

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 30/TT/2021

Coram:

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

Date of Order: 13.03.2022

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing-up of transmission tariff of 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 in respect of 2 Number 765 kV line bays at 765/400 kV Raipur Pooling Station (Powergrid) for Raipur PS (Powergrid)-Rajnandgaon (TBCB) 765 kV D/C line under "Powergrid works associated with additional System Strengthening Scheme for Chhattisgarh IPPs (Part-B)" in Western Region.

And in the matter of:

Power Grid Corporation of India Limited,
"Saudamini", Plot No. 2,
Sector 29, Gurgaon –122001, 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,
Near Mandvi Hotel,
Panaji, 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,
Silvassa – 396230.
10. Chhattisgarh State Power Transmission Company Limited,
Office of The Executive Director (C&P),
State Load Despatch Building, Dangania,
Raipur – 492013.
11. Chhattisgarh State Power Distribution Company Limited,
P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh – 492013.
12. Raipur-Rajnandgaun-Warora Transmission Limited,
Adani Corporate House, Shantigram, S G Highway,
Ahmedabad, Gujarat – 382421.
13. Adani Transmission Limited,
Adani Corporate House, Shantigram, S G Highway,
Ahmedabad, Gujarat – 382421.
14. Adani Power Limited,
Sambhav press Building, 6th Floor, B-wing,



Judges Bungalow,
Ahmedabad, Gujarat – 380015.

....Respondent(s)

For Petitioner : Ms. Suparna Srivastava, Advocate, PGCIL
Shri Tushar Mathur, Advocate, PGCIL
Ms. Soumya Singh, Advocate, PGCIL
Shri S.S. Raju, PGCIL
Shri D.K. Biswal, PGCIL
Shri Ved Prakash Rastogi, PGCIL
Shri Amit Yadav, PGCIL

For Respondents: Shri Sanjay Sen, Sr. Advocate, RRWTL
Shri Hemant Singh, Advocate, RRWTL
Shri Lakshyajit Singh Bagdwal, Advocate, RRWTL
Shri Anup Jain, Advocate, MSEDCL
Shri Dinesh Agarwal, Advocate MSEDCL
Shri Manoj Dubey, Advocate, MPPMCL
Shri Anindya Khare, MPPMCL

ORDER

The Petitioner, Power Grid Corporation of India Limited, has filed the instant petition for truing up of transmission tariff for the period from the date of commercial operation (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 transmission tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of 2 Number of 765 kV line bays at 765/400 kV Raipur Pooling Station (Powergrid) for Raipur PS (Powergrid)- Rajnandgaon (TBCB) 765 kV D/C line (hereinafter referred to as “the transmission asset”) under “Powergrid works associated with additional System Strengthening Scheme for Chhattisgarh IPPs (Part-B)” in Western Region (hereinafter referred to as “the transmission project”).



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

- “1) Allow the add cap for 2014-19 and 2019-24 tariff block as claimed as per Para 6 and 8 above.*
- 2) 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 7, 8 and 9 above.*
- 3) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before Hon’ble Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 6 and 7 above for respective block.*
- 4) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.*
- 5) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the beneficiaries in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 6) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the beneficiaries.*
- 7) Allow the petitioner to file a separate petition before Hon’ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 8.6 above.*
- 8) Allow the petitioner to claim the capital spares at the end of tariff block as per actual.*
- 9) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the beneficiaries, if GST is levied at any time in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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



Background

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

(a) The Investment Approval (“IA”) for implementation of the transmission project was accorded by the Board of Directors of the Petitioner in its 330th meeting held on 20.7.2016 at an estimated cost of ₹3351 lakh including IDC of ₹198 lakh based on April 2016 price level (communicated vide Memorandum No. C/CP/IA/Addl. SS IPP Part-B dated 22.7.2016).

(b) The scope of the transmission project was discussed and agreed in 36th meeting of Standing Committee on Power System Planning in Western Region held on 29.8.2013 and 24th meeting of WRPC held on 9.10.2013.

(c) During 32nd meeting of Empowered Committee on Transmission held on 17.1.2014, the following transmission system was approved under “Additional System Strengthening Scheme for Chhattisgarh IPPs in WR”, to be implemented through Tariff Based Competitive Bidding (TBCB):

“8.0 New transmission schemes to be taken up through Tariff Based Competitive Bidding

(9) Additional System Strengthening Scheme for Chattisgarh IPPs:

- 1) Raipur (Pool) – Rajnandgaon 765 kV D/C line*
- 2) Rajnandgaon – New Pooling Station near Warora 765 kV D/C line*
- 3) LILo of all (4) circuits of Raipur/Bhilai – Bhadrawati 400 kV lines at Rajnandgaon*
- 4) Establishment of new Sub-station near Rajnandgaon 765/400 kV, 2x1500 MVA Sub-station*

Note: CTU would provide 2 numbers of 765 kV line bays at their Raipur 765/400 kV pooling station.”

(d) The scope of work of the transmission project as per IA is as follows:

Sub-stations

765 kV line bays at 765/400 kV Raipur Pooling Station (Powergrid): 2 Numbers (for Raipur PS (Powergrid)-Rajnandgaon (TBCB) 765 kV D/C line).



(e) The Petitioner has submitted that the entire scope of work under the transmission project has been completed and is covered in the instant Petition. COD in respect of the transmission asset is as follows:

Name of Asset	COD approved under proviso (ii) to Regulation 4(3) of the 2014 tariff Regulations.
765 kV line bays at 765/400 kV Raipur Pooling Station (Powergrid): 2 Number for Raipur PS (Powergrid) - Rajnandgaon (TBCB) 765 kV D/C line.	30.11.2018

(f) The transmission asset was put under commercial operation on 30.11.2018. However, associated transmission line {Raipur Pooling Station (Powergrid)-Rajnandgaon (TBCB) 765 kV D/C line} was to be implemented by Adani Power Limited (APL) and it was put under commercial operation on 31.3.2019.

