

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 713/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: 02.03.2022

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 the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 in respect of New elements of Transmission and Distribution System Network of Damodar Valley Corporation in Eastern Region.

And in the matter of

Damodar Valley Corporation,
DVC Towers, VIP Road,
Kolkata-700054.

.....Petitioner

Versus

1. West Bengal State Electricity Distribution Company Limited,
(Previously West Bengal State Electricity Board),
Vidyut Bhawan, Block `DJ`, Sector-11, Salt Lake City,
Kolkata-700091.
2. Jharkhand Bijlee Vitran Nigam Limited,
Engineers' Building, Dhurwa, Ranchi-834004. **.....Respondent(s)**

For Petitioner : Shri M. G. Ramachandran, Senior Advocate, DVC
Ms. Anushree Bardhan, Advocate, DVC
Shri Manik Rakshit, DVC
Shri Subrata Ghosal, DVC
Shri Samit Mandal, DVC

For Respondents : Shri Rajiv Yadav, Advocate, DVPCA



ORDER

The Petitioner, Damodar Valley Corporation, has filed the instant petition for truing-up of transmission tariff of the 2014-19 tariff period 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 the following new elements of the Transmission and Distribution (T&D) network of Damodar Valley Corporation (DVC), added after 31.3.2014 (hereinafter referred to as “the transmission assets”):

- Asset-I:** 132 kV Biada Sub-station;
- Asset-II:** 220 kV Koderma-Giridih D/C Transmission Line;
- Asset-III:** 33 kV Koderma-Koderma R/S D/C Transmission Line;
- Asset-IV:** 33 kV Barjora-Biph D/C Transmission Line; and
- Asset-V:** Two nos. of 33 kV bays at North-Karanpura Sub-station.

(Asset-I, Asset-II, Asset-III, Asset-IV and Asset-V have been collectively referred to as "the transmission assets" for the 2014-19 tariff period. Asset-I, Asset-II, Asset-III, Asset-IV and Asset-V have been combined as on 1.4.2019 and have been collectively referred to as "Combined Asset" under new T&D network elements DVC in Eastern Region for the 2019-24 tariff period).

2. The Petitioner has amended the petition vide affidavit dated 24.2.2021 and has also revised the prayers made earlier in the petition. The Petitioner’s revised prayers are as follows:

“PART-A: TRUE-UP PETITION FOR THE PERIOD 2014-19

In the light of the above submissions, the petitioner respectfully prays before the Hon’ble Commission:

- a) *To take on record the Petition No 713/TT/2020, Diary No. TT/276/2020 , as the True up petition for the 2014-19 period and treat this as the amended Petition of the Petition No. 713/TT/2020, Diary No. TT/276/2020;*



- b) *To Admit the present amended True-up petition for the period 2014-19 and determine the capital cost, debt & equity and allow notional IDC in respect of the 'New T&D Elements';*
- c) *To Allow normative O&M claim of DVC based on actual number of bays used for 'Transmission & Distribution System of DVC' for which O&M is being done by DVC;*
- d) *To Allow additional 1% ROE for Distribution Asset;*
- e) *To Allow claim of DVC against 'Additional impact on pay revision';*
- f) *To Allow claim of DVC Claim against Additional impact due to GST;*
- g) *To Allow claim of DVC Claim against P&G and Sinking Fund;*
- h) *To Allow claim of DVC against Mega Insurance, 'CISF security', 'Subsidiary activities', and 'Common office';*
- i) *To Allow DVC to include the annual fixed charges allowed for the new elements against this order along with those to be determined in Petition no 482/TT/2020 (True-up Petition for Existing T&D System for 2014-19 period). A single consolidated Annual Fixed Charges (AFC) of T&D system may be allowed after inclusion of all the components, for the period 2014-19 as an input cost in the aggregate revenue requirement and to be recovered from the distribution consumers on approval by the respective state regulatory commission namely WBSERC and JSERC, modality of which has already been settled in the order dated 05/02/2020 in Petition no 335/TT/2018;*
- j) *To Allow DVC to recover 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 Income Tax Act. 1961 (as amended from time to time) of the respective financial year directly without the need to make any further application before the Commission as provided under clause 25 of the Tariff Regulation 2014;*
- k) *To Allow to recover of transmission and distribution charges from consumers by considering the tariff determined herein by this Hon'ble Commission as an input cost of Aggregate Revenue Requirement (ARR) while determining the retail tariff by the respective State Electricity Regulatory Commissions of West Bengal and Jharkhand;*
- l) *Allow recovery of levies, tariff filing fees, taxes, duties, cess, charges, fees etc., if any, from the beneficiaries/purchasers of electricity through retail tariff as may be determined by the respective State Commissions*
- m) *To Pass such further order or orders as this Hon'ble Commission may deem just and proper in the facts and circumstances of the case.*

PART-B: TARIFF PETITION FOR THE PERIOD 2019-24

In the light of the above submissions, the petitioner respectfully prays before the Hon'ble Commission: -



- a) *To take on record the Petition No 713/TT/2020, Diary No. TT/276/2020, as the petition for the 2019-24 period and treat this as the amended Petition of the Petition No 713/TT/2020, Diary No. TT/276/2020;*
- b) *To Determine the tariff for the 'T&D System' of DVC network for the period 01.04.2019 to 31.03.2024 considering projected capital expenditure as furnished in the instant petition under Section 62(1) (a) of the Electricity Act, 2003 read with regulation-9(2) of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019 issued on 07.03.2019;*
- c) *To allow the estimated security expenses separately to be recovered from beneficiaries during 2019-24;*
- d) *To Allow claim of DVC Claim against P&G and Sinking Fund;*
- e) *To Allow claim of DVC against Mega Insurance, 'Subsidiary activities', and 'Common office';*
- f) *To Allow DVC to include the annual fixed charges allowed for the new elements against this order along with those to be determined in Petition no 482/TT/2020 (Petition for Existing T&D System for 2019-24 period) . A single consolidated Annual Fixed Charges (AFC) of T&D system may be allowed after inclusion of all the components, for the period 2019-24 as an input cost in the aggregate revenue requirement and to be recovered from the distribution consumers on approval by the respective state regulatory commission namely WBSERC and JSERC , modality of which has already been settled in the order dated 05/02/2020 in Petition no 335/TT/2018;*
- g) *To allow additional capital expenditure on account of acquiring the minor items or the assets including tools and tackles at the time of truing up of tariff as mentioned in para-35 above;*
- h) *To allow reimbursement of expenses incurred on publication of notices in the application of tariff for the period 2019-24;*
- i) *To allow DVC to recover shortfall or refund the levies, tariff filing fees, taxes, duties, cess, charges, fees etc., if any, excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per Income Tax Act. 1961 (as amended from time to time) of the respective financial year directly without the need to make any further application before the Commission as provided under clause 31 of the Tariff Regulation 2019;*
- j) *To allow to recover of transmission and distribution charges from consumers by considering the tariff determined herein by this Hon'ble Commission as an input cost of Aggregate Revenue Requirement (ARR) while determining the retail tariff by the respective State Electricity Regulatory Commissions of West Bengal and Jharkhand;*
- k) *To pass such further order or orders as this Hon'ble Commission may deem just and proper in the facts and circumstances of the case."*

