup WRLDC on ICCP Protocol.

(vi) Integration of Distribution Company (DISCOM) Control Centers with their respective Main and Backup SLDCs.

(vii) Auxiliary Power Supply System.

(viii) Installation of new Video Projection System at the control centers of Constituents.

(ix) Installation of new Video Conferencing System at the control centers of Constituents.

(x) Construction of Backup Control Center Building at MPPTCL, Bhopal.

d. The complete scope of the work is covered in the instant petition.

e. The details of commercial operation of the transmission assets covered in the instant petition are as follows:



Asset	SCOD	COD	Time over-run
			Duration
Asset-1	27.6.2015	1.10.2016	15 months and 4 days
Asset-2			
Asset-3			
Asset-4			
Asset-5			
Asset-6			

f. The Commission vide order dated 3.7.2018 in Petition No. 11/TT/2018 had condoned the entire delay of 15 months and 4 days and approved tariff for the transmission assets from COD to 31.3.2019.

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments/ objections have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. Madhya Pradesh Power Management Company Ltd. (MPPMCL), Respondent No.1, has filed its reply *vide* affidavit dated 22.2.2020. MPPMCL has raised the issues of grossed up RoE based on effective tax rate for 2017-18 and 2018-19 period, cost over-run and effect of GST. The Petitioner, *vide* affidavit dated 9.9.2021, has filed its rejoinder to the reply of MPPMCL.

6. It is observed that MPPMCL has been raising the issue of grossing up of RoE in the instant petition and other petitions earlier. The contentions of MPPMCL on the issue of RoE has been considered and rejected by the Commission vide its order dated 21.9.2021 in Petition No. 326/TT/2020. As MPPMCL has not challenged the findings, the



same have attained finality. Accordingly, the objections regarding RoE raised by MPPMCL are not being considered in the instant order. Other issues raised by MPPMCL and clarifications thereto given by the Petitioner have been dealt in the relevant paragraphs of this order.

7. The hearing in this matter was held on 10.9.2021 through video conference and the Commission reserved the order in the matter. However, the order could not be issued before Shri P.K. Pujari, former Chairperson, demitted the office. Therefore, the matter was heard again on 23.6.2022. During the hearing on 23.6.2022, the representative of the Petitioner stated that all the information has already been submitted in the matter. The representative of MPPMCL submitted their reply is on record and the same may be considered. After hearing the parties, the order was reserved in the matter.

8. This order is issued considering the submissions made by the Petitioner in the petition dated 7.1.2020 and additional information dated 6.9.2021 and affidavit dated 8.9.2021, MPPMCL's reply vide affidavit dated 22.2.2020 and the Petitioner's rejoinder vide affidavit dated 9.9.2021 to the reply filed by MPPMCL.

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

TRUING UP OF ANNUAL FIXED CHARGES OF 2014-19 PERIOD

10. The Petitioner *vide* affidavit dated 6.9.2021 has claimed the following trued-up transmission charges in respect of the transmission assets:



(₹ in lakh)

Particulars	Asset-1			Asset-2		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation	53.23	118.05	127.03	49.25	108.69	118.23
Interest on Loan	19.42	35.27	28.71	16.66	30.66	25.55
Return on Equity	21.10	46.53	50.20	19.52	42.84	46.72
O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	2.04	4.36	4.49	1.86	3.97	4.15
Total	95.79	204.21	210.43	87.29	186.16	194.65

(₹ in lakh)

Particulars	Asset-3			Asset-4		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation	87.14	211.33	231.64	62.67	152.04	167.00
Interest on Loan	32.33	64.21	53.21	31.00	64.40	58.73
Return on Equity	34.54	83.29	91.53	33.36	79.50	87.80
O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	3.36	7.82	8.20	2.77	6.45	6.83
Total	157.37	366.65	384.58	129.80	302.39	320.36

(₹ in lakh)

Particulars	Asset-5			Asset-6		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation	24.36	59.10	64.63	37.27	91.82	102.36
Interest on Loan	8.99	17.82	14.77	14.26	27.83	23.45
Return on Equity	9.65	23.29	25.54	14.77	36.19	40.45
O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	0.94	2.18	2.29	1.45	3.40	3.62
Total	43.94	102.39	107.23	67.75	159.24	169.88

11. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner vide affidavit dated 6.9.2021 in respect of the transmission assets is as follows:



(₹ in lakh)

Particulars	Asset-1			Asset-2		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables	32.02	34.04	35.07	29.18	31.03	32.44
Total Working Capital	32.02	34.04	35.07	29.18	31.03	32.44
Rate of Interest (in%)	12.80	12.80	12.80	12.80	12.80	12.80
Interest on Working Capital	2.04	4.36	4.49	1.86	3.97	4.15

(₹ in lakh)

Particulars	Asset-3			Asset-4		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables	52.60	61.11	64.10	43.38	50.40	53.39
Total Working Capital	52.60	61.11	64.10	43.38	50.40	53.39
Rate of Interest (in%)	12.80	12.80	12.80	12.80	12.80	12.80
Interest on Working Capital	3.36	7.82	8.20	2.77	6.45	6.83

(₹ in lakh)

Particulars	Asset-5			Asset-6		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables	14.69	17.07	17.87	22.64	26.54	28.31
Total Working Capital	14.69	17.07	17.87	22.64	26.54	28.31
Rate of Interest (in%)	12.80	12.80	12.80	12.80	12.80	12.80
Interest on Working Capital	0.94	2.18	2.29	1.45	3.40	3.62



Capital Cost

12. The capital cost of the transmission asset has been calculated in accordance with Regulation 9(2) of the 2014 Tariff Regulations.

13. The Commission *vide* order dated 3.7.2018 in Petition No. 11/TT/2018 had approved the capital cost as follows:

Assets	Approved apportioned Cost (FR)	Capital cost as on COD	ACE			Capital cost as on 31.3.2019
			2016-17	2017-18	2018-19	
Asset-1	935.15	565.25	113.76	149.81	0.00	828.81
Asset-2	861.03	537.10	95.14	139.58	0.00	771.82
Asset-3	1368.82	1069.15	203.98	95.69	0.00	1368.82
Asset-4	1298.46	1055.18	152.88	90.40	0.00	1298.46
Asset-5	449.16	297.90	59.2	58.75	22.62	438.47
Asset-6	449.16	449.16	0.00	0.00	0.00	449.16

14. The Petitioner *vide* Auditors' Certificates has claimed the following capital cost in the instant true-up petition:

Assets	Approved Apportioned cost		Capital cost as on COD	ACE			Capital cost as on 31.3.2019
	FR	RCE		2016-17	2017-18	2018-19	
Asset-1	935.15	930.31	661.41	120.50	16.22	97.54	895.67
Asset-2	861.03	854.88	616.93	95.14	27.46	97.45	836.98
Asset-3	1368.82	1575.65	1119.57	181.76	242.93	0.00	1544.26
Asset-4	1298.46	1522.45	1119.97	118.62	242.77	0.00	1480.96
Asset-5	449.16	433.16	312.37	50.71	67.78	0.00	430.86
Asset-6	449.16	696.60	494.75	80.32	107.35	0.00	682.42

Cost over-run

15. The Commission in order dated 3.7.2018 in Petition No. 11/TT/2018 had restricted the completion cost of Asset-3, Asset-4 and Asset-6 to the FR apportioned approved cost. The Commission had further directed the Petitioner to submit detailed justification



and reasons for cost variation along with documentary proof at the time of filing of truing-up petition. The relevant portions of the order dated 3.7.2018 is extracted as follows:

“23. We have considered the submissions of the Petitioner and the Respondents. Against the total apportioned approved cost of Rs. 5361.78 lakh, the estimated completion cost is Rs. 6035.07 lakh. Therefore, there is cost over-run of Rs. 673.29 lakh (11.15%) against the estimated completion cost of the assets as compared to the FR cost. The Petitioner has submitted Form-5 for item-wise cost variation between approved cost (FR) and actual cost as on COD/estimated completion cost. The Petitioner has not submitted copy of RCE for instant assets. Therefore, in the absence of the approved RCE, the completion capital cost has been restricted to original approved cost. Further, the reasons submitted by the Petitioner with regard to cost variation have not been considered in the instant petition. Accordingly, the Petitioner is directed to submit detailed justification and reasons for cost variation along with documentary evidence at the time of truing-up which will be considered as per law.”

“39. It is observed that the capital cost as on 31.3.2019 in case of Asset-3, Asset-4 and Asset-6 is more than the apportioned approved cost. Therefore, the capital cost of the above assets as on 31.3.2019 is restricted to the approved cost as observed in para 23 of this order.”

16. Pursuant to the directions of the Commission in order dated 3.7.2018 in Petition No. 11/TT/2018, the Petitioner in the instant petition has submitted the Revised Cost Estimates (RCE) approved by the Petitioner’s Company in its 356th meeting held on 18.7.2018 vide Memorandum Ref. No. C/CP/PA1819-04-0H-RCE001 dated 31.7.2018 with RCE of ₹6013.00 lakh including IDC of ₹337.00 lakh. The Petitioner has also submitted the reasons for cost variation in the instant petition and has submitted that the completion cost of the transmission assets are within the RCE apportioned approved cost and prayed for allowing the tariff on the cost claimed by the Petitioner.

17. The Petitioner has submitted the following reasons of cost variation in transmission assets:

Asset-1, Asset-2 and Asset-5:

There is minor decrease of ₹39 lakh, ₹24 lakh and ₹18 lakh in the cost of Asset-1, Asset-2 and Asset-5 respectively w.r.t. FR apportioned approved cost mainly due to lower cost received in competitive bidding. The said variation is mainly attributable to variation in actual IDC and IEDC claimed vis-a-vis IDC and IEDC



considered in FR and variation in rates received through competitive bidding vis-à-vis rates considered in FR.