(g) The Commission vide order dated 10.5.2020 in Petition No. 16/TT/2019 held that the transmission charges of the transmission asset from 30.11.2018 to 30.3.2019 would be borne by APL on account of non-commissioning of the associated downstream transmission system under scope of APL.

(h) During the course of hearing on 2.11.2021, the Petitioner submitted that APL was wrongly impleaded as a party in Petition No. 16/TT/2019 instead of Raipur-Rajnandgaon Warora Transmission Limited (RRWTL) which is the implementing agency of the associated transmission line under TBCB (tariff based competitive bidding) route. APL is the parent Company of RRWTL.

(i) The Petitioner has now impleaded and arrayed RRWTL as Respondent in the current Petition.

(j) In the meanwhile, RRWTL filed Petition No. 326/MP/2018 seeking reliefs in implementation of its project on account of *force majeure* events. The Commission vide order dated 9.10.2019 in Petition No. 326/MP/2018 condoned the delay and extended SCOD of the project of RRWTL from 23.11.2018 to 31.3.2019.



(k) In line of the judgment/directions of the APTEL dated 14.9.2020 in Appeal No. 17 of 2019 filed by NRSS-XXXI (B) Transmission Limited against the Commission's order dated 30.11.2017 in Petition No. 60/TT/2017, the Petitioner after filing of the instant petition filed Petition No. 31/MP/2021 before the Commission and has sought appropriate directions to set up a mechanism for recovery of transmission charges in a situation where there is mismatch in commissioning of transmission system.

(l) The Annual Fixed Charges (AFC) approved by the Commission vide order dated 10.5.2020 in Petition No. 16/TT/2019 and trued up tariff claimed by the Petitioner in respect of the transmission asset for 2014-19 tariff period are as follows:

Particulars	(₹ in lakh)
	2018-19 (Pro-rata for 122 days)
AFC approved vide order dated 10.5.2020 in Petition No. 16/TT/2019.	206.63
AFC claimed by the Petitioner based on truing up in the instant petition.	206.11

4. The Respondents are distribution licensees, power departments, power utilities and transmission licensees, who are procuring transmission services 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 the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Madhya Pradesh Power Management Company Limited (MPPMCL) i.e. Respondent No. 1 vide affidavit dated 6.3.2021 raised issues of grossed-up rate of Return on Equity (RoE), Additional Capitalization and effect of CGST. Respondent No. 12, Raipur-Rajnandgaun Warora Transmission Limited



(RRWTL) has filed its reply vide affidavit dated 31.3.2021 and objected to the direction for payment of bilateral transmission charges in terms of Commission's order dated 10.5.2020 in Petition No. 16/TT/2019 especially when RRWTL was not a party to the proceedings in Petition No. 16/TT/2019. In response, Petitioner has filed its rejoinder vide affidavits dated 2.9.2021 and 5.8.2021 to the replies of MPPMCL and RRWTL respectively. The issues raised by MPPMCL and RRWTL and clarifications given thereto by the Petitioner have been dealt in the relevant paragraphs of this order.

6. Hearing in this matter was held on 2.11.2021 through video conference and order was reserved.

7. Having heard the representatives of the Petitioner, learned counsel for the Petitioner, RRWTL, MPPMCL and MSEDCL and after perusal of materials on record, we proceed to dispose of the petition.

8. This order is issued considering the submissions made by the Petitioner in the petition vide affidavits dated 7.8.2020 and 28.6.2021, reply of MPPMCL filed vide affidavit dated 6.3.2021, reply filed by RRWTL vide affidavit dated 31.3.2021 and rejoinder to the replies of MPPMCL and RRWTL filed by the Petitioner vide affidavits dated 2.9.2021 and 5.8.2021 respectively.

9. It has been placed before us that MPPMCL has repeatedly been raising the issue of grossing up of RoE in almost all the petitions despite clear findings of the Commission. The contentions of MPPMCL with reference to RoE have been rejected by the Commission in other petitions including in order dated 25.4.2021 in Petition



No. 348/TT/2019. Since MPPMCL did not challenge the findings of the Commission, the same have attained finality. In view of this, the pleas raised by MPPMCL with reference to grossing up of RoE are rejected. The submissions of MPPMCL on RoE, Petitioner's response thereto and Commission's finding thereon have not been reproduced here again to avoid repetition. Other issues of MPPMCL which are specific to the present petition have been addressed in the relevant portion of this order.

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

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

(₹ in lakh)	
Particulars	2018-19 (Pro-rata for 122 days)
Depreciation	42.89
Interest on Loan	43.03
Return on Equity	49.86
Interest on working capital	6.02
O&M Expenses	64.31
Total	206.11

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

(₹ in lakh)	
Particulars	2018-19 (Pro rata for 122 days)
O&M Expenses	16.03
Maintenance Spares	28.86
Receivables	102.78
Total	147.67
Rate of Interest (in %)	12.20
Interest on Working Capital	6.02

Capital Cost

12. Capital cost of the transmission asset has been calculated in accordance with



Regulation 9(3) of the 2014 Tariff Regulations.