3. **Backdrop of the case**



a) DVC is a statutory body established under the Damodar Valley Corporation Act, 1948 (hereinafter referred to as 'the DVC Act') for the development of the Damodar Valley, with three participating Governments - the Central Government, Government of West Bengal and Government of Bihar. After the re-organisation of the State of Bihar, Government of Bihar has been substituted by Government of Jharkhand. The representatives of Governments of Jharkhand and West Bengal are on the Board of DVC.

b) With respect to the electricity sector, the assets owned by DVC and their dates of commercial operation (COD) are as follows:

Name of the Stations/ systems	Installed Capacity (in MW)	COD
Bokaro TPS	805	August 1993
Chandrapur TPS	750	March 1979
Durgapur TPS	350	September 1982
Mejia TPS	630	September 1999
Maithon GPS	82.5	October 1989
Maithon Hydel	60	December 1958
Panchet Hydel	80	March 1991
Tilaiya Hydel	4	August 1953
Transmission System	220/ 132 kV lines	Existing as on 31.3.2004
Distribution System		Existing as on 31.3.2004

c) Prior to coming into force of the Electricity Act, 2003 (hereinafter referred to as "the 2003 Act"), the tariff for generation and supply of electricity was determined by DVC Board under the DVC Act.

d) The Petitioner had filed Petition No. 66/2005 for approval of the revenue requirements and for determining the matters concerning the tariff for electricity-related activities, that is, generation, transmission and distribution of electricity, undertaken by it for the period from 1.4.2004 to 31.3.2009. The terms and conditions for determination of tariff for the said period were notified by the Commission in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2004 (hereinafter referred to as "the 2004 Tariff Regulations").

e) The Commission vide order dated 21.6.2005 in Petition No. 66/2005 had allowed DVC to continue to charge the tariff applicable on sale and Inter-State Transmission of Electricity, as was applicable on 31.3.2004, on provisional basis subject to final adjustment.



f) Because of the complex nature of issues raised by DVC in Petition No. 66/2005 (including determination of norms for O&M Expenses and operational norms) with respect to the generating stations and the transmission assets belonging to it, the Commission vide order dated 18.10.2005 in Petition No. 66/2005 had decided that one of the members of the Commission, namely Shri K.N. Sinha (one-member bench) will finalise his recommendations and submit a report to the Commission for consideration and further necessary action, after giving opportunity of hearing to the parties.

g) The one-member bench, after granting opportunity of hearing to the parties including the customers who intervened, formulated recommendations and submitted the report dated 5.5.2006 in Petition No. 66/2005.

h) The Commission vide order dated 3.10.2006 had allowed a special dispensation to the Petitioner to continue with the prevailing tariff till 31.3.2006 and determined tariff in respect of the generating stations and transmission system of the Petitioner for the period from 1.4.2006 to 1.3.2009 based on the 2004 Tariff Regulations and the recommendations of the one-member bench in order dated 5.5.2006 in Petition No. 66/2005.

i) In view of implementation of the directions of the Appellate Tribunal for Electricity dated 23.11.2007 in Appeal No. 273/2006, the tariff for generation and inter-State transmission of electricity by the Petitioner for the period 1.4.2006 to 31.3.2009 was determined vide order dated 6.8.2009 in Petition No. 66/2005.

j) The Commission vide order dated 23.6.2011 in Petition No. 240/2009 had approved the provisional tariff in respect of the generating stations and transmission assets of the Petitioner for the 2009-14 period and had directed the Petitioner to file separate petitions for each of its generating stations and transmission systems in accordance with the 2009 Tariff Regulations. Accordingly, Petition No. 240/2009 was disposed of vide order dated 30.9.2013.

k) In line with the above directions, the Petitioner had filed separate petitions (except for Mejia TPS, Unit Nos. V and VI) and, accordingly, tariff for the 2009-14 period was determined with respect to the generating stations and



transmission systems in various petitions, the details related thereto are as follows:

Petition No.	Project	Date of Order
268/GT/2012	Determination of tariff for Bokaro TPS	29.7.2013
269/GT/2012	Determination of tariff for Mejia TPS, Units I to III	9.7.2013
270/GT/2012	Determination of tariff for T & D system	27.9.2013
271/GT/2012	Determination of tariff for Maithon Hydel Station	7.8.2013
272/GT/2012	Determination of tariff for Panchet Hydel Station	7.8.2013
273/GT/2012	Determination of tariff for Tilaiya Hydel Station	7.8.2013
274/GT/2012	Determination of tariff for Mejia TPS, Unit-IV	9.7.2013
275/GT/2012	Determination of tariff for Chandrapura TPS	7.8.2013
276/GT/2012	Determination of tariff for Durgapur TPS	7.8.2013

l) The Commission vide order dated 8.5.2013 in Petition No. 272/2010 had determined the deferred elements of tariff for generation and inter-State transmission of electricity for the period 1.4.2006 to 31.3.2009 based on the 2004 Tariff Regulations. Aggrieved by the said order, the Petitioner had filed a Review Petition No. 10/RP/2013 which was disposed by the Commission vide order dated 28.1.2014 and it was limited to ignoring of the negative entry of (-) ₹264.08 lakh for switchyard equipment in T&D assets in 2007-08 and accordingly order dated 8.5.2013 was reviewed only to this extent.

m) The Commission vide order dated 26.2.2014 in Review Petition No. 10/RP/2013 had revised the capital cost and Annual Fixed Charges (AFC) determined in respect of T&D assets of the Petitioner for the period 2007-09 as determined by order dated 8.5.2013 in Petition No. 272/2010.

n) The Commission vide order dated 27.9.2013 in Petition No. 270/TT/2012 had determined tariff of T&D System of DVC network for 2009-10, 2010-11 and 2011-12 on the basis of actual Additional Capital Expenditure (ACE) in 2009-10, 2010-11 and 2011-12, projected ACE in 2012-13 and 2013-14 and had approved AFC (annual fixed charges) for 2009-10 to 2013-14.

o) The Commission vide order dated 29.9.2017 in Petition No. 547/TT/2014 trued-up the tariff of the 2009-14 period of the entire T&D network. In the said order, the Commission also observed that DVC should claim tariff for existing assets and new assets separately. The relevant extract of the order is as follows:

"73. In the previous orders as stated above, the Commission had considered the new additions under additional capital expenditure pooled power to all consumers is supplied through its integrated and composite T&D network and specific consumer or a specific group of consumers cannot be identified with reference to any particular transmission segment, sub-station for sale of power to consumers



located in two States namely the State of West Bengal and the State of Jharkhand. Therefore, the current additional capitalization for 2009-14 is approved in line with previous orders.

