

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 674/TT/2020

Coram:

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

Date of Order: 08.03.2022

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and determination of transmission tariff from COD to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 in respect of 2X1500 MVA 765/400 kV ICTs along with associated bays and split bus arrangement at 765 kV Bus at Jharsugura (Sundargrah) GIS” under Powergrid work associated with common transmission system for Phase-II generation projects in Odisha under Eastern 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. Bihar State Power (Holding) Company Limited,
(Formerly Bihar State Electricity Board -BSEB),
Vidyut Bhavan, Bailey Road,
Patna – 800 001.
2. West Bengal State Electricity Distribution Company Limited,
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lake City,
Calcutta - 700 091.
3. Grid Corporation of Odisha Limited,
Shahid Nagar,
Bhubaneswar - 751 007.
4. Jharkhand State Electricity Board,
In front of Main Secretariat, Doranda,
Ranchi – 834002.



5. Damodar Valley Corporation,
DVC Tower, Maniktala,
Civic Centre, VIP Road,
Calcutta - 700 054.

6. Power Department,
Government of Sikkim,
Gangtok - 737 101.

....Respondent(s)

For Petitioner : Shri S.S. Raju, PGCIL
Shri D.K Biswal, PGCIL
Shri Ved Prakash Rastogi, PGCIL
Shri A.K. Verma, PGCIL

For Respondents : Ms. Rohini Prasad, Advocate, BSPHCL

ORDER

The Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, has filed the instant petition for determination of transmission tariff for the period from the date of commercial operation (COD) 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 2x1500 MVA 765/400 kV ICTs along with associated bays and split bus arrangement at 765 kV Bus at Jharsugura (Sundargarh) GIS (hereinafter referred to as ‘the transmission asset’) under Powergrid works associated with common transmission system for Phase-II generation projects in Odisha under Eastern Region (hereinafter referred to as “the transmission project”).

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

“1) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred.

2) Approve the Transmission Tariff for the tariff block 2019-24 block for the asset covered under this petition, as per para –8.2 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 the Commission as provided in Tariff Regulation 2019 as per para 8 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 respondents 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 8.8 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 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.

10) Allow interim tariff in accordance with Regulation 10 (3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.

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) Investment Approval ("IA") for implementation of the transmission project was accorded by the Board of Directors of the Petitioner in 327th meeting held on 2.4.2016 for ₹84464 lakh including IDC of ₹5072 lakh based on October, 2015 price level. IA was communicated vide Memorandum reference No. C/CP/Phase-II, Odisha dated 5.4.2016.



(b) The scope of the transmission project was discussed and agreed in the 24th TCC & ERPC Meeting and SCM on Power System Planning in ER on 2.5.2014.

(c) The scope of work covered under the transmission project is as follows:

Transmission Line:

LILO of both circuit of Rourkela–Raigarh 400 kV D/C (2nd line) at Jharsuguda (Sundergarh) Sub-station

Sub-station:

- 2x1500 MVA, 765/400 kV ICTs with associated bays in GIS at Jharsuguda (Sundargarh).
- 2x1500 MVA, 765/400 kV ICTs with associated bays at Angul
- 04 Number of 400 kV GIS Line bays at Jharsuguda (Sundargarh) for termination of LILO of both circuits of Rourkela Raigarh 400 kV D/C (2nd line) at Jharsuguda (Sundergarh) Sub-station.
- Split bus arrangement at 400 kV bus at Angul Sub-station
- Split bus arrangement at 765 kV bus at Angul Sub-station
- Split bus arrangement at 400 kV bus at Jharsuguda (Sundergarh) Substation with GIS
- Split bus arrangement at 765 kV bus at Jharsuguda (Sundergarh) Sub-station with GIS
- 02 Number of 400 kV line bays at Jharsuguda (Sundargarh) Sub-station for termination of OPGC (IB TPS)-Jharsuguda 400 kV D/C line (Under TBCB)

Sub-station Works:

a) Jharsuguda 765/400 kV Sub-station: Extension in GIS

765 kV

- 2x1500 MVA, 765/400 kV Transformers
- ICT Bays: 02 Number (GIS)
- Split Bus arrangement (GIS)

400 kV



- ICT bays: 02 Number (GIS)
- Line bays: 06 Number (GIS)
- Split Bus arrangement (GIS)

Note: It has been agreed in the 17th SCM of ER that GIS bays may be considered in place of AIS bays if there is space constraints in schemes involving sub-station extensions.

b) Angul 765/400 kV Sub-station

765 kV

- 2x1500 MVA 765/400 kV Transformers
- ICT Bays : 2 Number.
- Split bus arrangement

400 kV

- ICT bays: 2 Number
- Split bus arrangement

(d) The Petitioner has submitted that entire scope of work of the transmission project has been implemented. The details of the transmission assets covered under the transmission project are as follows:

Name of Asset	Actual COD	Petition No.
Asset-I: LILO of both Circuits of 400 kV D/C Rourkela-Raigrah (02 nd Line) along with 04 Number of 400 kV line bays at Jharsuguda (Sundargarh) Sub-station.	7.1.2018	Covered under Petition No. 54/TT/2020
Asset-II: Split Bus arrangement at 400 kV Bus at Jharsuguda (Sundargarh) Sub-station	22.11.2017	
Asset-III: 02 Number of 400 kV line bays for termination of OPGC (IB TPS) - Jharsuguda 400 kV D/C line (Under TBCB) at Jharsuguda (Sundargarh).	23.11.2017	
2X1500 MVA 765/400 kV ICTs along with associated bays and split bus arrangement at 765 kV bus at Jharsugura (Sundargarh) GIS	30.11.2019	Covered under the instant petition