Asset-3:

a. New Addition/ Variation in Quantities (increase of ₹115 lakh)

Description	Unit	Qty	(₹ in lakh)
			Cost
Full Fledged Sub-LDC at Gandhinagar (GETCO)	Lot	1	115.00

Gujarat Energy Transmission Company Limited (GETCO) vide letter dated 30.5.2013, requested for a full-fledged Sub-SLDC at Gandhinagar instead of Back-up SLDC cum Sub-SLDC at Gandhinagar. GETCO also requested for an additional RTU for 220 kV Karjan Sub-station. This has resulted in increase in the cost of Asset-3 to the extent of ₹115 lakh.

b. Variation in rates received through competitive bidding vis-à-vis rates considered in FR (increase of ₹208 lakh)

There has been an increase in the cost of the asset by ₹208 lakh on this account. The contracts for various packages under this project were awarded to the lowest evaluated and responsive bidder, on the basis of Domestic Competitive Bidding (DCB), after publication of NITs in leading Newspapers. Thus, the award prices represent the lowest prices available at the time of bidding of various packages. Thus, the price variation observed is attributable to the market forces prevailing at the time of bidding process of the package awarded for execution of project.

c. Decrease in IEDC (decrease of ₹115 lakh)

During FR estimation, 10.75 % of equipment cost has been considered for IEDC. However, the actual amount of IEDC accrued upto COD has been considered in claim for tariff.

d. Decrease in IDC (decrease of ₹33 lakh)

During FR estimation, IDC was considered based on the interest rate of 10.5% for domestic loans. However, the actual amount of IDC accrued upto COD has been considered in claim for tariff resulting minor decrease of ₹33 lakh.



Asset-4:**(i) New Addition/ Variation in Quantities (increase of ₹36 lakh)****(₹ in lakh)**

Description	Unit	Qty	Cost
Aux. Power Supply for Sub-LDC at Indore (MPPTCL)	Set	1	36.00

MPPMCL vide letter dated 17.7.2013 has requested for auxiliary supply for Sub-LDC Indore including 2 No. 40kVA UPS, 2 number VRLA batteries, I/P and O/P ACDB along with cables. This has resulted in increase in the cost of Asset-4 by ₹36 lakh.

(ii) Variation in rates received through competitive bidding *vis-à-vis* rates considered in FR (increase of ₹245 lakh)

There has been an increase in the cost of the asset by ₹178 lakh on this account. The contracts for various packages under this project were awarded to the lowest evaluated and responsive bidder, on the basis of DCB, after publication of NITs in leading Newspapers. Thus, the award prices represent the lowest prices available at the time of bidding of various packages. Thus, the price variation observed is attributable to the market forces prevailing at the time of bidding process of the package awarded for execution of project.

(iii) Decrease in IEDC (decrease of ₹104 lakh):

During FR estimation, 10.75% of equipment cost has been considered for IEDC. However, the actual amount of IEDC accrued upto COD has been considered in claim for tariff.

(iv) Increase in IDC (increase of ₹19 lakh):

During FR estimation, IDC was considered based on the interest rate of 10.5% for domestic loans. However, the actual amount of IDC accrued upto COD has been considered in claim for tariff resulting minor increase of ₹19 lakh.



Asset-6:

(i) New Addition/ Variation in Quantities of Approved Items (increase of ₹243 lakh)

(₹ in lakh)			
Description	Unit	Qty	Cost
Additional RTUs for DNHED	Nos.	16	243.00

DNHED vide letter dated 21.7.2013 had requested for 20 additional RTUs. This has resulted in increase in the cost of Asset-6 by ₹243 lakh

(ii) Variation in rates received through competitive bidding *vis-à-vis* rates considered in FR (increase of ₹12 lakh)

There has been an increase in the cost of the asset by ₹12 lakh on this account. The Contracts for various packages under this project were awarded to the lowest evaluated and responsive bidder, on the basis of DCB, after publication of NITs in leading newspapers. Thus, the award prices represent the lowest prices available at the time of bidding of various packages. Thus, the price variation observed is attributable to the market forces prevailing at the time of bidding process of the package awarded for execution of project.

(iii) Decrease in IEDC (decrease of ₹33 lakh):

During FR estimation, 10.75 % of equipment cost has been considered for IEDC. However, the actual amount of IEDC accrued upto COD has been considered in claim for tariff.

(iv) Increase in IDC (increase of ₹11 lakh):

During FR estimation, IDC was considered based on the interest rate of 10.5% for domestic loans. However, the actual amount of IDC accrued upto COD has been considered in claim for tariff resulting minor increase of ₹11 lakh.

18. The Petitioner has further submitted that for procurement, open competitive bidding route is followed by providing equal opportunity to all eligible firms, lowest



possible market prices for required product/services is obtained and contracts are awarded on the basis of lowest evaluated eligible bidder. The best competitive bid prices against tenders may happen to be lower or higher than the cost estimate depending upon prevailing market conditions. As regards the variation in cost of individual item in packages, the Petitioner has submitted that the packages under subject scope of works comprise of a large number of items and the same are awarded through open competitive bidding. In the said bidding process, bids are received from multiple parties quoting different rates for various BOQ items under the said package. The lowest bidder can be arrived at/ evaluated on overall basis only. Hence, item-wise unit prices in contracts and its variation over unit rate considered in FR estimates are beyond the control of the Petitioner.

19. The Petitioner has further submitted that as against the approved apportioned cost of ₹6013.05 lakh as per RCE, the total cost upto 31.3.2019 is ₹5884.92 lakh. Therefore, there is no cost over-run with respect to RCE. The reasons for item wise cost variation between approved cost (FR) and actual cost as on COD/estimated completed cost are explained in detail in Form-5 filed in the instant petition.

20. MPPMCL has submitted that the Petitioner has admitted that as per FR approved apportioned cost, there is cost over-run up to 31.3.2019 in respect of Asset-3, Asset-4 and Asset-6. On the other hand, the Petitioner has requested to capitalize the same on the ground the cost is within the RCE. MPPMCL has further submitted that the Petitioner has failed to submit the details of ACE in time for approval of the Commission and has made expenditure on voluntary basis without proper approval of the Commission. MPPMCL has submitted that the RCE has been granted on 31.8.2018, i.e. the Petitioner has revised the cost after actual expenditure.



21. In response, the Petitioner has submitted that the admissibility of ACE incurred after COD and up to cut-off date is to be dealt in accordance with Regulation 14(1)(i) and Regulation 14(1)(ii) of the 2014 Tariff Regulations and the admissibility of ACE incurred after the cut-off date is to be dealt in accordance with Regulation 14(2)(iv) of the 2014 Tariff Regulations. The Petitioner has further submitted that the element-wise breakup of cost (Form-5) claimed for each asset in the instant petition has been already submitted along with the package-wise details of the cost claimed *vide* affidavit dated 8.9.2021.

22. We have considered the submissions of the Petitioner and MPPMCL. The Petitioner has submitted the reasons for cost variation in Form-5 in respect of the transmission assets (as given above in para 17). The completion cost as on 31.3.2019 is within the apportioned approved RCE. Taking into consideration the reasons submitted for cost variation and the fact that the cost is discovered through competitive bidding, the cost variation is allowed.

Interest during construction (“IDC”)

23. The Petitioner has claimed IDC in respect of the transmission assets and has submitted the Auditor Certificate along with the discharge statement in the instant petition as follows:

(₹ in lakh)				
Assets	IDC as per Certificate	IDC Discharged upto COD	IDC discharged in 2016-17	IDC discharged in 2017-18
Asset-1	33.77	27.78	0.00	5.99
Asset-2	2.34	0.00	0.00	2.34
Asset-3	104.71	54.68	22.22	27.81
Asset-4	120.74	56.02	34.26	30.46
Asset-5	29.21	14.74	8.49	5.98
Asset-6	46.27	11.86	1.22	33.19



24. IDC is worked out based on the details given in the submissions. Further, the loan amount as on COD has been mentioned in Forms-6 and Form-9C. The allowable IDC is worked out based on the information available on record and relying on loan amount as per tariff Form-9C.

25. The details of IDC claimed as per Auditor Certificate, IDC allowed and IDC discharged is as follows:

(₹ in lakh)

Assets	IDC claimed as per Auditor Certificate	IDC disallowed due to computational difference	IDC allowed	IDC allowed on cash basis as on COD	Un-discharged IDC liability as on COD	Discharge of IDC liability allowed as ACE	
						2016-17	2017-18
Asset-1	33.77	0.00	33.77	27.78	5.99	0.00	5.99
Asset-2	2.34	0.00	2.34	0.00	2.34	0.00	2.34
Asset-3	104.71	24.48	80.23	54.68	25.55	22.22	3.33
Asset-4	120.74	27.97	92.77	56.02	36.75	34.26	2.49
Asset-5	29.21	5.56	23.65	14.74	8.91	8.49	0.42
Asset-6	46.27	29.65	16.62	11.86	4.76	1.22	3.54

Incidental Expenditure During Construction (“IEDC”)

26. The Petitioner has claimed IEDC in respect of the transmission assets as per the Auditors’ Certificate. The Petitioner has submitted that the entire IEDC claimed is on cash basis and is paid up to COD of the assets. The IEDC considered as on the date of commercial operation for the purpose of tariff determination in this order is as follows.