74. However, it is observed that the new transmission lines and substation claimed in the Transmission A to N Stage will expand the capital base of the petitioner. The capitalization claimed by the petitioner in the instant petition is based on entire company wise expenditures incurred. Transmission A to N Stage includes new transmission systems and existing transmission systems. The 2009 Tariff Regulations provides the tariff determination for project or scheme or transmission system or element. In the instant case, the petitioner has claimed the transmission tariff for all the transmission system of the Company as a whole. The determination of tariff of the new transmission element and existing transmission element is to be examined differently. The new transmission element is to be examined for admissibility of commercial operation date, capital expenditure, debt : equity ratio for that individual element. Therefore, we are of the view that the capital cost additions due to new transmission system is to be treated separately.

75. Accordingly, the capital cost on account of the new transmission system under Transmission A to N Stage is to be treated as new capital cost and the existing transmission system is to be treated as additional capital expenditure within the meaning of the 2009 Tariff Regulations. Therefore, the admissibility of capital cost, of new transmission systems henceforth would be considered within Regulation 9 of the 2014 Tariff Regulations and allowed after prudence check. Further, the capital cost of existing transmission system would be considered as additional capitalization within the meaning of Regulation 14 of the 2014 Tariff Regulations.

76. In light of the above discussion, the petitioner, is therefore directed to file the application for the purpose of tariff determination separately for the new additions claimed in 2014-19 tariff period as under:

- a) The each transmission element or system shall be distinctly identified in the investment approval along with the details of long term transmission customer or beneficiaries who has requested for the creation of the transmissions system;
- b) The commissioning of each individual elements or group of elements shall be claimed separately along with trial operation certificate of RLDC and other requirements as per the 2014 Tariff Regulations;
- c) The capital cost shall be admitted for the new assets after prudence check in accordance with the provisions of the 2014 Tariff Regulations. The petitioner shall have to comply with requirements by providing details of latest Audited accounts, Balance sheet, IDC, allocation of loans, IEDC and Initial Spares procured for individual/group elements. The admissibility of time overrun, cost overrun, initial spares shall be examined for individual elements or group of elements along with relevant documentary evidence;
- d) The allocation of loan and infusion of equity in the different project shall be separately identified by the petitioner and the same will be examined by the Commission for individual project on case to case basis;
- e) The segregation of additional capitalization of New works (Transmission A to N Stage) and existing works shall be claimed in accordance with the 2014 Tariff Regulations;



f) Once the capital cost, debt and equity is admitted for individual element or group of elements, the petitioner may combined the same with existing asset base and revised the tariff allowed by the Commission with reference to the commissioning of the assets;

g) The tariff for the 2014-19 period shall be determined taking into consideration the submissions made by the petitioner.”

p) The Petitioner had filed Petition No. 386/TT/2014 seeking approval of the tariff in respect of its composite transmission and distribution network for the 2014-19 period which was disposed vide order dated 10.10.2017 referring to the Commission’s directions given in order dated 29.9.2017 in Petition No. 547/TT/2014 directing the Petitioner to file a revised petition for determination of tariff for the 2014-19 period separately for the existing and new transmission elements clearly identifying separate capital cost, initial spares, loan allocation, debt-equity ratio etc. The relevant extract of order dated 10.10.2017 is as follows:

“12. Regulation 14 of the 2014 Tariff Regulations provides for the additional capital expenditure in the existing transmission system. The capital cost of the new transmission element and system is to be examined separately with reference to the specific approval, commercial operation date, capital cost as on COD etc. During pendency of this petition, the Commission has issued order dated 29.9.2017 in petition 547/TT/2014 truing up the annual fixed charges from 1.4.2009 to 31.3.2014. The Commission has observed in Para 74 of the order dated 29.9.2017 as under:-

xxx

“13. In view of the above direction, the petitioner is directed to file a revised petition for determination of tariff for 2014-19 period separately for the new transmission elements (transmission lines and substations) for individual project clearly identifying separate capital cost, initial spares, loan allocation and debt : equity ratio etc.”

q) Further, the Petitioner had submitted that since DVC supplied pooled power to its consumers using its own T&D network, benefit of strengthening the system either by adding sub-station/ transmission line or by augmentation of the existing sub-stations were shared by all the consumers. Therefore, transmission tariff as determined by the Commission was adopted as input cost by WBERC (West Bengal Electricity Regulatory Commission) and JSERC (Jharkhand State Electricity Regulatory Commission) for determination of Aggregate Revenue Requirement (ARR) in order to formulate retail tariff applicable to the consumers of DVC located in West Bengal and Jharkhand respectively. Therefore, DVC was not in a position to identify any specific consumer or group of consumers in relation to a particular transmission element or group of elements as directed



under paragraph 76(a) of the order dated 29.9.2017. As regards the direction at paragraph 76(d) of the order dated 29.9.2017, the Petitioner had submitted that DVC prepares 5 year plans for capacity augmentation of its T&D Network commensurate with expansion of generation capacity and load growth in consultation with and under guidance of CEA followed by approval from DVC Board. Accordingly, DVC borrowed fund from reputed financial institutions based on the cost of a group of project as envisaged in the approved 5 years plan on priority basis. The borrowing was made for a group of T&D projects and the said borrowed fund was utilized on the basis of requirement of each project.

r) In this background, the Petitioner had also filed Petition No. 150/TT/2018 for determination of tariff for the period 2014-15 to 2018-19 in respect of T&D network existing as on 31.3.2014 along with year-wise ACE. Further, ACE claimed during the years 2014-15, 2015-16 and 2016-17 was as per the Audited annual accounts and ACE claimed during 2017-18 and 2018-19 was on projected basis.

s) Pursuant to the Commission's order dated 10.10.2017 in Petition No. 386/TT/2014, the Petitioner had filed Petition No. 335/TT/2018 seeking approval of transmission tariff from COD to 31.3.2019 in respect of the transmission assets.

t) The Commission, vide order dated 5.2.2020 in Petition No. 335/TT/2018, determined the transmission tariff for the transmission assets for the 2014-19 tariff period, subject to truing-up, as follows:

(₹ in lakh)					
Asset	2014-15	2015-16	2016-17	2017-18	2018-19
Asset-I	-	841.78*	1010.58	933.93	912.18
Asset-II	-	798.40*	1664.43	1487.90	1426.11
Asset-III	5.18*	91.96	96.84	88.56	84.96
Asset-IV	16.47*	33.33	35.58	32.08	30.93
Asset-V	-	-	-	32.48*	72.98

* Pro-rata

u) The details of petitions filed by the Petitioner with respect to its T&D network is as follows:



Particulars	Petition No.
Existing T&D network	
AFC approved for the 2014-19 tariff period	Petition No. 150/TT/2018 (Order dated 9.8.2019)
AFC approved for the 2014-19 period to be trued up and for the 2019-24 tariff period to be determined	Petition No. 482-TT-2020 (Order reserved on 27.4.2021)
New T&D elements added from 1.4.2014 (including ACE up to 31.3.2019)	
AFC approved for the 2014-19 tariff period	Petition No. 335/TT/2018 (Order dated 5.2.2020)
AFC approved for the 2014-19 period to be trued up and for the 2019-24 tariff period to be determined	Petition No. 713/TT/2020 (instant petition)
4 numbers non-ISTS 400 kV Transmission lines of DVC carrying ISTS power (including ACE up to 31.3.2019)	
AFC approved for the 2014-19 tariff period	Petition No. 335/TT/2018 (Order dated 5.2.2020)
AFC approved for the 2014-19 period to be trued up and for the 2019-24 tariff period to be determined	Petition No. 466-TT-2020 (Order reserved on 27.4.2021)

v) The present Petition has been filed by the Petitioner for truing up of tariff for the 2014-19 period and determination of tariff for the 2019-24 period in respect of the transmission assets that have been added after 1.4.2014 (excluding 4 numbers 400 kV non-ISTS lines carrying ISTS power or 'deemed ISTS').

4. The Respondents are distribution licensees of West Bengal and Jharkhand which are procuring transmission services from the Petitioner.

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 objections have been received from the general public in response to the aforesaid notices published in the newspapers. None of the respondents have filed any reply in this matter. Damodar Valley Power Consumer Association (DVPCA), a non-government company, representing the interests of its members, who are HT consumers of DVC, made appearance in the matter. During the course of hearing dated 27.4.2021, the learned counsel for DVPCA, 'the objector', submitted that though DVPCA was made a party in Petition No. 150/TT/2018, in the instant true up petition, DVPCA has not been impleaded as a party.



6. The Commission directed the Petitioner to provide all the documents to DVPCA. The Commission further observed that there is no need to implead DVPCA as a party and directed it to file its objections by 14.5.2021 with a copy to the Petitioner and the Petitioner to file its comments, if any, by 21.5.2021.

7. In view of the above, DVPCA has filed its statement of objections vide affidavit dated 19.4.2021.

8. DVPCA has raised the issue of capital cost, non-admissibility of 'minor items' under Regulation 14 of the 2014 Tariff Regulations, inconsistencies in ACE claims, contribution to Pension and Gratuity Fund, additional O&M Expenses due to Mega Insurance and Expenses for Subsidiary activity, pay revision, Pension and Gratuity fund, contribution towards Sinking fund, CISF Security expenses etc., Separate Accounts and Income from Trading Business, Depreciation and additional RoE and GST. The Petitioner vide affidavit dated 21.5.2021 has filed rejoinder to DVPCA's issues/ objections. The issues/ objections raised by DVPCA and the clarifications given by the Petitioner are dealt in the relevant paragraphs of this order.

9. With regard to 'Income from Power Businesses other than Firm Domestic Sale and Income from JVs with other Companies', DVPCA has submitted that the Petitioner is engaged in the business of Power Trading and from the Annual Reports of the Petitioner, it is evident that there has been income from power trading, short term open access power sale, sale of power through power exchange, miscellaneous income, miscellaneous sales adjustment and any other income from various JV companies like Maithon Power Limited (DVC-26%, Tata Power Company Limited-74%), Bokaro Power Supply Company (DVC-50%, SAIL-50%), DVC-EMTA Coal Mines Limited (DVC-26%, EMTA-74%), Damodar Valley Tourism Development Company Private Limited (DVC-50%, IL&FS-IDC-50%), National High Power Testing Laboratory Private Limited (DVC, NTPC, NHPC, PGCIL & CPRI-20% each) and PTC India Limited (DVC



has an equity share of ₹1000 lakh). Such income may be used to reduce the AFC claimed by the Petitioner in the instant petition.

10. In response, the Petitioner has submitted that the submission of DVPCA that the Petitioner is engaged in power trading, is incorrect. The power is sold to different beneficiaries of the Petitioner like Punjab, Karnataka, Kerala etc. at 400 kV bus connected with CTU network (i.e. without utilizing the T&D system of DVC) through long term PPA at the tariff determined by the Commission. While claiming its ARR before WBERC and JSERC for its distribution activities, the Petitioner simply excludes the power which are sold to different beneficiaries.

11. With regard to the issues of 'other income'/ 'income from trading', the Commission vide order dated 9.8.2019 in Petition No. 150/TT/2018 had held as follows:

"13. DVPCA has submitted that DVC is a statutory body with multifarious functions and Sections 41 and 51 of the Electricity Act, 2003 mandate DVC to maintain separate account for each of its business undertaking. The mandatory requirement of maintaining separate accounts was emphasized by APTEL in Raigarh Ispat Udyog Sangh v. CSERC and Ors. Reported in (2014) ELR 791. In response, the Petitioner has submitted that the petitioner is vertically integrated utility and the physical assets besides head office/regional office building etc. and such similar facilities which are comparatively negligible and are commonly used for various purposes are entirely either generation or transmission assets. This aspect was considered by the Commission in orders dated 3.10.2006 and 6.8.2009 and by Hon'ble APTEL in judgment dated 23.11.2007. Hon'ble Supreme Court has also upheld the Judgment of APTEL dated 23.11.2007 in Bhaskar-Shrachi Alloys Ltd. v. DVC. We have considered the submissions of DVPCA and the Petitioner. The Hon'ble Supreme Court vide its judgment dated 23.7.2018 in Civil Appeal No(s). 971973 of 2008-Bhaskar Shrachi Alloys Ltd. & Ors. Vs DVC & Ors. held that the "other activities" of the petitioner are not optional but are mandatory, which is the nature of socially beneficial measures and it does not entail any revenue for the petitioner necessitating maintenance of separate accounts. The relevant portion of the said judgment is extracted hereunder:-

"55..... Not only Sections 41 and 51 of the 2003 Act contemplate prior approval of the Appropriate Commission before a licensee can engage in any other business other than that of a licensee under the 2003 Act, what is contemplated by the aforesaid provisions of the 2003 Act is some return or earning of revenue from such business. In the instant case, the —other activities of the Corporation are not optional as contemplated under Sections 41/51 of the 2003 Act but are mandatorily cast by the statute i.e. Act of 1948 which, being in the nature of socially beneficial measures, per se, do not entail earning of any revenue so as to require maintenance of separate accounts. The allowance of recovery of cost incurred in connection with —other activities of the Corporation from the common fund generated by tariff chargeable from the consumers/customers of electricity as



contemplated by the provisions of the Act of 1948, therefore, do not collide or is, in any manner, inconsistent with the provisions of the 2003 Act. We will, therefore, have no occasion to interfere with the findings recorded by the learned Appellate Tribunal on the above score.”