(e) **Deletion of Scope:** With regard to deletion of scope of work, the Petitioner has made the following submissions in the present petition:

- As per the 18th SCM of ER, Chief Engineer (PSPA-2) has stated that in view of non-implementation of NSL Generation Project (1320 MW),



relinquishment of about 950 MW LTA by Jindal, delay in Talchar-III (1320 MW, delay/ reduced LTA of LANCO Babandh and splitting of generation units by GMR (3x350 MW), which are being pooled at Angul 400 kV bus, the requirement of new 2x1500 MVA ICT and bus splitting at Angul has to be reviewed.

ii) Accordingly, the matter was reviewed by CTU and the following has been observed as per 19th SCM:

(a) In view of uncertainty in commissioning of NSL (connectivity cancelled), Talcher-III (connectivity and LTA applications closed), generation projects and non-materialization of Navbharat generation projects (applicant has been filed for relinquishment in CERC), the installation of 765/400 kV, 2x1500 MVA ICTs at Angul is not required. Accordingly, spare 765/400 kV, 500 MVA ICT (single phase unit) at Angul Sub-station is also not required.

(b) Bus splitting at Angul at both 400 kV and 765 kV levels is not required at present as fault level at Angul is found to be within rated limits.

(c) Split bus arrangement may be implemented in future under a different scheme after firming of generation projects near Angul.

(d) Spare 765/400 kV, 500 MVA ICT (single phase unit) at Sundargarh (Jharsuguda) Sub-station is not required.

iii) In view of above, the following elements are proposed to be deleted from the Petitioner's scope of work under the transmission project:

- 2x1500 MVA, 765/400 kV ICTs at Angul Sub-station along with associated bays;
- Split Bus Arrangement at Angul Sub-station at 765 kV and 400 kV buses;
- 500 MVA, 765/400 kV single phase spare ICT unit each at Angul and Sundargarh (Jharsuguda) Sub-stations



iv) It was further agreed by the Members to delete the aforementioned elements from the Petitioner's scope of work under the transmission project.

(f) As per IA dated 5.4.2016, the transmission assets were scheduled to be put into commercial operation within 36 months from the date of approval of Board of Directors dated 2.4.2016 i.e. by 1.4.2019. The transmission asset has been claimed to have been put under commercial operation on 30.11.2019 with time over-run of 243 days.

(g) The Annual Fixed Charges (AFC) claimed by the Petitioner in respect of the transmission asset for 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	457.91	1558.41	1748.98	1801.13	1810.38
Interest on Loan	312.95	1030.55	1078.36	1017.91	921.81
Return on Equity	478.13	1631.42	1834.74	1890.40	1900.27
Interest on Working Capital	42.86	137.85	147.13	150.62	151.96
O&M Expenses	552.51	1701.07	1761.27	1824.72	1888.37
Total	1844.36	6059.30	6570.48	6684.78	6672.79

(h) The details of Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission asset are as follows:

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	137.00	141.76	146.77	152.06	157.36
Maintenance Spares	246.60	255.16	264.19	273.71	283.26
Receivables	674.76	747.04	810.06	824.15	820.42
Total	1058.36	1143.96	1221.02	1249.92	1261.04
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	42.86	137.85	147.13	150.62	151.96

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



5. The Petitioner has served the petition on the Respondents and notice of this petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Reply to the petition has been filed by BSHPCL (Respondent No.1) vide affidavit dated 27.10.2021. The Petitioner vide affidavit dated 11.11.2021 filed rejoinder to the reply of BSHPCL. The issues raised by BSHPCL and the clarifications given by the Petitioner are considered in relevant portions of the order.

6. The hearing in this matter was held on 26.10.2021 through video conference and order was reserved.

7. This order is issued after considering the Petitioner's affidavits dated 5.8.2020 and 14.9.2021, reply of BSHPCL filed vide affidavit dated 27.10.2021 and the Petitioner's rejoinder affidavit dated 11.11.2021.

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

Date of Commercial Operation ("COD")

9. Regulation 5 of the 2019 Tariff Regulations provides as follows:

***"5. Date of Commercial Operation:** (1) The date of commercial operation of a generating station or unit thereof or a transmission system or element thereof and associated communication system shall be determined in accordance with the provisions of the Grid Code.*

(2) In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:

Provided that the transmission licensee seeking the approval of the date of commercial operation under this clause shall give prior notice of at least one month, to the



generating company or the other transmission licensee and the long term customers of its transmission system, as the case may be, regarding the date of commercial operation:

Provided further that the transmission licensee seeking the approval of the date of commercial operation of the transmission system under this clause shall be required to submit the following documents along with the petition:

(a) Energisation certificate issued by the Regional Electrical Inspector under Central Electricity Authority;

(b) Trial operation certificate issued by the concerned RLDC for charging element with or without electrical load;

(c) Implementation Agreement, if any, executed by the parties;

(d) Minutes of the coordination meetings or related correspondences regarding the monitoring of the progress of the generating station and transmission systems;

(e) Notice issued by the transmission licensee as per the first proviso under this clause and the response;

(f) Certificate of the CEO or MD of the company regarding the completion of the transmission system including associated communication system in all respects.