13. The details of capital cost as on COD and projected Additional Capital Expenditure (ACE) for 2014-19 period in respect of the transmission asset as admitted by the Commission vide order dated 10.5.2020 in Petition No. 16/TT/2019 for determination of tariff for 2014-19 period are as follows:

(₹ in lakh)

Apportioned Approved Cost (FR)	Capital Cost allowed as on COD	ACE	Total Capital Cost as on 31.3.2019
		2018-19	
3351.46	2433.14	167.17	2600.31

14. The Petitioner vide Auditor's Certificate dated 4.7.2020 has submitted capital cost as on COD and estimated ACE incurred or projected to be incurred in respect of the transmission asset and the details of the same are as follows:

(₹ in lakh)

Apportioned Approved Cost (FR)	Capital Cost as on COD	ACE	Total Capital Cost as on 31.3.2019
		2018-19	
3351.46	2519.57	93.93	2613.50

Cost Over-run

15. The Petitioner has claimed capital cost of ₹2519.57 lakh in respect of the transmission asset as on COD. The total completion cost including ACE in respect of the transmission asset is ₹2613.50 lakh and approved FR cost is ₹3351.46 lakh. We have considered the submissions of the Petitioner and observe that as against the total apportioned approved cost as per FR in respect of transmission asset, the estimated completion cost including ACE is within the apportioned approved cost. Therefore, there is no cost over-run.

Time Over-run

16. As per IA dated 20.7.2016, the transmission asset was scheduled to be put into commercial operation in November 2018, matching with the commissioning of



Raipur Pooling Station (Powergrid)-Rajnandgaon (TBCB) 765 kV D/C line, being implemented through TBCB route by APL. COD of the transmission asset has been approved as 30.11.2018 vide order dated 10.5.2020 in Petition No. 16/TT/2019 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. Therefore, there is no time over-run.

Interest During Construction (“IDC”)

17. The Petitioner has claimed IDC in respect of the transmission asset and has submitted Auditor’s Certificate dated 4.7.2020 in support of the same. The Petitioner has submitted computation of IDC along with year-wise details of IDC discharged.

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

19. Accordingly, based on the information furnished by the Petitioner, IDC considered in respect of the transmission is as follows:

(₹ in lakh)					
IDC as per Auditor’s Certificate	IDC Admissible	IDC disallowed due to computational difference	IDC Discharged as on COD	IDC Undischarged as on COD	IDC Discharged During 2018-19
A	B	C=(A-B)	D	E=(B-D)	F
140.13	140.09	0.04	53.70	86.39	73.16

Incidental Expenditure During Construction (“IEDC”)

20. The Petitioner has claimed IEDC of ₹137.98 lakh in respect of the



transmission asset and has submitted Auditor's Certificate in support of the same. The Petitioner has also submitted that entire IEDC has been discharged as on COD in respect of the transmission asset. Accordingly, IEDC of ₹137.98 lakh as claimed by the Petitioner has been allowed.

Initial Spares

21. Provision of Initial Spares is contemplated under Regulation 13(d) of the 2014 Tariff Regulations subject to the following ceiling norms:

“(d) Transmission system

- (i) Transmission line – 1.00%*
- (ii) Transmission Sub-station (Green Field) – 4.00%*
- (iii) Transmission Sub-station (Brown Field) – 6.00%*
- (iv) Series Compensation devices and HVDC Station – 4.00%*
- (v) Gas Insulated Sub-station (GIS) – 5.00%*
- (vi) Communication system – 3.5%*

.....”

22. The Petitioner has claimed Initial Spares in respect of the transmission asset as follows:

(₹ in lakh)

Particulars	Total Plant and Machinery Cost (A)	Initial Spares Claimed (B)	Ceiling (in %) (C)	Initial Spares Worked Out
				$D = [(A-B)*C/(100-C)]$
Sub-station	2323.02	128.08	6.00	140.10

23. The Petitioner in the instant petition has submitted the details of Initial Spares discharge up to the cut-off date as follows:

(₹ in lakh)

Initial Spares discharged up to COD	Discharge from COD to 31.3.2019	2019-20	Total
116.20	6.04	5.84	128.08

24. We have considered the submissions of the Petitioner. Initial Spares allowed



for the purpose of tariff calculation after considering the plant and machinery cost excluding IDC, IEDC and land expenses up to 31.3.2019, is subject to ceiling as per the 2014 Tariff Regulations and the details of the same are as follows:

Plant & Machinery cost considered as on cut- off date (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per 2014 Tariff Regulations (in %)	Initial Spares allowable as per 2014 Tariff Regulations (₹ in lakh)	Initial Spares allowed (₹ in lakh)	Initial Spares discharged as on COD (₹ in lakh)	Initial Spares discharged during 2018-19 (₹ in lakh)
2323.02	128.08	6.00	140.10	128.08	116.20	6.04

Capital Cost allowed as on COD

25. Accordingly, the details of the capital cost approved as on COD after adjustment of IDC, IEDC and Initial Spares are as follows:

(₹ in lakh)			
Capital Cost as on COD as per Auditor's Certificate	Less: IDC disallowed due to computational difference	Less: Un-discharged IDC	Capital Cost as on COD (on cash basis)
2519.57	0.04	86.39	2433.14

Additional Capital Expenditure ("ACE")

26. The Commission vide order dated 10.5.2020 in Petition No. 16/TT/2019 allowed ACE in respect of the transmission asset for 2014-19 tariff period as follows:

(₹ in lakh)	
Particulars	2018-19
Transmission Asset	167.17

27. The Petitioner has claimed the following ACE after adjustment of IDC, IEDC, Initial Spares and liability in respect of the transmission asset covered in the instant petition:

(₹ in lakh)	
Particulars	2018-19
Transmission Asset	167.17



28. The Petitioner has submitted that ACE during 2014-19 tariff period has been claimed under Regulation 14(1)(i) and Regulation 14(1)(ii) of the 2014 Tariff Regulations and the same is within the cut-off date. The Petitioner has submitted Auditor's Certificate in support of the same. The Petitioner vide affidavit dated 28.6.2021 has submitted liability flow statement.