14. DVPCA has submitted that as per the directive of the Commission in order dated 3.10.2006, the Petitioner is required to adjust the income from export of power outside command area in the ARR in the respective tariff petition filed before the State Commissions. However, the Petitioner has not complied with the aforesaid direction. In response, the Petitioner has submitted that the present petition is for determination of transmission tariff for 'Existing Transmission and Distribution Network' for 2014-19 and income from trading business is not a part of transmission tariff to be determined by the Commission. We have considered the submissions of the parties. The Petitioner is directed to submit at the time of truing up, if any income is generated from trading business and if so, how the same is treated in its books of accounts.”

12. We have considered the submissions of the Petitioner and DVPCA. The Petitioner has submitted that it does not undertake any trading business and the power is sold to different beneficiaries like Punjab, Karnataka, Kerala etc. at 400 kV bus connected with CTU network (i.e. without utilizing the T&D system of DVC) through long term PPA at the tariff so determined by the Commission. We observe that the Petitioner, in compliance to the directions of the Commission vide order dated 9.8.2019 in Petition No. 150/TT/2018, has submitted the details of income generated from trading business and how the same is treated in the books of accounts of the Petitioner. We find no need to go further in this contention of the objector, DVPCA.

13. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 21.1.2020, additional information filed by the Petitioner vide affidavit dated 24.2.2021, Statement of Objections filed by DVCPA vide affidavit dated 19.4.2021, the Petitioner's affidavit dated 13.5.2021 filed in terms of Record of Proceedings (RoP) dated 27.4.2021 and the Petitioner's rejoinder filed vide affidavit dated 21.5.2021 to DVCPA's Statement of Objections.

14. The hearing in this matter was held on 27.4.2021 through video conference and the order was reserved. Having heard the learned senior counsel for the Petitioner and



learned counsel for DVPCA and after perusal of the materials on record, we proceed to dispose of the petition.

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

15. The details of the trued-up transmission charges claimed by the Petitioner for the transmission assets for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16	2016-17	2017-18	2018-19
Depreciation	279.35	336.59	352.95	356.86
Interest on Loan	256.36	275.01	243.01	210.62
Return on Equity	169.39	204.02	213.76	216.13
Interest on Working Capital	27.02	31.22	31.50	31.32
O&M Expenses	195.35	225.26	232.75	240.52
Total	927.47	1072.10	1073.97	1055.45

(₹ in lakh)

Particulars	Asset-II			
	2015-16	2016-17	2017-18	2018-19
Depreciation	333.03	670.38	691.85	704.93
Interest on Loan	312.58	571.40	497.05	438.25
Return on Equity	201.94	406.34	419.01	426.94
Interest on Working Capital	20.39	39.74	38.87	38.07
O&M Expenses	15.92	32.70	33.71	34.92
Total	883.86	1720.56	1680.49	1643.11

(₹ in lakh)

Particulars	Asset-III				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	2.10	36.52	38.85	41.19	41.22
Interest on Loan	1.91	31.68	29.91	27.59	23.58
Return on Equity	1.27	22.15	23.55	24.94	24.96
Interest on Working Capital	0.13	2.17	2.22	2.25	2.17
O&M Expenses	0.09	1.62	1.68	1.73	1.80
Total	5.50	94.14	96.21	97.70	93.73

(₹ in lakh)

Particulars	Asset-IV				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1.82	17.61	31.38	31.66	31.87
Interest on Loan	1.61	15.19	25.36	22.09	19.17
Return on Equity	1.10	10.68	19.02	19.17	19.30
Interest on Working Capital	0.15	0.10	1.84	1.78	1.72
O&M Expenses	0.85	1.73	1.79	1.84	1.91
Total	5.53	45.31	79.39	76.54	73.97



(₹ in lakh)

Particulars	Asset-V	
	2017-18	2018-19
Depreciation	1.34	2.02
Interest on Loan	1.16	1.61
Return on Equity	0.81	1.22
Interest on Working Capital	3.15	3.64
O&M Expenses	59.76	68.72
Total	66.22	77.21

16. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner for the transmission assets for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	29.30	33.79	34.91	36.08
O&M Expenses	16.28	18.77	19.40	20.04
Receivables	154.58	178.68	178.99	175.91
Total Working Capital	200.16	231.24	233.30	232.03
Rate of Interest (in %)	13.50	13.50	13.50	12.60
Interest on Working Capital	27.02	31.22	31.50	31.32

(₹ in lakh)

Particulars	Asset-II			
	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	2.39	4.90	5.06	5.24
O&M Expenses	1.33	20.72	2.81	2.91
Receivables	147.31	286.76	280.08	273.85
Total Working Capital	151.03	312.38	287.95	282.00
Rate of Interest (in %)	13.50	13.50	13.50	12.60
Interest on Working Capital	20.39	39.74	38.87	38.07

(₹ in lakh)

Particulars	Asset-III				
	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	0.01	0.24	0.25	0.26	0.27
O&M Expenses	0.01	0.14	0.14	0.14	0.15
Receivables	0.92	15.69	16.03	16.28	15.62
Total Working Capital	0.94	16.07	16.42	16.68	16.04
Rate of Interest (in %)	13.50	13.50	13.50	12.60	12.60
Interest on Working Capital	0.13	2.17	2.22	2.25	2.17

(₹ in lakh)

Particulars	Asset-IV				
	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	0.13	0.26	0.27	0.28	0.29
O&M Expenses	0.07	0.14	0.15	0.15	0.16
Receivables	0.92	7.72	13.23	12.76	12.33
Total Working Capital	1.12	8.12	13.65	13.19	12.78
Rate of Interest (in %)	13.50	13.50	13.50	12.60	12.60
Interest on Working Capital	0.15	0.10	1.84	1.78	1.72



(₹ in lakh)

Particulars	Asset-V	
	2017-18	2018-19
Maintenance Spares	8.96	10.31
O&M Expenses	4.98	5.73
Receivables	11.04	12.87
Total Working Capital	24.98	28.91
Rate of Interest (in %)	13.50	13.50
Interest on Working Capital	3.15	3.64

Commercial Operation Date (COD)

17. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had approved COD of Asset-I, Asset-II, Asset-III, Asset-IV and Asset-V as 10.5.2015, 30.9.2015, 11.3.2015, 27.9.2014 and 8.5.2017 respectively and the same is considered for true up of tariff for the 2014-19 tariff period.

Capital Cost

18. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had approved the capital cost as on COD and ACE up to 31.3.2019 for the transmission assets for the 2014-19 tariff period as follows:

Asset	Approved apportioned FR Cost	Revised Cost Estimate (RCE)	Capital Cost allowed as on COD	ACE		Capital Cost as on 31.3.2019
				2015-16	2016-17	
Asset-I	2640.53	4600.99	3437.06	363.47	45.74	3846.27
Asset-II	8178.04	9087.24	7868.82	37.37	144.91	8051.10
Asset-III	160.64	696.621	453.23	1.10	23.79	478.12
Asset-IV	164.39	0	164.39	0	0	164.39
Asset-V	57.38	0	6.71	0	0	6.71
Total	11200.98	14384.851	11930.21	401.94	214.44	12546.59

Cost Over-run

19. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had allowed the completion cost as per RCE submitted by the Petitioner for Asset-I, Asset-II and Asset-III. However, COD cost and completion cost of Asset-IV was restricted up to FR cost. The Petitioner undertook to submit RCE at the time of truing-up.