(3) The date of commercial operation in case of integrated mine(s), shall mean the earliest of —

a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or

b) the first date of the year succeeding the year in which the value of production estimated in accordance with Regulation 7A of these regulations, exceeds total expenditure in that year; or

c) the date of two years from the date of commencement of production:

Provided that on earliest occurrence of any of the events under sub- clauses (a) to (c) of Clause (3) of this Regulation, the generating company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one week prior intimation to the beneficiaries of the end-use or associated generating station(s);

Provided further that in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause (3) of this Regulation;

Provided also that the generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month



to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation.”

10. The Petitioner has claimed COD in respect of the transmission asset as follows:

SCOD of the transmission asset	Completion of trial run	COD claimed for the transmission asset
1.4.2019	29.11.2019	30.11.2019

11. BSHPCL in its reply has submitted that approval for energization dated 24.4.2019 as submitted by the Petitioner pertains to 500 MVA 765/400 kV ICT-3 (3 phase bank), ICT-4 (3 phase bank) and spare ICT (1 phase) at Powergrid Sundargarh Pooling Sub-station whereas the transmission asset covered in the present petition is 2 X 1500 MVA 765/400 kV ICTs along with associated bays at Jharsuguda (Sundargarh) GIS. BSHPCL has further submitted that in the letter of approval for energization dated 24.4.2019, Inspection Report is stated to be of 18.3.2019 and Petitioner's Compliance is of 15.4.2019. Similarly, in the approval for energization dated 16.7.2019, Inspection Report is stated to be of 14.6.2019 and Compliance Report is of 10.7.2019. BSHPCL has submitted that in the certificates of completion of trial operation of transmission element dated 3.1.2020 dates of energization for commencement of successful trial operation have been given as 7.11.2019 to 9.11.2019 and 28.11.2019 to 29.11.2019.

12. In response the Petitioner has submitted that CEA certificate placed on record clearly mentions that there is 3X500 MVA ICT -3 (each phase having 500 MVA) and 3X500 MVA ICT-4 (each phase having 500 MVA) wherein the transmission asset's name has been combined and written as '2X1500 MVAT ICT at Jharsuguda (Sundergarh) GIS'. The Petitioner has further submitted that as per inspection report dated 18.3.2019 and 14.6.2019, CEA inspector sought information with reference to balance outdoor erection, PCC/ metal spreading work and minor civil work etc. which



after compilation was submitted to CEA vide letters dated 15.4.2019 and 10.7.2019, respectively. Consequently, CEA issued the final energisation certificate dated 20.4.2019 and 16.7.2019, respectively. The Petitioner has further submitted that the transmission asset successfully completed trial run operation from 7.11.2019 to 9.11.2019 and from 28.11.2019 to 29.11.2019. Thereafter, POSOCO (ERLDC) issued certificate on 3.1.2020. The Petitioner has clarified that ERLDC is the competent authority to issue RLDC certificate. The details of elements of transmission asset with commencement of trial operation and its completion are as follows:

Name of Asset	Commencement of Trial Operation	Completion of Trial Operation
765 kV Split Bus-1	7.11.2019	8.11.2019
765 kV Split Bus-2	8.11.2019	9.11.2019
2x1500 MVA, ICTs (765/400 kV ICT-III & ICT-IV)	28.11.2019	29.11.2019

13. We have considered the submissions of the Petitioner and BSHPCL. In support of COD of the transmission asset, the Petitioner has submitted CEA Energisation Certificates dated 24.4.2019 and 16.7.2019, RLDC charging certificate dated 3.1.2020 certifying that trial operation completed on 10.11.2019 and 29.11.2019 and CMD certificate.

14. Taking into consideration CEA energisation certificate, RLDC charging certificate and CMD certificate, COD of the transmission asset is approved as 30.11.2019.

Capital Cost

15. 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 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 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 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 decapitalised 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.”

16. The Petitioner vide Auditor’s Certificate dated 14.7.2020 has claimed capital cost in respect of the transmission asset incurred as on COD and Additional Capital Expenditure (ACE) projected to be incurred and the same is as follows:



Apportioned approved cost as per FR	Capital Cost claimed as on COD	Projected ACE				Estimated completion cost
		2019-20	2020-21	2021-22	2022-23	
37678.75	24796.72	1433.11	5520.00	1625.00	350.49	33725.32

(₹ in lakh)

Cost Over-run

17. The estimated completion cost of the transmission asset based on the Auditor's certificate works out to be ₹33725.32 lakh including IEDC and IDC. There is no cost over-run as per apportioned approved FR of ₹37678.75 lakh.

18. The Petitioner has submitted Form-5 and following justification for cost variation from FR cost of ₹37678.75 lakh to completion cost of ₹33725.32 lakh as on 31.3.2024.

19. With reference to variation in cost of individual item, the Petitioner has submitted that packages under subject scope of works comprise of a large number of items which 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 packages. Lowest bidder is arrived at/evaluated on overall basis only. Hence, item-wise unit prices in contracts and their variation over unit rate considered in FR estimates are beyond the control of the Petitioner. The Petitioner being a Government enterprise has been following a well laid down procurement policy which ensures both transparency and competitiveness in the bidding process. Through this process, lowest possible market prices for required product/services are obtained and contracts are awarded on the basis of lowest evaluated eligible bidder. The best competitive bid prices against tenders may vary as compared to the cost estimates depending upon prevailing market forces, bidder's perception and site requirements. Estimates are prepared by the Petitioner as per well-defined



procedures. FR cost estimate is broad indicative cost worked out generally on the basis of average unit rates of recently awarded contracts/general practice.