29. We have considered the submissions of the Petitioner. The un-discharged IDC as on COD has been allowed as ACE during the year of discharge. ACE claimed by the Petitioner has been allowed under Regulation 14(1)(i) and Regulation 14(1)(ii) of the 2014 Tariff Regulations which pertain to un-discharged liabilities recognized to be payable at a future date. Accordingly, ACE allowed in respect of the transmission asset for 2014-19 tariff period is as follows:

Particulars	(₹ in lakh)
	2018-19
Balance & Retention Payment	93.93
IDC Discharged	73.16

30. The capital cost allowed as on 31.3.2019 after inclusion of ACE in respect of the transmission asset is as follows:

Capital cost as on COD on cash basis	(₹ in lakh)	
	2018-19	Total Capital cost including ACE as on 31.3.2019
2433.14	167.09	2600.23

Debt-Equity Ratio

31. The Petitioner has claimed debt-equity ratio of 70:30 as on COD and for ACE. Debt-equity ratio of 70:30 has been considered for capital cost as on COD and ACE during 2014-19 tariff period as provided under Regulation 19 of the 2014 Tariff Regulations. The details of debt-equity ratio in respect of the transmission asset as



on COD and 31.3.2019 are as follows:

Particulars	Amount as on COD (₹ in lakh)	(in %)	Amount as on 31.3.2019 (₹ in lakh)	(in %)
Debt	1703.20	70.00	1820.16	70.00
Equity	729.94	30.00	780.07	30.00
Total	2433.14	100.00	2600.23	100.00

Depreciation

32. Depreciation has been allowed as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. Depreciation has been allowed considering capital expenditure as on 1.4.2014 and approved ACE during 2014-19 tariff period. The Gross Block during 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD) and working of WAROD is given at Annexure-I. WAROD has been worked out after taking into account depreciation rates of the transmission asset as specified in the 2014 Tariff Regulations and depreciation allowed in respect of the transmission asset during 2014-19 tariff period is as follows:

		(₹ in lakh)
	Particulars	2018-19 (Pro-rata for 122 days)
A	Opening Gross Block	2433.14
B	Addition during the year 2018-19	167.09
C	Closing Gross Block (A+B)	2600.23
D	Average Gross Block (A+C)/2	2516.69
E	Depreciable Value (D*90%)	2265.02
F	Weighted average rate of Depreciation (WAROD) (in %) (K/D)	5.10
G	Lapsed useful life at the beginning of the year (Year)	0.00
H	Balance useful life at the beginning of the year (Year)	25.00
I	Cumulative Depreciation at the beginning of the year (E)	2265.02
K	Depreciation during the year (K/I)	42.89
M	Cumulative Depreciation at the end of the year	42.89
N	Remaining Aggregate Depreciable Value at the end of the year (I-M)	2222.13



33. The details of depreciation allowed in respect of the transmission asset vide order dated 10.5.2020 in Petition No.16/TT/2019, as claimed by the Petitioner in the instant petition and as trued up in the instant order are as follows:

Particulars	(₹ in lakh)
	2018-19 (Pro-rata for 122 days)
Allowed vide order dated 10.5.2020 in Petition No.16/TT/2019	42.89
Claimed by the Petitioner in the instant petition	42.89
Approved after true-up in this order	42.89

Interest on Loan (“IoL”)

34. The Petitioner has claimed Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest. Accordingly, IoL is calculated based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. The trued-up IoL allowed in respect of the transmission asset for 2014-19 tariff period is as follows:

	Particulars	(₹ in lakh)
		2018-19 (Pro-rata for 122 days)
A	Gross Normative Loan	1703.20
B	Cumulative Repayments up to Previous Year	0.00
C	Net Loan-Opening (A-B)	1703.20
D	Addition due to ACE	116.96
E	Repayment during the year	42.89
F	Net Loan-Closing (C+D-E)	1777.28
G	Average Loan [(C+F)/2]	1740.24
H	Weighted Average Rate of Interest on Loan (in %)	7.398
I	Interest on Loan (G*H)	43.03

35. The details of IoL approved vide order dated 10.5.2020 in Petition No.16/TT/2019, as claimed by the Petitioner in the instant petition and trued up in this order are as follows:



(₹ in lakh)

Particulars	2018-19 (Pro-rata for 122 days)
Allowed vide order dated 10.5.2020 in Petition No.16/TT/2019	44.45
Claimed by the Petitioner in the instant petition	43.03
Approved after true-up in this order	43.03

Return on Equity (“RoE”)

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

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

37. The Commission, vide order dated 27.4.2020 in Petition No. 274/TT/2019, arrived at the effective tax rate for the Petitioner based on the notified MAT rates and the same is as follows:

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

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



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

39. The Petitioner has claimed RoE for 2014-19 tariff period after grossing up the RoE @15.50% with Effective Tax rates (based on MAT rates) each year as per Regulation 25(3) of the 2014 Tariff Regulations. RoE is trued-up and allowed in respect of the transmission asset on the basis of MAT rates applicable in the respective years is as follows:

		(₹ in lakh)
	Particulars	2018-19 (Pro-rata for 122 days)
A	Opening Equity	729.94
B	Addition due to ACE	50.13
C	Closing Equity (A+B)	780.07
D	Average Equity [(A+C)/2]	755.00
E	Return on Equity (Base Rate) (in %)	15.500
F	Tax Rate applicable (in %)	21.549
G	Rate of Return on Equity (Pre-tax)	19.758
H	Return on Equity (Pre-tax) (G*D)	49.86

40. The details of RoE allowed vide order dated 10.5.2020 in Petition No. 16/TT/2019, as claimed by the Petitioner in the instant petition and trued up in the instant order are as follows:

		(₹ in lakh)
	Particulars	2018-19 (Pro-rata for 122 days)
	Allowed vide order dated 10.5.2020 in Petition No. 16/TT/2019	49.49
	Claimed by the Petitioner in the instant petition	49.86
	Approved after true-up in this order	49.86

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

41. The details of the O&M Expenses claimed by the Petitioner in respect of the



transmission asset and allowed under Regulation 29(4)(a) of the 2014 Tariff Regulations for the purpose of tariff are as follows:

(₹ in lakh)

Particulars	2018-19 (Pro-rata for 186 days)
Sub-station	
Raipur-Rajnandgaun Bay 1 and Bay 2	2 Number
Norm (₹ lakh/ bay)	
765 kV	96.20
Total Sub-station O&M Expenses	64.31
Total O&M Expenses claimed	64.31
Total O&M Expenses allowed	64.31

42. The details of O&M Expenses approved vide order dated 10.5.2020 in Petition No. 16/TT/2019, as claimed by the Petitioner in the instant petition and trued up in the instant order are as follows:

(₹ in lakh)

Particulars	2018-19 (Pro-rata for 122 days)
Allowed vide order dated 10.5.2020 in Petition No. 16/TT/2019	63.78
Claimed by the Petitioner in the instant petition	64.31
Approved after true-up in this order	64.31

Interest on Working Capital (“IWC”)

43. The Petitioner has claimed IWC as per Regulation 28(1)(c) of the 2014 Tariff Regulations.

44. The trued up IWC allowed in respect of the transmission asset is as follows:

(₹ in lakh)

Particulars	2018-19 (Pro-rata for 122 days)
Working Capital for O&M Expenses (O&M Expenses for one month)	16.03
Working Capital for Maintenance Spares (15% of O&M Expenses)	28.86
Working Capital for Receivables (Equivalent to two months of annual fixed cost /annual transmission charges)	102.78



Total Working Capital	147.67
Rate of Interest on working capital (in %)	12.20
Interest on working Capital	6.02

45. The details of IWC approved for the transmission asset vide order dated 10.5.2020 in Petition No. 16/TT/2019, IWC claimed by the Petitioner and trued up IWC allowed in the instant order is as follows:

Particulars	(₹ in lakh)
	2018-19 (Pro-rata for 122 days)
Allowed vide order dated 10.5.2020 in Petition No. 16/TT/2019	6.02
Claimed by the Petitioner in the instant petition	6.02
Approved after true-up in this order	6.02

Approved Annual Fixed Charges for 2014-19 Tariff Period

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

Particulars	(₹ in lakh)
	2018-19 (Pro-rata for 122 days)
Depreciation	42.89
Interest on Loan	43.03
Return on Equity	49.86
Operation and Maintenance	64.31
Interest on Working Capital	6.02
Total	206.11

47. The details of AFC allowed in respect of the transmission asset vide order dated 10.5.2020 in Petition No.16/TT/2019, AFC claimed by the Petitioner in the instant petition and trued up AFC approved in the instant order are as follows:

Particulars	(₹ in lakh)
	2018-19 (Pro-rata for 122 days)
Allowed vide order dated 10.5.2020 in Petition No. 16/TT/2019	206.63
Claimed by the Petitioner in the instant petition	206.11
Approved after true-up in this order	206.11



DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	201-22	2022-23	2023-24
Depreciation	136.90	144.69	148.14	148.14	148.14
Interest on Loan	134.81	132.21	125.17	114.09	102.58
Return on Equity	151.14	159.77	163.77	163.77	163.77
Interest on Working Capital	10.34	10.71	10.85	10.84	10.79
O&M Expenses	91.29	94.47	97.73	101.13	104.63
Total	524.48	541.85	545.66	537.97	529.91

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for one month)	7.61	7.87	8.14	8.43	8.72
Working Capital for Maintenance Spares (15% of O&M Expenses)	13.69	14.17	14.66	15.17	15.69
Working Capital for Receivables (Equivalent to two months of annual fixed cost /annual transmission charges)	64.49	66.80	67.27	66.32	65.15
Total Working Capital	85.79	88.84	90.07	89.92	89.56
Rate of Interest on working capital (in %)	12.05	12.05	12.05	12.05	12.05
Interest on working Capital	10.34	10.71	10.85	10.84	10.79

Capital Cost

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

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

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

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

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



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

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

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



be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.”

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

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

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

- (a) The Asset-forming part of the project, but not in use, as declared in the tariff petition;*
- (b) De-capitalised Asset-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-capitalized 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 asset.

- (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 as on 1.4.2019 as opening capital cost in respect of the transmission asset and the same is as follows:

(₹ in lakh)

Apportioned approved cost as per FR	Expenditure as on 31.03.2019	Projected ACE 2019-24		Cost as on 31.03.2024
		(as per Auditor’s Certificate)		
		2019-20	2020-21	
3351.46	2600.31	164.25*	141.94	2906.50

**Including accrued IDC discharged during 2019-20.*



52. The capital cost worked out by the Commission as on 31.3.2019 is ₹2600.23 lakh and the same has been considered as the opening capital cost as on 1.4.2019 for determination of tariff for 2019-24 tariff period in accordance with Regulation 19 of the 2019 Tariff Regulations.

Additional Capital Expenditure (“ACE”)

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

“24. Additional Capitalization within the original scope and up to 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 ACE 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 cutoff 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 projected ACE of ₹164.25 lakh and ₹141.94 lakh for 2019-20 and 2020-21 respectively on account of balance and retention payments due to un-discharged liability projected for works executed within the cut-off date (31.3.2021) under Regulations 24(1)(a) and Regulation 24(1)(b) of the 2019 Tariff Regulations. The Petitioner has submitted Auditor's Certificate in support of the same.