(₹ in lakh)

Assets	IEDC as per Auditor Certificate	IEDC allowed
Asset-1	167.34	167.34
Asset-2	152.18	152.18
Asset-3	37.93	37.93
Asset-4	40.54	40.54
Asset-5	10.58	10.58
Asset-6	16.76	16.76

Initial Spares

27. The Petitioner has not claimed any initial spares in the instant petition.



28. The details of the capital cost approved as on COD in the instant petition after adjustment of IDC is as follows:

(₹ in lakh)

Assets	Capital Cost claimed as on COD as per Auditor's Certificate (A)	Un-discharged IDC (B)	IDC disallowed due to computational difference (C)	Capital Cost allowed as on COD (D) = (A-B-C)
Asset-1	661.40	5.99	0.00	655.41
Asset-2	616.93	2.34	0.00	614.59
Asset-3	1119.57	25.55	24.48	1069.54
Asset-4	1119.97	36.75	27.97	1055.25
Asset-5	312.37	8.91	5.56	297.90
Asset-6	494.75	4.76	29.65	460.34

Additional Capital Expenditure ("ACE")

29. The Commission *vide* order dated 3.7.2018 in Petition No. 11/TT/2018 had allowed ACE for 2014-19 tariff period on account of balance and retention payments and towards discharge of IDC liability in accordance with Regulation 14(1) of the 2014 Tariff Regulations. The ACE allowed *vide* order dated 3.7.2018 in Petition No. 11/TT/2018 is as follows:

(₹ in lakh)

Assets	ACE		
	2016-17	2017-18	2018-19
Asset-1	113.76	149.81	0.00
Asset-2	95.14	139.58	0.00
Asset-3	203.98	95.69	0.00
Asset-4	152.88	90.40	0.00
Asset-5	59.20	58.75	22.62
Asset-6	0.00	0.00	0.00

30. Against this, the Petitioner in the instant true-up petition *vide* Auditor's Certificates has claimed the following ACE on account of undischarged liability towards final



payment/ withheld payment due to contractual exigencies for works executed within the cut-off date in accordance with Regulation 14(1)(i) of the 2014 Tariff Regulations:

Assets	ACE (₹ in lakh)		
	2016-17	2017-18	2018-19
Asset-1	120.50	16.22	97.54
Asset-2	95.14	27.46	97.45
Asset-3	181.76	242.93	0.00
Asset-4	118.62	242.77	0.00
Asset-5	50.71	67.78	0.00
Asset-6	80.32	107.35	0.00

31. We have considered the submissions of the Petitioner. The actual ACE claimed by the Petitioner has been allowed under Regulation 14(1)(i) of the 2014 Tariff Regulations, as it is on account of undischarged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date. The 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 is as follows:

		ACE (₹ in lakh)		
Assets	Particulars	ACE allowed for 2016-17	ACE allowed for 2017-18	ACE allowed for 2018-19
Asset-1	Expenditure as per Auditor Certificate	120.50	16.22	97.54
	Discharge of IDC Liability	0.00	5.99	0.00
	Total ACE allowed	120.50	22.21	97.54
Asset-2	Expenditure as per Auditor Certificate	95.14	27.46	97.45
	Discharge of IDC Liability	0.00	2.34	0.00
	Total ACE allowed	95.14	29.80	97.45
Asset-3	Expenditure as per Auditor Certificate	181.76	242.93	0.00
	Discharge of IDC Liability	22.22	3.33	0.00
	Total ACE allowed	203.98	246.26	0.00
Asset-4	Expenditure as per Auditor Certificate	118.62	242.77	0.00



	Discharge of IDC Liability	34.26	2.49	0.00
	Total ACE allowed	152.88	245.26	0.00
Asset-5	Expenditure as per Auditor Certificate	50.71	67.78	0.00
	Discharge of IDC Liability	8.49	0.42	0.00
	Total ACE allowed	59.20	68.20	0.00
Asset-6	Expenditure as per Auditor Certificate	80.32	107.35	0.00
	Discharge of IDC Liability	1.22	3.54	0.00
	Total ACE allowed	81.54	110.89	0.00

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

(₹ in lakh)

Assets	Capital cost as on COD	ACE allowed			Capital cost as on 31.3.2019
		2016-17	2017-18	2018-19	
Asset-1	655.41	120.50	22.21	97.54	895.66
Asset-2	614.59	95.14	29.80	97.45	836.98
Asset-3	1069.54	203.98	246.26	0.00	1519.78
Asset-4	1055.25	152.88	245.26	0.00	1453.39
Asset-5	297.90	59.20	68.20	0.00	425.30
Asset-6	460.34	81.54	110.89	0.00	652.77

Debt-Equity ratio

33. The Petitioner has claimed debt-equity ratio of 70:30 in respect of transmission assets as on the date of commercial operation. The details of debt-equity ratio in respect of the transmission assets as on the date of commercial operation and as on 31.3.2019 are as follows:

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE (₹ in lakh)	(in %)	Capital Cost as on 31.3.2019 (₹ in lakh)	(in %)
Asset-1						
Debt	458.79	70.00	168.18	70.00	626.96	70.00
Equity	196.62	30.00	72.07	30.00	268.70	30.00
Total	655.41	100.00	240.25	100.00	895.66	100.00
Asset-2						
Debt	430.21	70.00	155.68	70.00	585.89	70.00
Equity	184.38	30.00	66.71	30.00	251.09	30.00
Total	614.59	100.00	222.39	100.00	836.98	100.00
Asset-3						
Debt	748.68	70.00	315.17	70.00	1063.85	70.00
Equity	320.86	30.00	135.07	30.00	455.93	30.00



Total	1069.54	100.00	450.24	100.00	1519.78	100.00
Asset-4						
Debt	738.68	70.00	278.70	70.00	1017.38	70.00
Equity	316.58	30.00	119.44	30.00	436.01	30.00
Total	1055.25	100.00	398.14	100.00	1453.39	100.00
Asset-5						
Debt	208.53	70.00	89.18	70.00	297.71	70.00
Equity	89.37	30.00	38.22	30.00	127.59	30.00
Total	297.90	100.00	127.40	100.00	425.30	100.00
Asset-6						
Debt	322.24	70.00	134.70	70.00	456.94	70.00
Equity	138.10	30.00	57.73	30.00	195.83	30.00
Total	460.34	100.00	192.43	100.00	652.77	100.00

Depreciation

34. The gross block during 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD (as placed at Annexure-I) has been worked out considering the depreciation rates of assets as specified in the 2014 Tariff Regulations and the trued-up depreciation allowed for the transmission assets for 2014-19 tariff period is as follows:

(₹ in lakh)

Particulars	Asset-1			Asset-2		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation						
Opening Gross Block	655.41	775.91	798.12	614.59	709.73	739.53
ACE	120.50	22.21	97.54	95.14	29.80	97.45
Closing Gross Block	775.91	798.12	895.66	709.73	739.53	836.98
Average Gross Block	715.66	787.02	846.89	662.16	724.63	788.25
Weighted Average Rate of Depreciation (in%)	15.00	15.00	15.00	15.00	15.00	15.00
Balance useful life at the beginning of the year	7	7	6	7	7	6
Elapsed life at the beginning of the year	0	0	1	0	0	1
Aggregated Depreciable Value	715.66	787.02	846.89	662.16	724.63	788.25
Depreciation during the year	53.53	118.05	127.03	49.53	108.69	118.24
Cumulative Depreciation at the end of the year	53.53	171.58	298.61	49.53	158.22	276.46



Remaining Aggregate Depreciable Value at the end of the year	662.13	615.44	548.28	612.63	566.41	511.80
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(₹ in lakh)

Particulars	Asset-3			Asset-4		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation						
Opening Gross Block	1069.54	1273.52	1519.78	1055.25	1208.13	1453.39
ACE	203.98	246.26	0.00	152.88	245.26	0.00
Closing Gross Block	1273.52	1519.78	1519.78	1208.13	1453.39	1453.39
Average Gross Block	1171.53	1396.65	1519.78	1131.69	1330.76	453.39
Weighted Average Rate of Depreciation (in%)	15.00	15.00	15.00	11.16	11.31	11.28
Balance useful life at the beginning of the year	7	7	6	13	13	12
Elapsed life at the beginning of the year	0	0	1	0	0	1
Aggregated Depreciable Value	1171.53	1396.65	1519.78	1094.42	1197.68	1308.05
Depreciation during the year	87.62	209.50	227.97	62.98	150.51	163.94
Cumulative Depreciation at the end of the year	87.62	297.12	525.09	62.98	213.49	377.43
Remaining Aggregate Depreciable Value at the end of the year	1083.91	1099.53	994.69	1031.45	984.20	930.62

(₹ in lakh)

Particulars	Asset-5			Asset-6		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation						
Opening Gross Block	297.90	357.10	425.30	460.34	541.88	652.77
ACE	59.20	68.20	0.00	81.54	110.89	0.00
Closing Gross Block	357.10	425.30	425.30	541.88	652.77	652.77
Average Gross Block	327.50	391.20	425.30	501.11	597.32	652.77
Weighted Average Rate of Depreciation (in%)	15.00	15.00	15.00	15.00	15.00	15.00
Balance useful life at the beginning of the year	7	7	6	7	7	6
Elapsed life at the beginning of the year	0	0	1	0	0	1
Aggregated Depreciable Value	327.50	391.20	425.30	501.11	597.32	652.77
Depreciation during the year	24.50	58.68	63.80	37.48	89.60	97.91
Cumulative Depreciation at the end of the year	24.50	83.18	146.97	37.48	127.08	224.99



Remaining Aggregate Depreciable Value at the end of the year	303.00	308.03	278.33	463.63	470.24	427.77
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35. The details of the depreciation approved in order dated 3.7.2018 in Petition No. 11/TT/2018, claimed by the Petitioner in the instant petition and trued up in the instant order is shown as follows:

(₹ in lakh)				
Assets	Particulars	2016-17	2017-18	2018-19
Asset-1	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	19.64	47.72	52.46
	Claimed by the Petitioner in the instant petition	53.23	118.05	127.03
	Allowed after true-up in this order	53.53	118.05	127.03
Asset-2	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	18.45	44.44	48.86
	Claimed by the Petitioner in the instant petition	49.25	108.69	118.23
	Allowed after true-up in this order	49.53	108.69	118.24
Asset-3	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	36.97	83.62	86.65
	Claimed by the Petitioner in the instant petition	87.14	211.33	231.64
	Allowed after true-up in this order	87.62	209.50	227.97
Asset-4	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	35.72	79.33	82.19
	Claimed by the Petitioner in the instant petition	62.67	152.04	167.00
	Allowed after true-up in this order	62.98	150.51	163.94
Asset-5	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	10.34	24.46	27.04
	Claimed by the Petitioner in the instant petition	24.36	59.10	64.63
	Allowed after true-up in this order	24.50	58.68	63.80
Asset-6	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	14.18	28.43	28.43
	Claimed by the Petitioner in the instant petition	37.27	91.82	102.36
	Allowed after true-up in this order	37.48	89.60	97.91

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. Accordingly, IoL has been calculated based on actual



interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. Trued up

IoL worked out and allowed in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-1			Asset-2		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Interest on Loan						
Gross Normative Loan	458.79	543.14	558.68	430.21	496.81	517.67
Cumulative Repayments up to Previous Year	0.00	53.53	171.58	0.00	49.53	158.22
Net Loan-Opening	458.79	489.61	387.10	430.21	447.28	359.45
Additions	84.35	15.55	68.28	66.60	20.86	68.22
Repayment during the year	53.53	118.05	127.03	49.53	108.69	118.24
Net Loan-Closing	489.61	387.10	328.35	447.28	359.45	309.43
Average Loan	474.20	438.36	357.73	438.75	403.37	334.44
Weighted Average Rate of Interest on Loan (in%)	8.2082	8.0410	8.0177	7.6127	7.5958	7.6355
Interest on Loan	19.41	35.25	28.68	16.65	30.64	25.54

(₹ in lakh)

Particulars	Asset-3			Asset-4		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Interest on Loan						
Gross Normative Loan	748.68	891.46	1063.85	738.68	845.69	1017.38
Cumulative Repayments up to Previous Year	0.00	87.62	297.12	0.00	20.74	171.25
Net Loan-Opening	748.68	803.84	766.73	738.68	824.95	846.13
Additions	142.79	172.39	0.00	107.02	171.69	0.00
Repayment during the year	87.62	209.50	227.97	20.74	150.51	163.94
Net Loan-Closing	803.84	766.73	538.76	824.95	846.13	682.19
Average Loan	776.26	785.29	652.75	781.81	835.54	764.16
Weighted Average Rate of Interest on Loan (in%)	8.3485	8.0930	7.9813	8.1705	8.0231	7.9498
Interest on Loan	32.31	63.55	52.10	31.85	67.04	60.75



(₹ in lakh)

Particulars	Asset-5			Asset-6		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Interest on Loan						
Gross Normative Loan	208.53	249.97	297.71	322.24	379.32	456.94
Cumulative Repayments up to Previous Year	0.00	24.50	83.18	0.00	37.48	127.08
Net Loan-Opening	208.53	225.47	214.54	322.24	341.84	329.86
Additions	41.44	47.74	0.00	57.08	77.62	0.00
Repayment during the year	24.50	58.68	63.80	37.48	89.60	97.91
Net Loan-Closing	225.47	214.54	150.74	341.84	329.86	231.95
Average Loan	217.00	220.01	182.64	332.04	335.85	280.90
Weighted Average Rate of Interest on Loan (in%)	8.3003	8.0319	7.9503	8.6091	8.0604	7.8851
Interest on Loan	8.98	17.67	14.52	14.25	27.07	22.15

37. The details of IoL approved in order dated 3.7.2018 in Petition No. 11/TT/2018, claimed by the Petitioner in the instant petition and trued up in instant order is shown in the table as follows:

(₹ in lakh)

Assets	Particulars	2016-17	2017-18	2018-19
Asset-1	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	17.38	39.29	39.46
	Claimed by the Petitioner in the instant petition	19.42	35.27	28.71
	Allowed after true-up in this order	19.41	35.25	28.68
Asset-2	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	15.19	34.19	34.36
	Claimed by the Petitioner in the instant petition	16.66	30.66	25.55
	Allowed after true-up in this order	16.65	30.64	25.54
Asset-3	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	33.22	70.05	65.75
	Claimed by the Petitioner in the instant petition	32.33	64.21	53.21
	Allowed after true-up in this order	32.31	63.55	52.10
Asset-4	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	31.52	65.04	61.00
	Claimed by the Petitioner in the instant petition	31.00	64.40	58.73



	Allowed after true-up in this order	31.85	67.04	60.75
Asset-5	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	9.23	20.29	20.51
	Claimed by the Petitioner in the instant petition	8.99	17.82	14.77
	Allowed after true-up in this order	8.98	17.67	14.52
Asset-6	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	13.03	24.05	21.60
	Claimed by the Petitioner in the instant petition	14.26	27.83	23.45
	Allowed after true-up in this order	14.25	27.07	22.15

Return on Equity (“RoE”)

38. The Petitioner has claimed RoE for the transmission assets in terms of Regulations 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 %)
2016-17	21.338	19.704
2017-18	21.337	19.705
2018-19	21.549	19.758

39. 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 as follows:

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

40. The same MAT rates as considered in the order dated 27.4.2020 in Petition No. 274/TT/2019 are considered for the purpose of grossing up of rate of RoE for trueing up



of the tariff of 2014-19 period in terms of the provisions of the 2014 Tariff Regulations, which is as follows:

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

41. The Petitioner has claimed RoE for 2014-19 period after grossing up the RoE with Effective Tax rates (based on MAT rates) each year as per the above said Regulation. RoE is trued up on the basis of the MAT rate applicable for the respective years and is allowed as follows:

(₹ in lakh)

Particulars	Asset-1			Asset-2		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Return on Equity						
Opening Equity	196.62	232.77	239.44	184.38	212.92	221.86
Additions	36.15	6.66	29.26	28.54	8.94	29.23
Closing Equity	232.77	239.44	268.70	212.92	221.86	251.09
Average Equity	214.70	236.10	254.07	198.65	217.39	236.47
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	21.342	21.342	21.549	21.342	21.342	21.549
Rate of Return on Equity (in %)	19.705	19.705	19.758	19.705	19.705	19.758
Return on Equity	21.10	46.52	50.20	19.52	42.84	46.72

(₹ in lakh)

Particulars	Asset-3			Asset-4		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Return on Equity						
Opening Equity	320.86	382.06	455.93	316.58	362.44	436.01
Additions	61.19	73.87	0.00	45.86	73.57	0.00
Closing Equity	382.06	455.93	455.93	362.44	436.01	436.01



Average Equity	351.46	418.99	455.93	339.51	399.22	436.01
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	21.342	21.342	21.549	21.342	21.342	21.549
Rate of Return on Equity (in %)	19.705	19.705	19.758	19.705	19.705	19.758
Return on Equity	34.53	82.56	90.08	33.36	78.67	86.15

(₹ in lakh)

Particulars	Asset-5			Asset-6		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Return on Equity						
Opening Equity	89.37	107.13	127.59	138.10	162.56	195.83
Additions	17.76	20.46	0.00	24.46	33.26	0.00
Closing Equity	107.13	127.59	127.59	162.56	195.83	195.83
Average Equity	98.25	117.36	127.59	150.33	179.20	195.83
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	21.342	21.342	21.549	21.342	21.342	21.549
Rate of Return on Equity (in %)	19.705	19.705	19.758	19.705	19.705	19.758
Return on Equity	9.65	23.13	25.21	14.77	35.31	38.69

42. Accordingly, details of RoE approved in order dated 3.7.2018 in Petition No. 11/TT/2018, claimed by the Petitioner in the instant petition and trued up in the instant order are as follows:

(₹ in lakh)

Assets	Particulars	2016-17	2017-18	2018-19
Asset-1	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	18.25	44.35	48.76
	Claimed by the Petitioner in the instant petition	21.10	46.53	50.20
	Allowed after true-up in this order	21.10	46.52	50.20
Asset-2	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	17.15	41.30	45.41
	Claimed by the Petitioner in the instant petition	19.52	42.84	46.72
	Allowed after true-up in this order	19.52	42.84	46.72
Asset-3	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	34.35	77.71	80.53



	Claimed by the Petitioner in the instant petition	34.54	83.29	91.53
	Allowed after true-up in this order	34.53	82.56	90.08
Asset-4	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	33.20	73.73	76.39
	Claimed by the Petitioner in the instant petition	33.36	79.50	87.80
	Allowed after true-up in this order	33.36	78.67	86.15
Asset-5	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	9.61	22.74	25.13
	Claimed by the Petitioner in the instant petition	9.65	23.29	25.54
	Allowed after true-up in this order	9.65	23.13	25.21
Asset-6	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	13.18	26.42	26.42
	Claimed by the Petitioner in the instant petition	14.77	36.19	40.45
	Allowed after true-up in this order	14.77	35.31	38.69

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

43. The Petitioner has not claimed O&M Expenses in the instant petition.

Interest on Working Capital (“IWC”)

44. The IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and allowed as follows:

(₹ in lakh)

Particulars	Asset-1			Asset-2		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for one Month)	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to two months of annual fixed costs/annual transmission charges)	32.11	34.03	35.07	29.27	31.02	32.44
Total Working Capital	32.11	34.03	35.07	29.27	31.02	32.44
Rate of Interest (in %)	12.80	12.80	12.80	12.80	12.80	12.80
Interest on Working Capital	2.05	4.36	4.49	1.87	3.97	4.15



(₹ in lakh)

Particulars	Asset-3			Asset-4		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for one Month)	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to two months of annual fixed costs/annual transmission charges)	52.76	60.56	63.04	43.78	50.44	52.94
Total Working Capital	52.76	60.56	63.04	43.78	50.44	52.94
Rate of Interest (in %)	12.80	12.80	12.80	12.80	12.80	12.80
Interest on Working Capital	3.37	7.75	8.07	2.79	6.46	6.78