20. We have considered the submissions of the petitioner. As compared to the total apportioned approved cost as per FR of ₹37678.75 lakh, the estimated completion cost of the transmission asset is ₹33725.32 lakh as on 31.3.2024, which is within the apportioned approved cost. Therefore, there is no cost over-run with reference to the transmission asset.

Time Over-run

21. As per Investment Approval (IA), the commissioning schedule of the transmission project is 36 months from the date of IA. The transmission assets were to be commissioned in progressive manner upto 1.4.2019 against which the transmission asset was commissioned with delay of 243 days. The details of transmission asset, SCOD, COD and delay are as follows:

Name of Asset	SCOD	Actual COD	Delay
2X1500 MVA 765/400 kV ICTs along with associated bays and split bus arrangement at 765 kV Bus at Jharsugura (Sundargrah) GIS.	1.4.2019	30.11.2019	243 days

22. The Petitioner has made the following submissions with regard to time over-run in respect of the transmission asset:

- The installation of GIS bushings, GIS bay equipment and bus-duct associated with out-door type 765 kV split bus arrangements require considerable period of shut-down because there is movement of high-boom cranes for erection of such equipment.
- Erection of 765 kV GIS bay equipment and associated bus-duct coming directly under the existing AIS bus keeping in mind the safety of equipment, being one part exposed directly to 765 kV voltage level and others to high



induction voltages.

- Further, splitting work of AIS to GIS bus needs to be carried out in dry/ sunny and less humidity weather condition to prevent ingress of moisture as well as to avoid contamination with foreign particles, if any, which are detrimental to GIS performance.
- Accordingly, after readiness of site for installation and pre-commissioning works of GIS bushings, GIS bay equipment and bus-duct associated with outdoor type 765 kV split bus arrangements, shut-down requirements were proposed in December 2018 to take up the said works with target commissioning of transmission asset progressively by March 2019. However, initial planned works could not be taken up due to non-availability/ deferment of shut-down on account of system constraints, planned works delayed significantly which delayed commissioning activities.
- After loss of nearly one month of good working period in view of aforementioned initial delay due to deferment of shut-down owing to system constraints, strategic short-term shut-downs were availed intermittently to carry out possible erection/ installation activities of all such GIS equipment not infringing minimum electrical clearances, in a phased manner within limited access zone by optimal utilization of all available resources with an aim to minimize the requirement of shut-down period.
- Accordingly, in final installation and commissioning stages, the Petitioner succeeded to a great extent in completing the installation of all GIS equipment progressively in the next one and half month from the last week of January 2019 to mid-week of March 2019. However, subsequent shut-down plans/ work executions from last week of February, 2019 onwards could not materialize due to inclement weather conditions on account of unseasonal rains, natural calamity on account of cyclone Fani and onset of monsoon and presence of monsoon for longer period than expected, causing major delays in commissioning works.



- The sequence of major critical attributable delays is summarized as follows:

Sl. No	Activity description	Type/nature of delay/ hindrance	Period of delay/ hindrance
1	1st Phase planned shut-down: 765 kV Bus-1	<ul style="list-style-type: none"> • Due to system constraints, (<i>Restoration works of 765 kV Vemagiri-Srikakulam line at Srikakulam S/S</i>), shut-down was not accorded by ERLDC. 	25.12.2018 to 24.1.2019
2	Unseasonal Rain: 2 nd Phase planned shut-down in subsequent months i.e. February, 2019, March, 2019 and April, 2019 could not be planned and availed due to persisting uncertain and inclement weather conditions on account of unseasonal rain.	<ul style="list-style-type: none"> • Rainfall/ persistent cloudy, uncertain and inclement weather conditions non-conducive for outdoor GIS installation works. <i>(being out-door type GIS, the installation should be done in dry/sunny weather only to prevent ingress of moisture/ contamination which are detrimental to performance of GIS Equipment)</i> 	25.2.2019 to 30.4.2019
3	Natural Calamity: Cyclone 'Fani' in Odisha --No works could be planned in May, 2019 due to inclement weather on account of cyclone 'Fani' and aftermath devastations thereof.	<ul style="list-style-type: none"> • Devastating cyclone 'Fani' hit Odisha coast on 3.5.2019 at wind speed of >175 KMP, badly damaging and destroying the Power Infrastructures and other assets/infrastructures on its way putting the entire State of Odisha in mourn for more than a month. 	1.5.2019 to 7.6.2019
4	Onset of monsoon period and late departure of monsoon: No Works could be planned for next four months from June, 2019 to September, 2019 due to uncertain inclement weather conditions on account of onset of monsoon.	<ul style="list-style-type: none"> • Onset of monsoon and rainy season – non-conducive for outdoor GIS installation works and associated pre-commissioning. HV and impulse tests require generation and injection of voltages up to 1200 KVp 	8.6.2019 to 30.9.2019