55. We have considered the submissions of the Petitioner. ACE claimed on account of undischarged liability projected for works executed within the cut-off date and accrued IDC discharge is allowed under Regulation 24(1)(a) and Regulation 24(1)(b) of the 2019 Tariff Regulations. ACE allowed in respect of the transmission



asset is as follows:

(₹ in lakh)	
ACE in respect of the transmission asset	
2019-20	2020-21
164.25	141.94

Capital Cost For 2019-24 Tariff Period

56. Capital cost of the transmission asset considered for 2019-24 tariff period is as follows:

(₹ in lakh)			
Capital Cost as on 1.4.2019 (A)	Admitted ACE (B)		Capital Cost as on 31.3.2024 (C)
	2019-20	2020-21	
2600.23	164.25	141.94	2906.42

Debt-Equity Ratio

57. 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.”

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

Particulars	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	Total Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	1820.16	70.00	2034.50	70.00
Equity	780.07	30.00	871.92	30.00
Total	2600.23	100.00	2906.42	100.00



Depreciation

59. 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 Asset-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 asset”

(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 control system 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.”

60. We have considered the submissions of the Petitioner. WAROD has been



worked out after taking into account the depreciation rates as prescribed in the 2019 Tariff Regulations and is at Annexure-II. Depreciation has been worked out considering ACE as on 31.3.2019 and accumulated depreciation up to 31.3.2019. Depreciation allowed in respect of the transmission asset is as follows:

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	2600.23	2764.48	2906.42	2906.42	2906.42
B	Addition during the year 2019-24 due to projected ACE	164.25	141.94	0.00	0.00	0.00
C	Closing Gross Block (A+B)	2764.48	2906.42	2906.42	2906.42	2906.42
D	Average Gross Block [(A+C)/2]	2682.36	2835.45	2906.42	2906.42	2906.42
E	Assets having Nil salvage value included in Average Capital Cost above	2.33	6.99	9.32	9.32	9.32
F	Depreciable Value [(D-E)*90%]	2414.35	2552.60	2616.71	2616.71	2616.71
G	Weighted average rate of Depreciation (WAROD) (in %)	5.10	5.10	5.10	5.10	5.10
H	Remaining life at the beginning of the year (Year)	0	1	2	3	4
I	Lapsed life at the beginning of the year (Year)	25	24	23	22	21
J	Cumulative Depreciation at the beginning of the year	42.89	179.79	324.46	472.60	620.73
K	Remaining depreciable value at the beginning of the year (F-J)	2371.46	2372.82	2292.25	2144.11	1995.98
L	Depreciation during the year (K/G)	136.90	144.68	148.13	148.13	148.13
M	Cumulative Depreciation at the end of the year (J+L)	179.79	324.46	472.60	620.73	768.87
N	Remaining depreciable value at the end of the year (F-M)	2234.57	2228.14	2144.11	1995.98	1847.84

Interest on Loan ("IoL")

61. 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 asset, 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”.*

62. The weighted average rate of interest on IoL has been considered on the basis of the rates prevailing as on 1.4.2019. The Petitioner has prayed that change in interest rate due to floating rate of interest applicable, if any, during 2019-24 tariff



period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of truing-up. In view of above, IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed in respect of the transmission asset is as follows:

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	1820.16	1935.14	2034.50	2034.50	2034.50
B	Cumulative Repayments up to Previous Year	42.89	179.79	324.46	472.60	620.73
C	Net Loan-Opening (A-B)	1777.28	1755.36	1710.04	1561.91	1413.77
D	Addition due to ACE	114.98	99.36	0.00	0.00	0.00
E	Repayment during the year	136.90	144.68	148.13	148.13	148.13
F	Net Loan-Closing (C+D-E)	1755.36	1710.04	1561.91	1413.77	1265.64
G	Average Loan [(C+F)/2]	1766.32	1732.70	1635.97	1487.84	1339.71
H	Weighted Average Rate of Interest on Loan (in %)	7.632	7.630	7.651	7.668	7.657
I	Interest on Loan (G*H)	134.80	132.21	125.16	114.09	102.58

Return on Equity (“RoE”)

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

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

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

Provided that return on equity in respect of Additional Capitalization after cut- off date beyond the original scope excluding Additional Capitalization 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-

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

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

b) 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."

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

		(₹ in lakh)				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	780.07	829.34	871.92	871.92	871.92
B	Addition due to ACE	49.27	42.58	0.00	0.00	0.00



C	Closing Equity (A+B)	829.34	871.92	871.92	871.92	871.92
D	Average Equity [(A+C)/2]	804.70	850.63	871.92	871.92	871.92
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (Pre-tax) (D*G)	151.14	159.76	163.76	163.76	163.76

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

65. Regulation 35(3)(a) and Regulation 35(4) of the 2019 Tariff Regulations provide as follows:

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662



Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

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



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

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

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

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

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

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
765 kV Raipur: Rajnandgaon Bay 1 & Bay 2 (Sub-station Bays)	90.02	93.20	96.46	99.86	103.36
PLCC	1.27	1.27	1.27	1.27	1.27
Total	91.29	94.47	97.73	101.13	104.63

67. We have considered the submissions of the Petitioner. The Petitioner has claimed O&M Expenses separately for PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. The Petitioner has made similar claim in other petitions as well. Though PLCC is a communication system, it has been considered as part of the Sub-station in the 2014 Tariff Regulations and the 2019 Tariff Regulations and the norms for Sub-station have been specified accordingly. Accordingly, the Commission vide order dated



24.1.2021 in Petition No. 126/TT/2020 has already concluded that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system. Therefore, the Petitioner's claim for separate O&M Expenses for PLCC @2% is not allowed.

68. O&M Expenses in respect of the transmission asset for 2019-24 tariff period have been worked out as per the norms specified in the 2019 Tariff Regulations and the same are allowed as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays: 765 kV Raipur: Rajnandgaon Bay 1 & Bay 2	90.02	93.20	96.46	99.86	103.36

Interest on Working Capital ("IWC")

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

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

.....