(₹ in lakh)

Particulars	Asset-5			Asset-6		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for one Month)	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to two months of annual fixed costs/annual transmission charges)	14.73	16.94	17.63	22.71	25.88	27.04
Total Working Capital	14.73	16.94	17.63	22.71	25.88	27.04
Rate of Interest (in%)	12.80	12.80	12.80	12.80	12.80	12.80
Interest on Working Capital	0.94	2.17	2.26	1.45	3.31	3.46

45. The details of IWC approved *vide* order dated 3.7.2018 in Petition No. 11/TT/2018, IWC claimed by the Petitioner in the instant petition and tried up in the instant order are as follows:



(₹ in lakh)				
Assets	Particulars	2016-17	2017-18	2018-19
Asset-1	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	1.20	2.86	3.07
	Claimed by the Petitioner in the instant petition	2.04	4.36	4.49
	Allowed after true-up in this order	2.05	4.36	4.49
Asset-2	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	1.11	2.61	2.80
	Claimed by the Petitioner in the instant petition	1.86	3.97	4.15
	Allowed after true-up in this order	1.87	3.97	4.15
Asset-3	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	2.28	5.04	5.08
	Claimed by the Petitioner in the instant petition	3.36	7.82	8.20
	Allowed after true-up in this order	3.37	7.75	8.07
Asset-4	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	2.19	4.75	4.79
	Claimed by the Petitioner in the instant petition	2.77	6.45	6.83
	Allowed after true-up in this order	2.79	6.46	6.78
Asset-5	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	0.64	1.47	1.58
	Claimed by the Petitioner in the instant petition	0.94	2.18	2.29
	Allowed after true-up in this order	0.94	2.17	2.26
Asset-6	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	0.88	1.72	1.67
	Claimed by the Petitioner in the instant petition	1.45	3.40	3.62
	Allowed after true-up in this order	1.45	3.31	3.46

Approved Annual Fixed Charges for 2014-19 Tariff Period

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

(₹ in lakh)						
Particulars	Asset-1			Asset-2		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation	53.53	118.05	127.03	49.53	108.69	118.24
Interest on Loan	19.41	35.25	28.68	16.65	30.64	25.54
Return on Equity	21.10	46.52	50.20	19.52	42.84	46.72
O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	2.05	4.36	4.49	1.87	3.97	4.15
Total	96.08	204.18	210.40	87.57	186.14	194.65



(₹ in lakh)

Particulars	Asset-3			Asset-4		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation	87.62	209.50	227.97	62.98	150.51	163.94
Interest on Loan	32.31	63.55	52.10	31.85	67.04	60.75
Return on Equity	34.53	82.56	90.08	33.36	78.67	86.15
O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	3.37	7.75	8.07	2.79	6.46	6.78
Total	157.84	363.37	378.22	130.98	302.67	317.62

(₹ in lakh)

Particulars	Asset-5			Asset-6		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Depreciation	24.50	58.68	63.80	37.48	89.60	97.91
Interest on Loan	8.98	17.67	14.52	14.25	27.07	22.15
Return on Equity	9.65	23.13	25.21	14.77	35.31	38.69
O&M Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	0.94	2.17	2.26	1.45	3.31	3.46
Total	44.07	101.65	105.78	67.95	155.29	162.22

47. Accordingly, the Annual Transmission Charges approved *vide* order dated 3.7.2018 in Petition No. 11/TT/2018, claimed by the Petitioner in the instant petition and approved after truing up in the instant order are as follows:

(₹ in lakh)

Assets	Particulars	2016-17	2017-18	2018-19
Asset-1	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	56.47	134.22	143.75
	Claimed by the Petitioner in the instant petition	95.79	204.21	210.43
	Allowed after true-up in this order	96.08	204.18	210.40
Asset-2	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	51.90	122.54	131.42
	Claimed by the Petitioner in the instant petition	87.29	186.16	194.65
	Allowed after true-up in this order	87.57	186.14	194.65



Assets	Particulars	2016-17	2017-18	2018-19
Asset-3	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	106.82	236.42	238.00
	Claimed by the Petitioner in the instant petition	157.37	366.65	384.58
	Allowed after true-up in this order	157.84	363.37	378.22
Asset-4	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	102.62	222.85	224.37
	Claimed by the Petitioner in the instant petition	129.80	302.39	320.36
	Allowed after true-up in this order	130.98	302.67	317.62
Asset-5	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	29.81	68.96	74.27
	Claimed by the Petitioner in the instant petition	43.94	102.39	107.23
	Allowed after true-up in this order	44.07	101.65	105.78
Asset-6	Approved <i>vide</i> order dated 3.7.2018 in Petition No. 11/TT/2018	41.26	80.63	78.13
	Claimed by the Petitioner in the instant petition	67.75	159.24	169.88
	Allowed after true-up in this order	67.95	155.29	162.22

DETERMINATION OF ANNUAL FIXED CHARGES FOR THE 2019-24 TARIFF PERIOD

48. The Petitioner *vide* affidavit dated 6.9.2021 has claimed following transmission charges for 2019-24 tariff period for the transmission assets:

(₹ in lakh)

Particulars	Asset-1				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	134.35	134.35	134.35	134.35	134.35
Interest on Loan	21.07	10.23	2.42	0.00	0.00
Return on Equity	50.47	50.47	50.47	50.47	50.47
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	3.10	2.94	2.82	2.79	2.78
Total	208.99	197.99	190.06	187.61	187.60

(₹ in lakh)

Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	125.54	125.55	125.55	125.55	125.55
Interest on Loan	18.99	9.34	2.26	0.00	0.00
Return on Equity	47.16	47.16	47.16	47.16	47.16
O&M Expenses	0.00	0.00	0.00	0.00	0.00



Interest on Working Capital	2.88	2.74	2.64	2.60	2.60
Total	194.57	184.79	177.61	175.31	175.31

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	231.64	231.64	231.64	231.64	231.64
Interest on Loan	34.80	16.23	3.50	0.00	0.00
Return on Equity	87.01	87.01	87.01	87.01	87.01
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	5.32	5.05	4.86	4.81	4.79
Total	358.77	339.93	327.01	323.46	323.44

(₹ in lakh)

Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	167.36	167.72	167.72	167.72	167.72
Interest on Loan	45.94	33.12	19.82	6.59	0.00
Return on Equity	84.08	84.68	84.68	84.68	84.68
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	4.47	4.31	4.11	3.91	3.80
Total	301.85	289.83	276.33	262.90	256.20

(₹ in lakh)

Particulars	Asset-5				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	64.63	64.63	64.63	64.63	64.63
Interest on Loan	9.65	4.49	0.97	0.00	0.00
Return on Equity	24.28	24.28	24.28	24.28	24.28
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	1.48	1.41	1.36	1.34	1.34
Total	100.04	94.81	91.24	90.25	90.25

(₹ in lakh)

Particulars	Asset-6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	102.36	102.36	102.36	102.36	102.36
Interest on Loan	15.52	7.36	1.64	0.00	0.00
Return on Equity	38.45	38.45	38.45	38.45	38.45
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	2.35	2.23	2.15	2.12	2.12
Total	158.68	150.40	144.60	142.93	142.93



49. The details of IWC claimed by the Petitioner for the transmission assets for 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-1				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables	25.70	24.41	23.43	23.13	23.07
Total Working Capital	25.70	24.41	23.43	23.13	23.07
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	3.10	2.94	2.82	2.79	2.78

(₹ in lakh)

Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables	23.92	22.78	21.90	21.61	21.55
Total Working Capital	23.92	22.78	21.90	21.61	21.55
Rate of Interest (in%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	2.88	2.74	2.64	2.60	2.60

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables	44.11	41.91	40.32	39.88	39.77
Total Working Capital	44.11	41.91	40.32	39.88	39.77
Rate of Interest (in%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	5.32	5.05	4.86	4.81	4.79

(₹ in lakh)

Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00



Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for Receivables	37.11	35.73	34.07	32.41	31.50
Total Working Capital	37.11	35.73	34.07	32.41	31.50
Rate of Interest (in%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	4.47	4.31	4.11	3.91	3.80

(₹ in lakh)

Particulars	Asset-5				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables	12.30	11.69	11.25	11.13	11.10
Total Working Capital	12.30	11.69	11.25	11.13	11.10
Rate of Interest (in%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	1.48	1.41	1.36	1.34	1.34

(₹ in lakh)

Particulars	Asset-6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables	19.51	18.54	17.83	17.62	17.57
Total Working Capital	19.51	18.54	17.83	17.62	17.57
Rate of Interest (in%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	2.35	2.23	2.15	2.12	2.12

Capital Cost

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

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less*



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

(3) The Capital cost of an existing project shall include the following:

- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly 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."

51. The Petitioner has claimed the following capital cost for the transmission assets as on 31.3.2019:

(₹ in lakh)

Assets	Capital cost as on 31.3.2019
Asset-1	895.67
Asset-2	836.84
Asset-3	1544.26
Asset-4	1494.87
Asset-5	430.86
Asset-6	682.42



52. The capital cost as on 31.3.2019 worked out by the Commission for the transmission assets has been considered as admitted capital cost as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations. The admitted capital cost as on 31.3.2019 for the transmission assets has been considered as opening capital cost as on 1.4.2019 and the same is as follows:

(₹ in lakh)

Assets	Capital cost as on 31.3.2019
Asset-1	895.66
Asset-2	836.98
Asset-3	1519.78
Asset-4	1453.39
Asset-5	425.30
Asset-6	652.77

Additional Capital Expenditure (“ACE”)

53. Regulation 24 and Regulation 25 of the 2019 Tariff Regulations provides 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 assets 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 assets and the cumulative depreciation, subject to prudence check on the following grounds:

- (a) The useful life of the assets is not commensurate with the useful life of the project and such assets 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.”