- The above table clearly shows that erection, testing and commissioning work was hampered from January 2019 to September 2020 i.e. for 9 months.
- After normalization of weather to dry/ sunny with no forecast of rains, GIS installation works and pre-commissioning activities as well as most desired HV and impulse tests were planned and taken up on war-footing basis from 1st week of October 2019. Entire works were completed within a reasonable and



most practicable timeframe of 2 (two) months with sincere and dedicated efforts which facilitated progressive commissioning and completion of trial operation of the following transmission asset/ element of the transmission asset:

Name of Asset	Commencement of Trial Operation	Completion of Trial Operation
765 kV Split Bus-1	7.11.2019	8.11.2019
765 kV Split Bus-2	8.11.2019	9.11.2019
2x1500 MVA, ICTs (765/400 kV ICT-III & ICT-IV)	28.11.2019	29.11.2019

- Accordingly, commercial operation of all the elements of the transmission asset was declared w.e.f. 30.11.2019.
- E-mail correspondences for shut-down, IMD documents for rainfall and weather conditions, FANI press releases with sample photographs and paper cuttings of monsoon season have been enclosed with the petition.

23. BSHPCCL has submitted that it is the Petitioner's own case that it succeeded to a great extent in completing the installation of all the GIS equipment progressively till mid-week of March 2019. As a result of it, till this time, they were not hindered by heavy rainfall/ inclement weather conditions. BSHPCCL has further submitted that the documents annexed in support of claim for unseasonal rain till 30.4.2019 also does not support the claim of the Petitioner as the mid-day weather bulletin dated 25.4.2019 annexed with the petition, indicates that weather was dry and hot. According to the Petitioner itself, completion of installation of GIS equipment was already successful to a great extent before any of the alleged hindrances. BSHPCCL has submitted that monsoon weather from 8.6.2019 to 30.9.2019 will not qualify as Force Majeure as only exceptionally adverse weather conditions which are more than statistical measures for the last hundred years are contemplated by Regulation 3(25)(a) of the 2019 Tariff Regulations. BSHPCCL has submitted that reason for



deferment of shut-down for delay is also liable to be rejected as the tariff petition gives no details of the same. BSHPCL has further submitted that from the documents annexed with the petition, it is apparent that, according to the Petitioner, approval for shut-down was from 25.12.2018, but e-mail requesting switching off code was sent internally only on 25.12.2018. Therefore, delay on this account was not out of control of the Petitioner.

24. In response, the Petitioner has submitted that in case there was no hindrance, work would have been completed by April, 2019. However, commissioning got delayed due to non-availability of shut-down from 25.12.2018 to 24.1.2019. The Petitioner has submitted that commissioning was delayed further due to rainfall, persistent cloudy and uncertain weather conditions which were not conducive for outdoor GIS installation works from February 2019 to April 2019. The Petitioner has submitted that if the above-mentioned activities had not obstructed between January 2019 to April 2019 the transmission asset would have been commissioned by May 2019.

25. We have considered the submissions of the Petitioner and BSHPCL. It is observed that the Petitioner has cited reasons for delay as 1st phase planned shut-down due to system constraints. This delay was for the period from 25.12.2018 to 24.1.2019. The Petitioner has mentioned that delay was due to deferment of shut-down owing to system constraints and, therefore, strategically short-term shut-downs were availed intermittently to carry out possible erection/ installation activities. From the documents annexed with the petition, it is apparent that as per the Petitioner the approval for shut-down was from 25.12.2018. However, e-mails attached are internal mails only, requesting switching off as on 25.12.2018. Subsequent e-mails dated



31.12.2018, 17.1.2019 and 22.1.2019, show that shut-down was deferred as it was not accorded due to restoration works of 765 kV Vemagiri line at Srikakulam Sub-station. It is observed that the Petitioner has not submitted Minutes of Meeting (MOM) and details of OCC meetings wherein shut down has been discussed and approved. Further, no other documentary evidence apart from internal mails has been shared which show deferment of shut-down.

26. Further, delay with regard to uncertain weather conditions, 'Fani' cyclone, rainfall and onset of monsoons were mostly after SCOD. IMD reports dated 8.5.2020 state the possibility of thunderstorm at one or two places in the district and IMD report dated 25.4.2019 suggests 'heat wave' conditions, which is quite contrary to the reasons given by the Petitioner. The documents provided under 'Odisha Rainfall Monitoring System' suggest light to moderate rainfall in the months of March 2019 to May 2019, and that too for hardly 2-3 days in a month. The newspapers cuttings also do not provide a clear picture of weather conditions of the affected areas. Press releases dated 2.5.2019 and 3.5.2019 refer to coastal Odisha region to be affected by 'Fani' cyclone. It explicitly does not mention about the areas affected.

27. In view of above, we are not inclined to condone delay on account of unseasonal rain, natural calamity, onset of monsoon period and late departure of monsoon.

28. Accordingly, we do not condone time over-run in respect of the transmission asset as of now. The detail of time over-run not condoned is as follows:

SCOD	COD claimed	Time over-run (days)	Time over-run condoned (days)	Time over-run not condoned (days)
1.4.2019	30.11.2019	243	-	243



Interest During Construction (“IDC”) and Incidental Expenditure During Construction (“IEDC”)

29. The Petitioner has claimed IDC in respect of the transmission asset and has submitted Auditor’s Certificate dated 14.7.2020 in support of the same. The Petitioner has submitted computation of IDC along with year-wise details of IDC discharged.