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

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

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

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

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

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



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

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

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

70. The Petitioner has submitted that it has computed IWC for 2019-24 period considering 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 Interest 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) whereas 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 thereon in respect of the transmission asset for 2019-24 tariff period is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M expenses for one month)	7.50	7.77	8.04	8.32	8.61
Working Capital for Maintenance Spares (15% of O&M expenses)	13.50	13.98	14.47	14.98	15.50
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	64.32	66.55	67.02	66.07	64.90
Total Working Capital	85.33	88.30	89.53	89.37	89.02
Rate of Interest on Working Capital (in %)	12.05	11.25	10.50	10.50	10.50
Interest on working capital	10.28	9.93	9.39	9.38	9.34



Annual Fixed Charges for 2019-24 Tariff Period

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	136.90	144.68	148.13	148.13	148.13
Interest on Loan	134.80	132.21	125.16	114.09	102.58
Return on Equity	151.14	159.76	163.76	163.76	163.76
Operation and Maintenance	90.02	93.20	96.46	99.86	103.36
Interest on Working Capital	10.28	9.93	9.39	9.38	9.34
Total	523.14	539.78	542.91	535.22	527.17

Filing Fee and Publication Expenses

72. The Petitioner has sought reimbursement of fees paid by it for filing the petition and publication expenses, in terms of Regulation 70(1) of the 2019 Tariff Regulations. 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.

License Fee and RLDC Fees and Charges

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

Goods and Services Tax

74. The Petitioner has submitted that if GST is levied at any rate and at any point of time in future on charges of transmission of electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be



charged and billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Government/Statutory Authorities, the same may be allowed to be recovered from the beneficiaries.

75. MPPMCL has submitted that demand of the Petitioner for CGST is premature and need not be considered at this stage.

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

Security Expenses

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

78. We have considered the above submissions of Petitioner. The Petitioner has claimed consolidated security expenses for all the transmission asset owned by it on projected basis for 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The said petition has already been disposed of by the Commission vide order dated 3.8.2021 wherein the Commission has already 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.



Capital Spares

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

Sharing of Transmission Charges

80. With regard to sharing of transmission charges, RRWTL has mainly made the following submissions:

- a) RRWTL is not liable to pay bilateral transmission charges in terms of the Commission's order dated 10.5.2020 in Petition No. 16/TT/2019 as the Petitioner did not make RRWTL a party in Petition No. 16/TT/2019. The Commission's order dated 10.5.2020 in Petition No. 16/TT/2019, due to non-joinder of a necessary party, is non-est and illegal. This defect cannot be corrected in the true-up petition for 2014-19 tariff period.
- b) In countenance of non-joinder of a necessary party making an order non-est and bad in law, the Petitioner has relied upon the judgment of (i) Ramrao v. All India Backward Class Bank Employees Welfare Assn. reported in (2004) 2 SCC 76; (ii) Girjesh Shrivastava and Others v. State of Madhya Pradesh and Others, reported in (2010) 10 SCC 707; (iii) Prabodh Verma v. State of U.P. [(1984)] 4 SCCV 251: 1984 SCC (L &S) 704]; (iv) B. Ramanjini v. State of A.P. [(2002) 5 SCC 533: 2002 SC C (L &S) 780].
- c) The Petitioner has made RRWTL a party in the present true-up proceedings. The true-up proceedings cannot be treated as a petition for adjudication of claim made against RRWTL.
- d) APL participated in the bid and it was Adani Transmission Limited (ATL) which invested and acquired shares of RRWTL as an investing affiliate of APL and the same is apparent from the Share Purchase Agreement dated 23.11.2015.



e) RRWTL filed Petition No. 326/MP/2018 for extension of SCOD and the Commission vide order dated 9.10.2019 extended SCOD of the transmission line to 30.3.2019 owing to force majeure. According to RRWTL, once force majeure was accepted by the Commission, it is deemed that there is no delay in achieving COD by RRWTL and as such no liability qua payment of transmission charges under non-POC/ sharing mechanism can be fastened on RRWTL for the delay.

81. In response, the Petitioner has submitted that the Commission vide order dated 10.5.2020 in Petition No. 16/TT/2019 approved COD of the transmission asset as per proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations due to delay in commissioning of inter-connected and associated transmission line being implemented by RRWTL under TBCB route. On the issue of sharing of transmission charges of the transmission asset from COD to 31.3.2019, the Commission observed that the transmission asset could not be put into service due to delay in commissioning of the associated transmission line by APL, which is the holding/ parent company of RRWTL, and successful bidder of TBCB process and it was liable to bear the transmission charges of the transmission asset till the commissioning of the associated transmission line. The Petitioner has submitted that transmission charges for the period from 30.11.2018 to 30.3.2019 for the mismatch period may be borne by RRWTL. Based on the Commission's order dated 10.5.2020 in Petition No. 16/TT/2019, the Petitioner raised bilateral bill on RRWTL towards transmission charges of the transmission asset for the mis-match period. RRWTL objected to the bill payment on the ground that it was not a party to the proceedings in Petition No. 16/TT/2019 and as such no liability can be fastened on it in terms of order dated 10.5.2020.