20. The Petitioner has submitted the capital expenditure against the transmission assets till their respective COD including ACE claimed during the 2014-19 tariff period.



As directed by the Commission vide paragraph 42 of order dated 5.2.2020 in Petition No. 335/TT/2018, the Petitioner has furnished requisite details for notional IDC computation for Asset-III (notional IDC-₹106.25 lakh) and Asset-IV (notional IDC-₹20.61 lakh) and has included the same in the capital cost as on COD. A statement of capital cost for 'New T&D Elements' which forms a part of the total capital expenditure for the entire T&D System of DVC (i.e. including the capital expenditure for Existing T&D System, that for non-ISTS lines carrying ISTS power and a portion not claimed in any tariff petition) duly reconciled with audited annual Accounts and further certified by an independent Auditor has been submitted.

21. The Petitioner has submitted approved Revised Cost Estimates (RCE-II) for the transmission assets for allowing capital cost as claimed. Accordingly, the trued-up capital cost claimed by the Petitioner for the transmission assets is as follows:

Asset	Approved FR Cost	RCE-I	RCE-II	Capital Cost (as on COD)	ACE					Total Completion Cost
					2014-15	2015-16	2016-17	2017-18	2018-19	
Asset-I	2640.53	4600.99	5067.00	3868.35	-	317.82	318.68	96.14	4.75	4605.75
Asset-II	8178.04	9087.24	10010.00	8517.24	-	30.32	214.57	325.12	12.53	9099.77
Asset-III	160.64	696.621	566.00	364.88*	-	1.08	58.72	0.70	0.11	425.49
Asset-IV	164.39	-	430.00	21.01*	9.00	353.62	1.75	4.74	0.74	390.86
Asset-V	57.38	-	-	16.33	-	-	-	5.77	7.83	29.92

* Excluding Notional IDC of ₹106.25 lakh and ₹20.61 lakh for Asset-III and Asset-IV respectively.

22. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had held as follows:

“21. The Petitioner has submitted RCE with respect to Assets-I, II and III and stated that RCE with respect to Assets-IV and V will be submitted at the time of truing up. The estimated completion of Assets-I, II and III is within the RCE cost and cost of Asset-V is within the FR cost. The estimated completion cost of Asset-IV is more than the FR cost. In the absence of any RCE, the cost of Asset-IV is restricted to the FR apportioned approved cost.....”

23. The Petitioner vide affidavit dated 24.2.2021 has submitted RCE-II for the transmission assets along with asset-wise apportioned approved RCE cost. The



Commission has already allowed the completion cost of Asset-I, Asset-II and Asset-III on the basis of RCE-I and allowed the completion cost of Asset-V being within the FR approved cost submitted by the Petitioner in the order dated 5.2.2020 in Petition No. 335/TT/2018. However, the cost of Asset-IV was restricted to the FR apportioned approved cost.

24. The Petitioner was directed vide RoP dated 27.4.2021 to submit the Board approval for RCE-II submitted vide affidavit dated 24.2.2021. In response, the Petitioner vide affidavit dated 13.5.2021 has submitted as follows:

a) The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 restricted the capital cost of Asset-IV (i.e. Barjora-BIPH Line) within initial sanction value of ₹164.392 lakh and gave liberty to submit revised sanction cost for Asset-IV in the true-up petition.

b) As per DVC Board's Delegation of Financial Power (DFP) for the works related to T&D activities, issuance of revised sanction order based on variation in excess of 20% of actual cost estimate in case of T&D projects rests with DVC Board. However, keeping in view the lockdown imposed by the Government and in order to comply with the direction of the Commission given vide order dated 5.2.2020, an Office Order dated 14.7.2020 was issued by Member (Secretary), DVC, wherein a Committee comprising of the Executive Director (Finance), Executive Director (System) and Executive Director (Commercial) was constituted. This Committee authorised Executive Director (System) for authenticating RCE already prepared but could not be placed before the appropriate authority in respect T&D project after analysis of cost over-run. Accordingly, in terms of the said Office Order/ authorisation, Executive Director (System), authenticated and issued RCE-II in respect of Asset-I to Asset-IV on 12.8.2020.

c) The Petitioner has filed additional information through amended petition on 24.2.2021 for truing up of tariff for 2014-19 period in respect of the transmission assets and requested to consider the same to be taken as part of the truing up petition already filed by the Petitioner. The Petitioner through additional information dated 24.2.2021 submitted the original sanction, capital



cost as on COD and ACE during 2014-19 and the latest RCE in respect of Asset-I to Asset-IV duly approved and signed by Committee of Executive Directors. Accordingly, the details in respect of Initial Sanction, latest RCE/ sanction *vis-à-vis* cumulative capital cost claimed against each element/ assets till 31.3.2019 are as follows:

(₹ in lakh)			
Asset	Approved FR (submitted in Annexure-I to additional submission dated 24.2.2021)	Latest RCE (submitted in Annexure-I to additional submission dated 24.2.2021)	Capital Cost claimed up to 31.3.2019 (submitted in Annexure-I to additional submission dated 24.2.2021)
Asset-I	2640.53	4605.75	4605.75
Asset-II	8178.04	9099.77	9099.77
Asset-III	160.64	513.83	425.49
Asset-IV	164.39	390.86	390.86
Asset-V	57.38	34.90	29.92
Total	11200.98	14645.11	14551.79

25. The FR apportioned approved cost of Asset-IV is ₹164.39 lakh and the estimated completion cost is ₹390.86 lakh. Hence, there is variation of about ₹226.47 lakh. The Petitioner has submitted that the cost variation was mainly due to increase in the cost of civil work as per actual site conditions, increase in the cost of line materials like tower steel, conductor, insulator etc. due to increase of angle points in order to solve RoW problem, resultant enhancement in the erection cost, increase in the compensation paid towards ROW issues, forest compensation and price variation due to market forces (higher rates quoted by the contractor) and inflationary trend (estimate prepared at the price level of Q4-2008 (DSR-2007) whereas work executed in 2013-14).

26. DVPCA has requested to disallow the capital cost claimed by the Petitioner since the Petitioner has not submitted asset-wise segregated cost as directed by the Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 and instead considered the capital cost admitted vide order dated 5.2.2020.