30. Loan amount as on COD has been mentioned in Form-6 and Form-9C. On perusal of these Forms, it is observed that there is mis-match in loan amount between IDC statement and in Form-9C. Therefore, allowable IDC has been worked out based on the available information and relying on loan amount as per Form 9-C. The Petitioner is directed to submit detailed IDC statement after rectifying the above-mentioned deviation, at the time of truing up.

31. Loan details submitted in Form-9C for 2019-24 tariff period and IDC computation statement have been considered for the purpose of IDC calculation on cash basis and on accrued basis. Further, adjustment on account of time over run has been done to arrive at the admissible IDC. IDC on cash basis up to COD has been worked out based on loan details given in Form-9C for the transmission asset. It is observed that the Petitioner has claimed financing charges of ₹218.16 lakh against loan of ₹6286.61 lakh for foreign loan Sumitomo Mitsui. We have provisionally allowed the same. However, the Petitioner is directed to provide documentary evidence for the same at the time of truing up.

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



(₹ in lakh)

IDC Claimed	IDC allowed (Accrual)	IDC disallowed due to time over-run	IDC Discharged as on COD	IDC Un-discharged as on COD	IDC Discharge During
					2019-20
A	B	C=(A-B)	D	E=(B-D)	F
1609.61	1044.48	565.13	942.92	101.56	101.56

33. The Petitioner has claimed IEDC for 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. It is observed that IEDC claimed is within the limit as per FR. Accordingly, pro-rata IEDC allowed and dis-allowed in respect of the transmission asset is as follows:

(₹ in lakh)

IEDC claimed as per Auditor Certificate	Pro-rata IEDC disallowed due to time overrun	Pro-rata IEDC allowed as on COD
1	2	3=(1-2)
1099.69	199.87	899.82

Initial Spares

34. Regulation 23(d) of the 2019 Tariff Regulations provides as follows:

“23. Initial Spares: Initial spares shall be capitalised as a percentage of the Plant and Machinery cost, subject to the following ceiling norms:

....

(d) Transmission system

(i) Transmission line - 1.00%

(ii) Transmission Sub-station

- Green Field - 4.00%

- Brown Field - 6.00%

(iii) Series Compensation devices and HVDC Station - 4.00%

(iv) Gas Insulated Sub-station (GIS)

- Green Field - 5.00%

- Brown Field - 7.00%

(v) Communication system - 3.50%

(vi) Static Synchronous Compensator - 6.00%

.....”

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



(₹ in lakh)

Particulars	Plant & Machinery cost (excluding IDC/IEDC, Land cost and cost of civil works) (A)	Initial Spares Claimed (B)	Ceiling (in %) (C)	Initial Spares Worked Out	Excess Initial Spares
				$D = [(A-B)*C]/(100-C)$	
Sub-station (GIS-brown field)	30775.84	984.96	7	2242.32	-

36. We have considered the submission of the Petitioner. The Petitioner's claim of Initial Spares is within the ceiling specified in Regulation 23(d)(iv) of the 2014 Tariff Regulations. Accordingly, the details of the Initial Spares allowed in respect of the transmission asset for 2014-19 tariff period are as follows:

Sub-station (GIS)

(₹ in lakh)

Plant & Machinery cost considered as on cut- off date	Initial Spares claimed	Norms as per 2019 Tariff Regulations (in %)	Initial Spares allowable as per 2019 Tariff Regulations	Initial Spares allowed	Discharge of Initial Spares	
					As on COD	2019-20
30775.84	984.96	7%	2242.32	984.96	928.98	55.98

Capital Cost allowed as on COD

37. Accordingly, capital cost allowed in respect of the transmission asset as on COD is as follows:

(₹ in lakh)

Capital Cost claimed in Auditor's Certificate as on COD (A)	IDC disallowed due to time-over run (B)	Un-discharged IDC as on COD (C)	IEDC disallowed due to time-over run (D)	Expenditure up to COD (E) = (A-B-C-D)
24796.72	565.13	101.56	199.87	23930.16

Additional Capital Expenditure ("ACE")

38. Regulations 24 and 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 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

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”

39. The Petitioner has claimed projected ACE in respect of the transmission asset for 2019-24 tariff period on account of balance and retention payments due to undischarged liability projected for works executed within the cut-off date and unexecuted works within the cut-off date. The Petitioner has claimed projected ACE as per Auditor’s certificate, the details of the same are as follows:

ACE during 2019-24 period*			
2019-20	2020-21	2021-22	2022-23
1433.11	5520.00	1625.00	350.49

*Excluding undischarged IDC

40. We have considered the submissions of Petitioner. ACE claimed on account of balance and retention payments is allowed under Regulations 24(1)(a) of the 2019 Tariff Regulations. ACE allowed in respect of the transmission asset after adjustment of undischarged IDC of ₹101.56 lakh during financial year 2019-20 is as follows:

FR Cost	Capital Cost as on COD	Admitted ACE*				Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	
37678.75	23930.16	1534.67	5520.00	1625.00	350.49	32960.32

*Includes undischarged IDC

Debt-Equity Ratio

41. 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.”

42. The details of debt-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 COD (₹ in lakh)	(in %)	Total Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	16751.18	70.00	23072.29	70.00
Equity	7178.98	30.00	9888.03	30.00
Total	23930.16	100.00	32960.32	100.00

Depreciation

43. 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.”