82. In a similar situation of mismatch between transmission assets being built by the Petitioner and transmission assets being built by NRSS-XXXI(B) Transmission Company Ltd., a TBCB licensee, Appeal No. 17 of 2019 was filed by NRSS XXXI(B) before the Appellate Tribunal for Electricity on the issue of payment of liability of IDC and IEDC imposed on it by the Commission vide order dated 30.11.2017 in Petition No. 60/TT/2017. APTEL vide its judgment dated 14.9.2020 in Appeal No. 17 of 2019 opined that a TBCB licensee could not be charged for mismatch of commissioning of transmission elements when delay in commissioning of transmission assets under its scope was condoned on account of force majeure events and SCOD is revised. On the issue of mismatch, the Tribunal opined that the Commission should take a fresh view considering all the aspects and further directed to frame Regulations/ principles for imposition of liabilities in such cases after due consultation from stakeholders. Accordingly, the Petitioner vide affidavit dated 3.3.2021 in Petition No. 60/TT/20217, prayed for adjudication of its claim of IDC and IEDC by devising a mechanism keeping in mind the observations of the Appellate Tribunal judgment dated 14.9.2020 in Appeal No. 17 of 2019.

83. In the light of observations of APTEL in Appeal No. 17 of 2019 vide judgment dated 14.9.2020, on the issue of mismatch in commissioning of the transmission asset and for recovery of transmission charges of the transmission asset for the period from 30.11.2018 to 30.3.2019, the Petitioner has filed Petition No. 31/MP/2021 before the Commission for issuance of directions and the same is pending adjudication.

84. The Petitioner has prayed that the Commission may consider adjudication of



the present petition along with Petition No. 60/TT/2017 and Petition No. 31/MP/2021 so that the Commission may take a holistic view and frame appropriate Regulations and/or lay down principles consistent with the prevailing laws in the context of mismatch in commissioning of upstream/ downstream transmission systems.

85. We have considered the submissions of the Petitioner and RRWTL. The Petitioner has already filed Petition No. 31/MP/2021 before the Commission with the following prayer(s):

“Issue appropriate directions for recovery of transmission charges towards servicing of the 2 Nos. of bays of the Petitioner at the Raipur pooling substation associated with the Raipur PS (Powergrid) -Rajnandgaon (TBCB) 765 kV D/c line for the period between 30.11.2018 till 30.3.2019 as adjudicated under Order dated 10.5.2020 passed in Petition No.16/TT/2019....”

86. The Commission vide order dated 10.5.2020 in Petition No. 16/TT/2019 held as follows:

“65. The COD of instant asset has been approved as 30.11.2018 under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations due to non-commissioning of the associated transmission system under the scope of Adani Power Limited (APL). Accordingly, the transmission charges in respect of instant Asset from 30.11.2018 till 30.3.2019 shall be borne by APL and w.e.f. 31.3.2019, the transmission charges allowed in this order, as provided in Regulation 43 of the 2014 Tariff Regulations, shall be shared by the beneficiaries and long term transmission customers in terms of the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.”

87. Transmission charges approved in this order shall be shared as per order dated 10.5.2020 in Petition No. 16/TT/2019. As regards the issues raised by RRWTL with respect to raising bill on APL for transmission charges of the transmission asset for the period of mismatch from 30.11.2018 to 30.3.2019 in terms of Commission's order dated 10.5.2020 in Petition No. 16/TT/2019, observations of APTEL in Appeal No. 17 of 2019 vide judgment dated 14.9.2020 and non-impleadment of RRWTL in Petition No. 16/TT/2019, the same will be considered in Petition No. 31/MP/2021.



88. 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 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.

89. To summarize,

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

(₹ in lakh)	
Particulars	2018-19 (Pro-rata for 122 days)
AFC	206.11

- (b) AFC allowed in respect of the transmission asset for 2019-24 tariff period in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	523.14	539.78	542.91	535.22	527.17



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

91. This order disposes of Petition No. 30/TT/2021 in terms of the above discussions and findings.

sd/-
(P. K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P.K. Pujari)
Chairperson



Petition No.:	30/TT/2021
Period	2014-19 (True-up)Tariff

Annexure – I

Asset-1

2014-19 Capital Expenditure as on COD	Admitted Capital Cost as on COD (₹ in lakh)	ACE (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (in %)	Annual Depreciation as per Regulations				
		2018-19			2014-15 (₹ in lakh)	2015-16 (₹ in lakh)	2016-17 (₹ in lakh)	2017-18 (₹ in lakh)	2018-19 (₹ in lakh)
Building	257.83	17.91	275.74	3.34%	-	-	-	-	8.91
Sub-station	2119.22	145.23	2264.45	5.28%	-	-	-	-	115.73
PLCC	56.09	3.95	60.04	6.33%	-	-	-	-	3.68
TOTAL	2433.14	167.09	2600.23		-	-	-	-	128.31
			Average Gross Block (₹ in lakh)		-	-	-	-	2516.69
			Weighted Average Rate of Depreciation (in %)		-	-	-	-	5.10%



Petition No.:	30/TT/2021
Period	2019-24 Tariff

Annexure - II

Asset -1

2019-24 Capital Expenditure as on 1.4.2019	Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	ACE		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (in %)	Annual Depreciation as per Regulations				
		2019-20	2020-21			2019-20 (₹ in lakh)	2020-21 (₹ in lakh)	2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)
Building	275.74	26.41	53.49	355.64	3.34	9.65	10.99	11.88	11.88	11.88
Sub-station	2264.45	129.83	83.51	2477.79	5.28	122.99	128.62	130.83	130.83	130.83
PLCC	60.04	3.35	0.28	63.67	6.33	3.91	4.02	4.03	4.03	4.03
IT Equipment & Software	0.00	4.66	4.66	9.32	15.00	0.35	1.05	1.40	1.40	1.40
TOTAL	2600.23	164.25	141.94	2906.42		136.90	144.68	148.13	148.13	148.13
Average Gross Block (₹ in lakh)						2682.36	2835.45	2906.42	2906.42	2906.42
Weighted Average Rate of Depreciation (in %)						5.10	5.10	5.10	5.10	5.10