54. The Petitioner has claimed the following ACE in 2019-24 tariff period under Regulations 25(1)(d) of the 2019 Tariff Regulations on account of discharge of liability for works executed prior to the cut-off date:

Asset	(₹ in lakh)
	ACE 2019-20
Asset-4	21.59

55. We have considered the submissions of the Petitioner. ACE claimed by the Petitioner has been allowed under Regulation 25(1)(d) of the 2019 Tariff Regulations as it is towards discharge of liability for works executed prior to the cut-off date. Accordingly,



ACE in 2019-24 tariff period and the capital cost as on 31.3.2024 considered for the transmission assets are as follows:

Assets	Capital Cost admitted as on 1.4.2019	ACE	Capital Cost allowed as on 31.3.2024
		2019-20	
Asset-1	895.66	0.00	895.66
Asset-2	836.98	0.00	836.98
Asset-3	1519.78	0.00	1519.78
Asset-4	1453.39	21.59	1474.98
Asset-5	425.30	0.00	425.30
Asset-6	652.77	0.00	652.77

Debt-Equity ratio

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

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

Provided that:

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

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

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

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



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

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

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

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.

(6) Any expenditure incurred for the emission control system during the tariff period as may be admitted by the Commission as additional capital expenditure for determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation.”

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

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Asset-1						
Debt	626.96	70.00	0.00	N/A	626.96	70.00
Equity	268.70	30.00	0.00	N/A	268.70	30.00
Total	895.66	100.00	0.00	N/A	895.66	100.00
Asset-2						
Debt	585.89	70.00	0.00	N/A	585.89	70.00
Equity	251.09	30.00	0.00	N/A	251.09	30.00
Total	836.98	100.00	0.00	N/A	836.98	100.00
Asset-3						
Debt	1063.85	70.00	0.00	N/A	1063.85	70.00
Equity	455.93	30.00	0.00	N/A	455.93	30.00
Total	1519.78	100.00	0.00	N/A	1519.78	100.00
Asset-4						
Debt	1017.38	70.00	15.11	70.00	1032.49	70.00
Equity	436.01	30.00	6.48	30.00	442.49	30.00
Total	1453.39	100.00	21.59	100.00	1474.98	100.00
Asset-5						
Debt	297.71	70.00	0.00	N/A	297.71	70.00



Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Equity	127.59	30.00	0.00	N/A	127.59	30.00
Total	425.30	100.00	0.00	N/A	425.30	100.00
Asset-6						
Debt	456.94	70.00	0.00	N/A	456.94	70.00
Equity	195.83	30.00	0.00	N/A	195.83	30.00
Total	652.77	100.00	0.00	N/A	652.77	100.00

Depreciation

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

(9) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission shall be computed in accordance with Clauses (1) to (8) of this Regulation.

(10) Depreciation of the emission control system of an existing or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on straight line method, with salvage value of 10%, over a period of –

a) twenty five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or

b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or

c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life.”

59. WAROD placed at Annexure-II has been worked out considering the depreciation rates of assets as prescribed 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. The depreciation allowed in respect of the transmission assets for 2019-24 tariff period is as follows:

(₹ in lakh)

Particulars	Asset-1				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	895.66	895.66	895.66	895.66	895.66
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	895.66	895.66	895.66	895.66	895.66
Average Gross Block	895.66	895.66	895.66	895.66	895.66
Weighted average rate of Depreciation (WAROD) (in %)	15.00	15.00	15.00	15.00	15.00
Balance useful life at the beginning of the year (in year)	5	4	3	2	1
Elapsed Life at the beginning of the year (in year)	2	3	4	5	6
Aggregated Depreciable Value	895.66	895.66	895.66	895.66	895.66
Depreciation during the year	134.35	134.35	134.35	134.35	59.65
Aggregate Cumulative Depreciation at the end of the year	432.96	567.31	701.66	836.01	895.66
Remaining Aggregated Depreciable Value at the end of the year	462.70	328.35	194.00	59.65	0.00

(₹ in lakh)

Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	836.98	836.98	836.98	836.98	836.98
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	836.98	836.98	836.98	836.98	836.98
Average Gross Block	836.98	836.98	836.98	836.98	836.98
Weighted average rate of Depreciation (WAROD) (in %)	15.00	15.00	15.00	15.00	15.00
Balance useful life at the beginning of the year (in year)	5	4	3	2	1
Elapsed Life at the beginning of the year (in year)	2	3	4	5	6
Aggregated Depreciable Value	836.98	836.98	836.98	836.98	836.98
Depreciation during the year	125.55	125.55	125.55	125.55	58.33



Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Aggregate Cumulative Depreciation at the end of the year	402.00	527.55	653.10	778.65	836.98
Remaining Aggregated Depreciable Value at the end of the year	434.97	309.43	183.88	58.33	0.00

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	1519.78	1519.78	1519.78	1519.78	1519.78
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	1519.78	1519.78	1519.78	1519.78	1519.78
Average Gross Block	1519.78	1519.78	1519.78	1519.78	1519.78
Weighted average rate of Depreciation (WAROD) (in %)	15.00	15.00	15.00	15.00	15.00
Balance useful life at the beginning of the year (in year)	5	4	3	2	1
Elapsed Life at the beginning of the year (in year)	2	3	4	5	6
Aggregated Depreciable Value	1519.78	1519.78	1519.78	1519.78	1519.78
Depreciation during the year	227.97	227.97	227.97	227.97	82.82
Aggregate Cumulative Depreciation at the end of the year	753.06	981.02	1208.99	1436.96	1519.78
Remaining Aggregated Depreciable Value at the end of the year	766.73	538.76	310.79	82.82	0.00

(₹ in lakh)

Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	1453.39	1474.98	1474.98	1474.98	1474.98
Addition during the year 2019-24 due to projected ACE	21.59	0.00	0.00	0.00	0.00
Closing Gross Block	1474.98	1474.98	1474.98	1474.98	1474.98
Average Gross Block	1464.18	1474.98	1474.98	1474.98	1474.98
Weighted average rate of Depreciation (WAROD) (in %)	11.22	11.16	11.16	11.16	11.16
Balance useful life at the beginning of the year (in year)	11	10	9	8	7
Elapsed Life at the beginning of the year (in year)	2	3	4	5	6
Aggregated Depreciable Value	1416.73	1426.45	1426.45	1426.45	1426.45
Depreciation during the year	164.30	164.66	164.66	164.66	164.66
Aggregate Cumulative Depreciation at the end of the year	541.73	706.40	871.06	1035.73	1200.39



Remaining Aggregated Depreciable Value at the end of the year	875.00	720.05	555.39	390.72	226.06
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(₹ in lakh)

Particulars	Asset-5				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	425.30	425.30	425.30	425.30	425.30
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	425.30	425.30	425.30	425.30	425.30
Average Gross Block	425.30	425.30	425.30	425.30	425.30
Weighted average rate of Depreciation (WAROD) (in %)	15.00	15.00	15.00	15.00	15.00
Balance useful life at the beginning of the year (in year)	5	4	3	2	1
Elapsed Life at the beginning of the year (in year)	2	3	4	5	6
Aggregated Depreciable Value	425.30	425.30	425.30	425.30	425.30
Depreciation during the year	63.80	63.80	63.80	63.80	23.15
Aggregate Cumulative Depreciation at the end of the year	210.77	274.56	338.36	402.15	425.30
Remaining Aggregated Depreciable Value at the end of the year	214.54	150.74	86.95	23.15	0.00

(₹ in lakh)

Particulars	Asset-6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	652.77	652.77	652.77	652.77	652.77
Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	652.77	652.77	652.77	652.77	652.77
Average Gross Block	652.77	652.77	652.77	652.77	652.77
Weighted average rate of Depreciation (WAROD) (in %)	15.00	15.00	15.00	15.00	15.00
Balance useful life at the beginning of the year (in year)	5	4	3	2	1
Elapsed Life at the beginning of the year (in year)	2	3	4	5	6
Aggregated Depreciable Value	652.77	652.77	652.77	652.77	652.77
Depreciation during the year	97.91	97.91	97.91	97.91	36.11
Aggregate Cumulative Depreciation at the end of the year	322.91	420.82	518.74	616.65	652.77
Remaining Aggregated Depreciable Value at the end of the year	329.86	231.94	134.03	36.11	0.00



Interest on Loan (“IoL”)

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

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

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

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

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

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

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

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

(5a) *The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company 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.”*

61. We have considered the submissions 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 for the transmission assets for 2019-24 tariff period is as follows:

(₹ in lakh)

Particulars	Asset-1				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	626.96	626.96	626.96	626.96	626.96
Cumulative Repayments up to Previous Year	298.61	432.96	567.31	626.96	626.96
Net Loan-Opening	328.35	194.00	59.65	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	134.35	134.35	59.65	0.00	0.00
Net Loan-Closing	194.00	59.65	0.00	0.00	0.00
Average Loan	261.18	126.83	29.83	0.00	0.00
Weighted Average Rate of Interest on Loan (in %)	8.0594	8.0428	8.0889	8.1499	8.1331
Interest on Loan	21.05	10.20	2.41	0.00	0.00

(₹ in lakh)

Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	585.89	585.89	585.89	585.89	585.89
Cumulative Repayments up to Previous Year	276.46	402.00	527.55	585.89	585.89
Net Loan-Opening	309.43	183.88	58.34	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	125.55	125.55	58.34	0.00	0.00
Net Loan-Closing	183.88	58.34	0.00	0.00	0.00
Average Loan	246.66	121.11	29.17	0.00	0.00
Weighted Average Rate of Interest on Loan (in %)	7.6908	7.6892	7.7096	7.7342	7.7324
Interest on Loan	18.97	9.31	2.25	0.00	0.00

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	1063.85	1063.85	1063.85	1063.85	1063.85
Cumulative Repayments up to Previous Year	525.09	753.06	981.02	1063.85	1063.85
Net Loan-Opening	538.76	310.80	82.83	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00



Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Repayment during the year	227.97	227.97	82.83	0.00	0.00
Net Loan-Closing	310.80	82.83	0.00	0.00	0.00
Average Loan	424.78	196.81	41.41	0.00	0.00
Weighted Average Rate of Interest on Loan (in %)	7.9991	7.9766	7.9830	7.9918	7.9738
Interest on Loan	33.98	15.70	3.31	0.00	0.00

(₹ in lakh)

Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	1017.38	1032.49	1032.49	1032.49	1032.49
Cumulative Repayments up to Previous Year	377.43	541.73	706.40	871.06	1032.49
Net Loan-Opening	639.95	490.76	326.09	161.43	0.00
Additions	15.11	0.00	0.00	0.00	0.00
Repayment during the year	164.30	164.66	164.66	161.43	0.00
Net Loan-Closing	490.76	326.09	161.43	0.00	0.00
Average Loan	565.35	408.42	243.76	80.71	0.00
Weighted Average Rate of Interest on Loan (in %)	7.9328	7.9020	7.8843	7.8608	7.8540
Interest on Loan	44.85	32.27	19.22	6.34	0.00

(₹ in lakh)

Particulars	Asset-5				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	297.71	297.71	297.71	297.71	297.71
Cumulative Repayments up to Previous Year	146.97	210.77	274.56	297.71	297.71
Net Loan-Opening	150.74	86.95	23.15	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	63.80	63.80	23.15	0.00	0.00
Net Loan-Closing	86.95	23.15	0.00	0.00	0.00
Average Loan	118.84	55.05	11.58	0.00	0.00
Weighted Average Rate of Interest on Loan (in %)	7.9642	7.9412	7.9715	8.0172	8.0089
Interest on Loan	9.47	4.37	0.92	0.00	0.00



(₹ in lakh)

Particulars	Asset-6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	456.94	456.94	456.94	456.94	456.94
Cumulative Repayments up to Previous Year	224.99	322.91	420.82	456.94	456.94
Net Loan-Opening	231.95	134.03	36.12	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	97.91	97.91	36.12	0.00	0.00
Net Loan-Closing	134.03	36.12	0.00	0.00	0.00
Average Loan	182.99	85.07	18.06	0.00	0.00
Weighted Average Rate of Interest on Loan (in %)	7.9551	7.9389	7.9179	7.8924	7.8663
Interest on Loan	14.56	6.75	1.43	0.00	0.00

Return on Equity (RoE)

62. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations provides 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 cutoff date beyond the original scope excluding additional capitalization on account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to ceiling of 14%

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.

(3) The return on equity in respect of additional capitalization on account of emission control system shall be computed at the base rate of one year marginal cost of lending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of operation (ODE) occurs plus 350 basis point, subject to ceiling of 14%;”

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.”

63. The Petitioner has submitted that MAT rate is applicable to the Petitioner’s Company. Accordingly, the MAT rate applicable for 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. Accordingly, RoE allowed for the transmission assets is as follows:

Particulars	Asset-1				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	268.70	268.70	268.70	268.70	268.70
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	268.70	268.70	268.70	268.70	268.70
Average Equity	268.70	268.70	268.70	268.70	268.70
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	50.47	50.47	50.47	50.47	50.47

(₹ in lakh)



(₹ in lakh)

Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	251.09	251.09	251.09	251.09	251.09
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	251.09	251.09	251.09	251.09	251.09
Average Equity	251.09	251.09	251.09	251.09	251.09
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	47.16	47.16	47.16	47.16	47.16

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	455.93	455.93	455.93	455.93	455.93
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	455.93	455.93	455.93	455.93	455.93
Average Equity	455.93	455.93	455.93	455.93	455.93
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	85.63	85.63	85.63	85.63	85.63

(₹ in lakh)

Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	436.01	442.49	442.49	442.49	442.49
Additions	6.48	0.00	0.00	0.00	0.00
Closing Equity	442.49	442.49	442.49	442.49	442.49
Average Equity	439.25	442.49	442.49	442.49	442.49
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	82.50	83.11	83.11	83.11	83.11



(₹ in lakh)

Particulars	Asset-5				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	127.59	127.59	127.59	127.59	127.59
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	127.59	127.59	127.59	127.59	127.59
Average Equity	127.59	127.59	127.59	127.59	127.59
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	23.96	23.96	23.96	23.96	23.96

(₹ in lakh)

Particulars	Asset-6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	195.83	195.83	195.83	195.83	195.83
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	195.83	195.83	195.83	195.83	195.83
Average Equity	195.83	195.83	195.83	195.83	195.83
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	36.78	36.78	36.78	36.78	36.78

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

64. The Petitioner has not claimed any O&M Expenses during the 2019-24 tariff period.

Interest on Working Capital (“IWC”)

65. Regulation 34 and Regulation 3(7) of the 2019 Tariff Regulations provide as follows:

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

(a) For Coal-based/lignite-fired thermal generating stations:

- (i) Cost of coal or lignite and limestone towards stock, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity whichever is lower;
- (ii) Advance payment for 30 days towards cost of coal or lignite and limestone for generation corresponding to the normative annual plant availability factor;



- (iii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;
- (iv) Maintenance spares @ 20% of operation and maintenance expenses including water charges and security expenses;
- (v) Receivables equivalent to 45 days of capacity charge and energy charge for sale of electricity calculated on the normative annual plant availability factor; and
- (vi) Operation and maintenance expenses, including water charges and security expenses, for one month.

(b) For Open-cycle Gas Turbine/Combined Cycle thermal generating stations:

- (i) Fuel cost for 30 days corresponding to the normative annual plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel;
- (ii) Liquid fuel stock for 15 days corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel, cost of main liquid fuel duly taking into account mode of operation of the generating stations of gas fuel and liquid fuel;
- (iii) Maintenance spares @ 30% of operation and maintenance expenses including water charges and security expenses;
- (iv) Receivables equivalent to 45 days of capacity charge and energy charge for sale of electricity calculated on normative plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel; and
- (v) Operation and maintenance expenses, including water charges and security expenses, for one month.

(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.

(2) The cost of fuel in cases covered under sub-clauses (a) and (b) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 39 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted average for the third quarter of preceding financial year in case of each financial year for which tariff is to be determined:

Provided that in case of new generating station, the cost of fuel for the first financial year shall be considered based on landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 39 of these regulations) and gross calorific value of the fuel as per actual weighted average for three months, as used for infirm power, preceding date of commercial operation for which tariff is to be determined.

(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including



communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

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

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

“3. Definitions.....

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

66. The Petitioner has submitted that it has computed IWC for 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, for 2020-21 has been considered as 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) and for 2021-22 onwards has been considered 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 for the transmission assets are as follows:

Particulars	Asset-1				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/annual transmission charges)	25.69	24.38	23.39	23.08	13.72
Total Working Capital	25.69	24.38	23.39	23.08	13.72
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	3.10	2.74	2.46	2.42	1.44

(₹ in lakh)



(₹ in lakh)

Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/annual transmission charges)	23.92	22.76	21.85	21.57	13.14
Total Working Capital	23.92	22.76	21.85	21.57	13.14
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	2.88	2.56	2.29	2.27	1.38

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/annual transmission charges)	43.38	41.17	39.58	39.17	20.98
Total Working Capital	43.38	41.17	39.58	39.17	20.98
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	5.23	4.63	4.16	4.11	2.20

(₹ in lakh)

Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/annual transmission charges)	36.40	35.01	33.35	31.74	30.86
Total Working Capital	36.40	35.01	33.35	31.74	30.86
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	4.39	3.94	3.50	3.33	3.24



(₹ in lakh)

Particulars	Asset-5				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/annual transmission charges)	12.13	11.52	11.08	10.96	5.87
Total Working Capital	12.13	11.52	11.08	10.96	5.87
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	1.46	1.30	1.16	1.15	0.62

(₹ in lakh)

Particulars	Asset-6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	0.00	0.00	0.00	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/annual transmission charges)	18.63	17.68	17.00	16.82	9.08
Total Working Capital	18.63	17.68	17.00	16.82	9.08
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
Interest on Working Capital	2.24	1.99	1.79	1.77	0.95

Annual Fixed Charges of 2019-24 Tariff Period

67. The transmission charges allowed for the transmission assets for 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-1				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	134.35	134.35	134.35	134.35	59.65
Interest on Loan	21.05	10.20	2.41	0.00	0.00
Return on Equity	50.47	50.47	50.47	50.47	50.47
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	3.10	2.74	2.46	2.42	1.44
Total	208.96	197.76	189.68	187.24	111.56



(₹ in lakh)

Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	125.55	125.55	125.55	125.55	58.33
Interest on Loan	18.97	9.31	2.25	0.00	0.00
Return on Equity	47.16	47.16	47.16	47.16	47.16
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	2.88	2.56	2.29	2.27	1.38
Total	194.56	184.58	177.25	174.97	106.87

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	227.97	227.97	227.97	227.97	82.82
Interest on Loan	33.98	15.70	3.31	0.00	0.00
Return on Equity	85.63	85.63	85.63	85.63	85.63
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	5.23	4.63	4.16	4.11	2.20
Total	352.81	333.93	321.06	317.71	170.66

(₹ in lakh)

Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	164.30	164.66	164.66	164.66	164.66
Interest on Loan	44.85	32.27	19.22	6.34	0.00
Return on Equity	82.50	83.11	83.11	83.11	83.11
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	4.39	3.94	3.50	3.33	3.24
Total	296.04	283.98	270.49	257.45	251.01

(₹ in lakh)

Particulars	Asset-5				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	63.80	63.80	63.80	63.80	23.15
Interest on Loan	9.47	4.37	0.92	0.00	0.00
Return on Equity	23.96	23.96	23.96	23.96	23.96
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	1.46	1.30	1.16	1.15	0.62
Total	98.69	93.43	89.85	88.91	47.73



Particulars	Asset-6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	97.91	97.91	97.91	97.91	36.11
Interest on Loan	14.56	6.75	1.43	0.00	0.00
Return on Equity	36.78	36.78	36.78	36.78	36.78
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	2.24	1.99	1.79	1.77	0.95
Total	151.50	143.44	137.91	136.46	73.85

Filing Fee and the Publication Expenses

68. 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

69. The Petitioner has prayed for reimbursement of licence fees and RLDC fees and charges in terms of 2019 Tariff Regulations. 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.