44. We have considered the submissions of the Petitioner. Weighted Average Rate of Depreciation (WAROD) has been worked out and placed as Annexure-I after



taking into account the depreciation rates of assets as prescribed in the 2019 Tariff Regulations. Depreciation has been worked out considering the admitted capital expenditure as on COD and ACE in 2019-24 period. Depreciation allowed in respect of the transmission asset is as follows:

(₹ in lakh)

Sl. No.	Particulars	2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	23930.16	25464.83	30984.83	32609.83	32960.32
B	Addition during the year 2014-19	1534.67	5520.00	1625.00	350.49	0.00
C	Closing Gross Block (A+B)	25464.83	30984.83	32609.83	32960.32	32960.32
D	Average Gross Block [(A+C)/2]	24697.50	28224.83	31797.33	32785.08	32960.32
E	Freehold Land	0.00	0.00	0.00	0.00	0.00
F	Average Gross Block of assets with 10% Salvage Value	24402.17	27928.88	31501.38	32489.13	32664.37
G	Average Gross Block of assets with NIL Salvage Value	295.32	295.95	295.95	295.95	295.95
H	Depreciable value [(D-E)*90%]	22257.28	25431.94	28647.19	29536.16	29693.88
I	Weighted average rate of Depreciation (WAROD) (in in %)	5.40	5.38	5.37	5.37	5.37
J	Elapsed useful life at the beginning of the year (Year)	0	0	1	2	3
K	Balance useful life at the beginning of the year (Year)	25	25	24	23	22
L	Cumulative Depreciation at the beginning of the year	0.00	447.89	1966.92	3674.59	5434.41
M	Remaining Aggregate Depreciable Value at the beginning of the year (H-L)	22257.28	24984.06	26680.27	25861.57	24259.48
N	Depreciation during the year	447.89	1519.04	1707.67	1759.82	1769.07
O	Cumulative Depreciation at the end of the year (N+L)	447.89	1966.92	3674.59	5434.41	7203.48
P	Remaining Aggregate Depreciable Value at the end of the year (H-O)	21809.39	23465.02	24972.60	24101.76	22490.41

Interest on Loan ("IoL")

45. 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”.*

46. The weighted average rate of interest of IoL has been considered on the basis of the rates prevailing as on COD for respective loans. 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, 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 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	16751.18	17825.45	21689.45	22826.95	23072.29
B	Cumulative Repayments up to Previous Year	0.00	447.89	1966.92	3674.59	5434.41
C	Net Loan-Opening (A-B)	16751.18	17377.56	19722.53	19152.36	17637.89
D	Addition due to ACE	1074.27	3864.00	1137.50	245.34	0.00
E	Repayment during the year	447.89	1519.04	1707.67	1759.82	1769.07
F	Net Loan-Closing (C+D-E)	17377.56	19722.53	19152.36	17637.89	15868.81
G	Average Loan [(C+F)/2]	17064.37	18550.04	19437.44	18395.12	16753.35
H	Weighted Average Rate of Interest on Loan (in %)	5.338%	5.415%	5.418%	5.409%	5.379%
I	Interest on Loan (G*H)	306.10	1004.53	1053.13	994.97	901.22

Return on Equity ("RoE")

47. Regulations 30 and 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-

(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.”

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

(₹ in lakh)						
	Particulars	2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	7178.98	7639.38	9295.38	9782.88	9888.03
B	Addition due to ACE	460.40	1656.00	487.50	105.15	0.00
C	Closing Equity (A+B)	7639.38	9295.38	9782.88	9888.03	9888.03
D	Average Equity [(A+C)/2]	7409.18	8467.38	9539.13	9835.46	9888.03
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	Applicable ROE Rate (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity for the year (D*G)	467.67	1590.34	1791.64	1847.30	1857.17

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

49. Regulations 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 combined 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
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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."*

50. O&M Expenses claimed by the Petitioner in respect of the transmission asset



are as follows:

(₹ in lakh)					
Particulars	2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
Sub-station Bays (Number)					
Jharsuguda/Sundargarh: 765 kV GIS Bay for two ICTs	2	2	2	2	2
Jharsuguda/Sundargarh: 400 KV GIS bays for ICTs	2	2	2	2	2
Jharsuguda/Sundargarh: Bus Splitting At Jharsugura (765 kV GIS)	2	2	2	2	2
Norm (₹ lakh/bay)					
765 kV GIS	31.507	32.620	33.761	34.951	36.176
400 kV GIS	22.505	23.296	24.115	24.962	25.837
Total Sub-station Expenses	57.48	177.07	183.27	189.73	196.38
Transformers					
Jharsuguda/Sundargarh: ICTS AT JHARSUGURA	2	2	2	2	2
MVA of each ICT	1500	1500	1500	1500	1500
Norms (₹ lakh/MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
Total Transformer Expenses	495.03	1524.00	1578.00	1635.00	1692.00
Total O&M Expenses	552.51	1701.07	1761.27	1824.72	1888.37