27. In response, the Petitioner vide affidavit dated 21.5.2021 has submitted that DVPCA's assessment is based on submissions made by Petitioner in the instant petition. However, the Petitioner has already filed revised petition with separate asset-



wise tariff forms through additional information vide affidavit dated 24.2.2021. DVC through amended calculation/ additional information has already submitted details in respect of the following:

- i. Determination of element-wise AFC separately;
- ii. Additional information along with documents in support with delay part which was not condoned by Commission; and
- iii. Revised Cost Certificates for all assets, as per direction of the Commission through its order dated 5.2.2020.

28. We have considered the submissions of the Petitioner. As compared to the apportioned approved cost of ₹164.39 lakh, the estimated completion cost of Asset-IV is of ₹390.86 lakh. The cost of Asset-IV with respect to FR has increased by ₹226.47 lakh. The increase in cost of Asset-IV, as submitted by the Petitioner, was due to increase in the compensation paid towards ROW issues, forest compensation, civil works, line materials, erection, price variation etc. which is not attributable to the Petitioner. The Petitioner has submitted RCE vide additional information dated 24.2.2021 wherein apportioned approved RCE cost of ₹430.00 lakh is claimed.

29. The Petitioner was directed vide RoP dated 27.4.2021 to submit Board Approval for RCE submitted vide affidavit dated 24.2.2021. In response, the Petitioner vide affidavit dated 13.5.2021 has submitted that due to pandemic situation and total lockdown imposed by the Government, the formal approval of Board of Directors could not be obtained. However, in order to comply with the directions of the Commission in the order dated 5.2.2020, an Office Order dated 14.7.2020 constituting a Committee comprising of the Executive Director (Finance), Executive Director (System) and Executive Director (Commercial) was issued. It has been undertaken by the management of DVC in the said office order dated 14.7.2020 that project specific proposal towards issuance of revised sanction based on these authenticated RCEs would be placed before the appropriate authority after resumption of normal working at



DVC HQ. RCE in respect of the transmission assets was issued vide order dated 12.8.2020 by Executive Director (System), under the authority of DVC Management.

30. Considering the peculiar and extraordinary situation due to spread of pandemic, undertaking given by DVC management for ratification by DVC Board at a later date, the RCE approved/ authenticated by the Committee of Executive Directors (constituted vide Office Order dated 14.7.2020) and reasons and justification submitted by the Petitioner for cost variation, the cost over-run is allowed subject to approval of DVC Board.

Time Over-run

31. The details of time over-run and the period of time over-run condoned and not condoned in respect of the transmission assets as decided vide order dated 5.2.2020 in Petition No. 335/TT/2018 is as follows:

Asset	SCOD	Actual COD	Time over-run (in days)	Time over-run condoned	Time over-run not condoned
Asset-I	31.8.2013	10.5.2015	617	392	225
Asset-II	23.2.2010	30.9.2015	2045	1469	576
Asset-III	21.2.2011	11.3.2015	1479	1479	-
Asset-IV	13.9.2013	27.9.2014	379	361	18
Asset-V	29.7.2016	8.5.2017	283	-	283

32. The Petitioner vide affidavit dated 24.2.2021 has submitted additional documents in support of ‘justification of delay’ in respect of Asset-I and Asset-II and has requested to consider the same for deciding the time over-run of Asset-I and Asset-II afresh in the instant true-up petition for the 2014-19 tariff period.

33. Regulation 8 of the 2014 Tariff Regulations provides as follows:

“8. Truing up

(1) The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2019, as admitted by the Commission after prudence check at the time of truing up.....

.....



4) *The Transmission Licensee shall carry out truing up of tariff of transmission system based on the controllable parameter of Re-Financing of loans.*

(5) *The Commission shall carry out truing up of tariff of transmission licensee based on the performance of following Uncontrollable parameters: (i) Force Majeure; and (ii) Change in Law.*

.....

(8) *The generating company or the transmission licensee as the case may be, shall carry out the truing up of grossed up rate of return on equity in accordance with Clause 3 of Regulation 25 of these regulations.*

.....

(10) *The generating company or the transmission licensee as the case may be, shall submit for the purpose of truing up, details of **actual capital expenditure and additional capital expenditure incurred for the period from 1.4.2014 to 31.3.2019, duly audited and certified by the auditor.***

34. Regulation 12 and Regulation 13 of the 2014 Tariff Regulations provide as follows:

“12. Truing up of tariff for the period 2014-19: *The tariff of the generating stations and the transmission systems for the period 2014-19 shall be trued up in accordance with the provisions of Regulation 8 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 along with the tariff petition for the period 2019- 24. The capital cost admitted as on 31.3.2019 based on the truing up shall form the basis of the opening capital cost as on 1.4.2019 for the tariff determination for the period 2019- 24.”*

“13. Truing up of tariff for the period 2019-24: (1) *The Commission shall carry out truing up exercise for the period 2019-24 along with the tariff petition filed for the next tariff period, for the following:*

a) *the capital expenditure including additional capital expenditure incurred up to 31.3.2024, as admitted by the Commission after prudence check at the time of truing up:*

b) *the capital expenditure including additional capital expenditure incurred up to 31.3.2024, on account of Force Majeure and Change in Law.”*

35. The truing up exercise as provided in the Tariff Regulations primarily permits the revision in tariff due to capital cost as on COD and ACE based on actual expenditure duly supported by the audited accounts. Also, truing up is carried out on account of ‘controllable parameters’ like re-financing of loan and ‘uncontrollable factors’ like ‘force majeure’ (such as Court orders etc.) and ‘change in law’ (such as tax rates, etc).

36. Additionally, truing-up is carried out on the basis of specific request made by the Petitioner and/ or, liberty granted by the Commission for carrying out such exercise



such as time over-run (submission of documentary evidence on ROW, Court cases etc.) and cost over-run (submission of RCE etc.) at the time of determination of tariff.

37. During the course of hearing dated 27.4.2021, the learned senior counsel for the Petitioner submitted that the Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 determined the tariff of the 2014-19 period for the transmission assets. He submitted that the Commission vide order dated 5.2.2020 had granted liberty to DVC to raise the issues of RCE for Asset-IV and delay in project execution of Asset-I and Asset-II etc. at the time of filing of instant true-up petition.

38. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had held as follows:

“20. We have considered the submissions of the Petitioner. As compared to the apportioned approved cost, the estimated completion cost of Assets-I, II, III and IV has increased by ₹1960.46 lakh, ₹909.20 lakh, ₹353.07 lakh, ₹225.94 lakh respectively. The increase in cost of Assets-I, II, III and IV was due to increase in the overheads, IDC, compensation paid towards ROW issues, forest compensation, civil works, etc. and it is not attributable to the Petitioner and therefore, it is allowed.

21. The Petitioner has submitted RCE with respect to Assets-I, II and III and stated that RCE with respect to Assets-IV and V will be submitted at the time of truing up. The estimated completion of Assets-I, II and III is within the RCE cost and cost of Asset-V is within the FR cost. The estimated completion cost of Asset-IV is more than the FR cost. In the absence of any RCE, the cost of Asset-IV is restricted to the FR apportioned approved cost.”