Security Expenses

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



71. We have considered the above submissions of Petitioner. The Petitioner has claimed consolidated security expenses for all the transmission assets owned by it on projected basis for 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The Commission vide order dated 3.8.2021 in Petition No. 260/MP/2020 approved security expenses from 1.4.2019 to 31.3.2024. Therefore, 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.

Goods and Services Tax

72. 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 & 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.

73. MPPMCL has submitted that the demand of the Petitioner for GST need not to be considered at this point. In response, the Petitioner has reiterated its submission.

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



Capital Spares

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

Sharing of Transmission Charges

76. The transmission charges shall be recovered from the respective States as per provision of Regulation 43(2) of the 2014 Tariff Regulations for the 2014-19 tariff period and as per the Regulation 57(2) of the 2019 Tariff Regulations for 2019-24 tariff period.

77. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010 Sharing Regulations), sharing of transmission charges is governed by 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 the respective Tariff Regulations and Sharing Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection and disbursement of the 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.

78. To summarise:

- a) The trued-up Annual Fixed Charges allowed for the transmission assets for the years 2016-19 in 2014-19 tariff period are as follows:



(₹ in lakh)

Particulars	Asset-1			Asset-2		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Annual Fixed Charges	96.08	204.18	210.40	87.57	186.14	194.65

(₹ in lakh)

Particulars	Asset-3			Asset-4		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Annual Fixed Charges	157.84	363.37	378.22	130.98	302.67	317.62

(₹ in lakh)

Particulars	Asset-5			Asset-6		
	2016-17 (Pro-rata 182 days)	2017-18	2018-19	2016-17 (Pro-rata 182 days)	2017-18	2018-19
Annual Fixed Charges	44.07	101.65	105.78	67.95	155.29	162.22

b) The Annual Fixed Charges allowed for the transmission assets for 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-1				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	208.96	197.76	189.68	187.24	111.56

(₹ in lakh)

Particulars	Asset-2				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	194.56	184.58	177.25	174.97	106.87

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	352.81	333.93	321.06	317.71	170.66

(₹ in lakh)

Particulars	Asset-4				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	296.04	283.98	270.49	257.45	251.01



(₹ in lakh)

Particulars	Asset-5				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	98.69	93.43	89.85	88.91	47.73

(₹ in lakh)

Particulars	Asset-6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges	151.50	143.44	137.91	136.46	73.85

79. The Annexure-I and Annexure-II to this order form part of the order.

80. This order disposes of Petition No. 129/TT/2020 in terms of the above discussion and findings.

sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member



Annexure-I

Asset-1

Particulars	Admitted Capital Cost as on COD	ACE			Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations		
		2016-17	2017-18	2018-19			2016-17	2017-18	2018-19
I.T. Equipment	655.41	120.50	22.21	97.54	895.66	15.00%	107.35	118.05	127.03
Total	655.41	120.50	22.21	97.54	895.66		107.35	118.05	127.03
Average Gross Block							715.66	787.02	846.89
Weighted Average Rate of Depreciation							15.00%	15.00%	15.00%

Asset-2

Particulars	Admitted Capital Cost as on COD	ACE			Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations		
		2016-17	2017-18	2018-19			2016-17	2017-18	2018-19
I.T. Equipment	614.59	95.14	29.80	97.45	836.98	15.00%	99.32	108.69	118.24
Total	614.59	95.14	29.80	97.45	836.98		99.32	108.69	118.24
Average Gross Block							662.16	724.63	788.25
Weighted Average Rate of Depreciation							15.00%	15.00%	15.00%

Asset-3

Particulars	Admitted Capital Cost as on COD	ACE			Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations		
		2016-17	2017-18	2018-19			2016-17	2017-18	2018-19
I.T. Equipment	1069.54	203.98	246.26	0.00	1519.78	15.00%	175.73	209.50	227.97
Total	1069.54	203.98	246.26	0.00	1519.78		175.73	209.50	227.97
Average Gross Block							1171.53	1396.65	1519.78
Weighted Average Rate of Depreciation							15.00%	15.00%	15.00%



Asset-4

Particulars	Admitted Capital Cost as on COD	ACE			Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations		
		2016-17	2017-18	2018-19			2016-17	2017-18	2018-19
Building Civil Works & Colony	366.70	11.91	85.07	0.00	463.68	3.34%	12.45	14.07	15.49
I.T. Equipment	688.55	140.97	160.18	0.00	989.71	15.00%	113.86	136.44	148.46
Total	1055.25	152.88	245.26	0.00	1453.39		126.30	150.51	163.94
Average Gross Block							1131.69	1330.76	1453.39
Weighted Average Rate of Depreciation							11.16%	11.31%	11.28%

Asset-5

Particulars	Admitted Capital Cost as on COD	ACE			Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations		
		2016-17	2017-18	2018-19			2016-17	2017-18	2018-19
I.T. Equipment	297.90	59.20	68.20	0.00	425.30	15.00%	49.13	58.68	63.80
Total	297.90	59.20	68.20	0.00	425.30		49.13	58.68	63.80
Average Gross Block							327.50	391.20	425.30
Weighted Average Rate of Depreciation							15.00%	15.00%	15.00%

Asset-6

Particulars	Admitted Capital Cost as on COD	ACE			Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations		
		2016-17	2017-18	2018-19			2016-17	2017-18	2018-19
I.T. Equipment	460.34	81.54	110.89	0.00	652.77	15.00%	75.17	89.60	97.91
Total	460.34	81.54	110.89	0.00	652.77		75.17	89.60	97.91
Average Gross Block							501.11	597.32	652.77
Weighted Average Rate of Depreciation							15.00%	15.00%	15.00%



Annexure-II

Asset-1

2019-24	Capital Cost as on 1.4.2019	ACE	Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations				
Particulars		2019-24			2019-20	2020-21	2021-22	2022-23	2023-24
I.T. Equipment	895.66	0.00	895.66	15.00%	134.35	134.35	134.35	134.35	134.35
Total	895.66	0.00	895.66		134.35	134.35	134.35	134.35	134.35
Average Gross Block					895.66	895.66	895.66	895.66	895.66
Weighted Average Rate of Depreciation					15.00%	15.00%	15.00%	15.00%	15.00%

Asset-2

2019-24	Capital Cost as on 1.4.2019	ACE	Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations				
Particulars		2019-24			2019-20	2020-21	2021-22	2022-23	2023-24
I.T. Equipment	836.98	0.00	836.98	15.00%	125.55	125.55	125.55	125.55	125.55
Total	836.98	0.00	836.98		125.55	125.55	125.55	125.55	125.55
Average Gross Block					836.98	836.98	836.98	836.98	836.98
Weighted Average Rate of Depreciation					15.00%	15.00%	15.00%	15.00%	15.00%

Asset-3

2019-24	Capital Cost as on 1.4.2019	ACE	Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations				
Particulars		2019-24			2019-20	2020-21	2021-22	2022-23	2023-24
I.T. Equipment	1519.78	0.00	1519.78	15.00%	227.97	227.97	227.97	227.97	227.97
Total	1519.78	0.00	1519.78		227.97	227.97	227.97	227.97	227.97
Average Gross Block					1519.78	1519.78	1519.78	1519.78	1519.78
Weighted Average Rate of Depreciation					15.00%	15.00%	15.00%	15.00%	15.00%

Asset-4

2019-24	Capital Cost as on 1.4.2019	ACE	Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations				
Particulars		2019-20			2019-20	2020-21	2021-22	2022-23	2023-24
Building Civil Works & Colony	463.68	21.59	485.27	3.34%	15.85	16.21	16.21	16.21	16.21
I.T. Equipment	989.71	0.00	989.71	15.00%	148.46	148.46	148.46	148.46	148.46
Total	1516.14	21.59	1474.98		164.30	164.66	164.66	164.66	164.66
Average Gross Block					1464.18	1474.98	1474.98	1474.98	1474.98



2019-24	Capital Cost as on 1.4.2019	ACE	Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations				
Particulars		2019-20			2019-20	2020-21	2021-22	2022-23	2023-24
				Weighted Average Rate of Depreciation	11.22%	11.16%	11.16%	11.16%	11.16%

Asset-5

2019-24	Capital Cost as on 1.4.2019	ACE	Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations				
Particulars		2019-24			2019-20	2020-21	2021-22	2022-23	2023-24
I.T. Equipment	425.30	0.00	425.30	15.00%	63.80	63.80	63.80	63.80	63.80
Total	425.30	0.00	425.30		63.80	63.80	63.80	63.80	63.80
				Average Gross Block	425.30	425.30	425.30	425.30	425.30
				Weighted Average Rate of Depreciation	15.00%	15.00%	15.00%	15.00%	15.00%

Asset-6

2019-24	Capital Cost as on 1.4.2019	ACE	Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulations	Annual Depreciations as per Regulations				
Particulars		2019-24			2019-20	2020-21	2021-22	2022-23	2023-24
I.T. Equipment	652.77	0.00	652.77	15.00%	97.91	97.91	97.91	97.91	97.91
Total	652.77	0.00	652.77		97.91	97.91	97.91	97.91	97.91
				Average Gross Block	652.77	652.77	652.77	652.77	652.77
				Weighted Average Rate of Depreciation	15.00%	15.00%	15.00%	15.00%	15.00%