51. The Petitioner has claimed O&M Expenses for the transmission asset as per normative O&M Expenses rates provided in Regulation 35(3)(a) of the 2019 Tariff Regulations. Accordingly, we allow the claimed O&M Expenses. O&M Expenses approved in respect of the transmission asset for 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
Sub-station Bays (Number)					
Jharsuguda/Sundargarh: 765 kV GIS Bay for two ICTs	2	2	2	2	2
Jharsuguda/Sundargarh: 400 KV GIS bays for ICTs	2	2	2	2	2
Jharsuguda/Sundargarh: Bus Splitting At Jharsugura (765 kV GIS)	2	2	2	2	2
Norm (₹ lakh/bay)					
765 kV GIS	31.507	32.620	33.761	34.951	36.176
400 kV GIS	22.505	23.296	24.115	24.962	25.837



Total Sub-station Expenses	57.48	177.07	183.27	189.73	196.38
Transformers					
Jharsuguda/Sundargarh: ICTS AT JHARSUGURA	2	2	2	2	2
MVA of each ICT	1500	1500	1500	1500	1500
Norms (₹ lakh/MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
Total Transformer Expenses	495.03	1524.00	1578.00	1635.00	1692.00
Total O&M Expenses	552.50	1701.07	1761.27	1824.73	1888.38

Interest on Working Capital (“IWC”)

52. Regulations 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;”

53. 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 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, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-21 and 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for 2021-24. The components of the working capital and interest allowed thereon are as follows:

Particulars	(₹ in lakh)				
	2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for one month)	137.00	141.76	146.77	152.06	157.36
Working Capital for Maintenance Spares (15% of O&M Expenses)	246.61	255.16	264.19	273.71	283.26
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	664.61	732.58	794.00	808.32	804.91
Total Working Capital	1048.22	1129.50	1204.97	1234.09	1245.53
Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	10.50
Interest of working capital	42.45	127.07	126.52	129.58	130.78

Annual Fixed Charges for 2019-24 Tariff Period

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



(₹ in lakh)

Particulars	2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	447.89	1519.04	1707.67	1759.82	1769.07
Interest on Loan	306.10	1004.53	1053.13	994.97	901.22
Return on Equity	467.67	1590.34	1791.64	1847.30	1857.17
Operation and Maintenance Expenses	552.50	1701.07	1761.27	1824.73	1888.38
Interest on Working Capital	42.45	127.07	126.52	129.58	130.78
Total	1816.61	5942.05	6440.24	6556.39	6546.62

Filing Fee and Publication Expenses

55. BSPHCL has submitted that grant of filing fee and expenses incurred is in the discretion of the Commission and need not necessarily be allowed in all cases and nothing beyond what is contemplated by the 2019 Tariff Regulations may be granted. In response, the Petitioner has submitted that it has claimed filing fee and publication expense, in terms of Regulation 70(1) of the 2019 Tariff Regulations reimbursed from the beneficiaries. The Petitioner has further submitted that the Commission vide order dated 28.3.2016 in Petition No. 137/TT/2015 for determination of tariff for 2014-19 period allowed the recovery of petition filing fee and publication of notices from the beneficiaries on pro rata basis.

56. We have considered the above submissions of Petitioner and BSPHCL. The Petitioner has sought reimbursement of fee 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.

Licence Fee and RLDC Fees and Charges

57. The Petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for 2019-24 tariff period. The



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

Goods and Services Tax

58. 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.

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

Security Expenses

60. 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.

61. BSPHCL has submitted that the Petitioner's claim may not be considered as per Regulation 35(3)(c) of the 2019 Tariff Regulations. BSPHCL has further submitted that Commission has taken the view that the Petitioner should claim security expenses for all the transmission assets in one petition vide order dated 09.02.2021 in Petition No. 54/TT/2020. In response, the Petitioner has reiterated its submission.

62. We have considered the above submissions of Petitioner and BSPHCL. The Petitioner has claimed consolidated security expenses for all the transmission assets



owned by it on projected basis for the 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. 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

63. 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

64. With effect from 1.11.2020, the 2010 Sharing Regulations has been repealed and sharing of transmission charges is governed by the provisions of the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and Sharing Regulations and shall be recovered from the concerned DICs under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection, and disbursement of transmission charges for subsequent period shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

65. To summarise,

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

(₹ in lakh)				
2019-20 (Pro-rata for 123 days)	2020-21	2021-22	2022-23	2023-24
1816.61	5942.05	6440.24	6556.39	6546.62



66. Annexure-I given hereinafter forms part of the order.

67. This order disposes of Petition No. 674/TT/2020 in terms of the above discussions and findings.

sd/-
(P. K. Singh)
Member

sd/-
(I. S. Jha)
Member

sd/-
(Arun Goyal)
Member

sd/-
(P. K. Pujari)
Chairperson



Annexure-I

2019-24 Capital Expenditure as on 1.4.2019	Admitted Capital Cost as on COD (₹ 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	2021-22	2022-23			2019-20 (₹ in lakh)	2020-21 (₹ in lakh)	2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)
Sub Station	23635.46	1533.42	5520.00	1625.00	350.49	32664.37	5.28%	1288.43	1474.64	1663.27	1715.43	1724.68
IT Equipment and software	294.70	1.25				295.95	15%	44.30	44.39	44.39	44.39	44.39
Total	23930.16	1534.67	5520.00	1625.00	350.49	32960.32		1332.73	1519.04	1707.67	1759.82	1769.07
							Average Gross Block (₹ in lakh)	24697.50	28224.83	31797.33	32785.08	32960.32
							Weighted Average Rate of Depreciation (in %)	5.40	5.38	5.37	5.37	5.37