39. It is observed from order dated 5.2.2020 that the Petitioner explicitly undertook to submit RCE at the time of true-up of the 2014-19 tariff. However, no observations were made in order dated 5.2.2020 in Petition No. 335/TT/2018 as regards time over-run in respect of Asset-I and Asset-II, contrary to the submission of the Petitioner during hearing dated 27.4.2021. Thus, we note that the Commission did not grant any liberty to the Petitioner to file additional information with respect to time over-run at the time of truing-up and the Commission considering all the facts and circumstances related to time over-run of all the assets therein, including Asset-I and Asset-II, has already taken decision as regards time over-run of the transmission assets in order



dated 5.2.2020 in Petition No. 335/TT/2018. Further, the Petitioner has not filed any review or appeal against the order dated 5.2.2020 in Petition No. 335/TT/2018 with respect to time over-run. Therefore, the order dated 5.2.2020 in Petition No. 335/TT/2018 has attained finality. Hence, we are not inclined to reopen the case of time over-run in respect of Asset-I and Asset-II at the stage of truing-up of tariff.

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

40. The Petitioner has claimed IDC only for Asset-I and Asset-II and has submitted Auditor's Certificates in support of its claim. Further, the Petitioner vide affidavit dated 13.5.2021 has submitted break-up of capital cost certified by DVC management, wherein details of IDC of ₹525.77 lakh and ₹1611.168 lakh as on respective COD has been given for Asset-I and Asset-II respectively.

41. As the Petitioner did not file the complete details in respect of IDC computation of Asset-I and Asset-II, the Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had treated the entire claimed IDC as discharged as on COD and allowed the entire IDC after adjustment of IDC on account of time over-run not condoned, subject to review at the time of truing up. The relevant extract of order dated 5.2.2020 in Petition No. 335/TT/2018 is as follows:

"41. The Petitioner has claimed IDC for Assets-I and II only. The Petitioner has submitted Auditor's Certificates in support of the IDC claimed. Taking into consideration "Tariff Form-5", entire IDC has been assumed to be fully discharged as on COD. The Petitioner has not submitted asset wise statement of IDC identifying amount of loan, drawl date, repayment schedule and rate of interest. In the absence of loan wise details (rate of interest, drawl date of loan, asset wise apportioned loan amount) IDC has not been computed and IDC claimed by the Petitioner has been considered, subject to disallowance on account of time over-run. The Petitioner is directed to submit the asset wise apportionment of individual Gross Loan used in construction of new assets, specific loan drawl date and rate of interest of loan used in construction period at the time of true-up. The details of the IDC claimed and the IDC disallowed on account of time over-run and IDC allowed for Assets-I and II is summarized below:-



(₹ in lakh)			
Assets	IDC claimed as per Auditor certificates	Pro-rata IDC disallowed due to excess claim and/or time over-run, if any	IDC allowed as on COD
Asset-I	480.11	100.58	379.53
Asset-II	1604.12	348.01	1256.11

42. However, the Petitioner has not submitted asset-wise statement of IDC identifying amount of loan, drawl date, repayment schedule and rate of interest. In absence of loan-wise details (rate of interest, drawl date of loan, asset wise apportioned loan amount), IDC has not been computed and IDC claimed by the Petitioner has been considered subject to disallowance on account of time over-run, broadly on the basis of Auditor's Certificate and detailed break-up of capital cost duly certified by the management of DVC. As the time over-run of 225 days and 576 days in case of Asset-I and Asset-II, respectively, has not been condoned, IDC in respect of Asset-I and Asset-II is restricted. Accordingly, based on the information furnished by the Petitioner, IDC considered is as follows:

(₹ in lakh)			
Asset	IDC claimed as per Auditor's Certificates	Pro-rata IDC disallowed due to excess claim and/or time over-run, if any	IDC allowed as on COD
Asset-I	525.77	110.15	415.62
Asset-II	1611.17	349.54	1261.63

Notional IDC

43. The Petitioner had claimed notional IDC in Petition No. 335/TT/2018. However, the Commission vide order dated 5.2.2020 did not allow notional IDC and held as follows:

“42. The Petitioner has mentioned notional IDC of ₹159.48 vide consolidated Audit certificate dated 31.8.2018 for Asset III and IV and considered in capital cost but the same has neither been considered in “Asset Wise Capital Cost” nor in “Tariff Forms”. Further, the Petitioner has not submitted the details of calculation/statement of IDC comprising dates and amount of each drawl of the loans, rate of interest of the loans for each drawl and repayment schedule of the loans deployed for the assets. Hence, there is a lack of clarity in respect of deployment at each drawl of the funds before COD. Therefore, the notional IDC is not being allowed, which shall be reconsidered, on submission of statement of deployment of funds along with detailed calculation/statement of IDC for the assets based on the revised Auditor's Certificate and/tariff Form



15 cash expenditure (quarter wise) or Tariff Forms, and shall be subject to prudence check at the time of true up of 2014-19 tariff.”

44. The Petitioner has claimed notional IDC of ₹106.26 lakh and ₹20.21 lakh for Asset-III and Asset-IV respectively in the instant true-up petition. However, the computation of notional IDC is neither supported by the Auditor’s Certificate nor it has been done from appropriate project start date i.e. letter of award etc. Therefore, Petitioner’s claim of notional IDC is not allowed.

Incidental Expenditure During Construction (IEDC)

45. The Petitioner has claimed IEDC for the transmission assets for the 2014-19 tariff period and submitted Auditor’s Certificate and Management Certified break-up of capital cost vide affidavit dated 13.5.2021, as follows:

Asset	IEDC Claimed (₹ in lakh)
Asset-I	1360.61
Asset-II	1352.19
Asset-III	128.93
Asset-IV	8.59
Asset-V	9.62

46. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had held as follows:

“43. The Petitioner has claimed for Overhead Expense up to COD and thereafter up to 31.3.2017 and has submitted the Auditor certificate. However, the Petitioner has not submitted any discharge statement. Overhead expense up to COD has been considered as IEDC and presumed to be discharged as on COD. However, the Overhead Expense after COD has not been taken into consideration. Pro-rata IEDC, as claimed up to COD, is disallowed on account of time over-run not condoned, has been considered as ₹285.04 lakh and ₹293.36 lakh for Assets I and II respectively. Since, the capital cost of Asset IV has been restricted to the FR cost, the IEDC for the period of 18 days of time over-run not condoned in case of Asset IV is not considered in this order and the same will be considered at the time of true-up.

44. Accordingly, the above mentioned IEDC has been allowed in the instant petition subject to reconsideration at the time of truing up in the light of the directions of Appellate Tribunal for Electricity (APTEL) in judgment dated 2.12.2019 in Appeal Nos. 95 of 2018 and 140 of 2018 against Commission’s orders dated 29.7.2016 and 5.10.2017 in Petition Nos. 46/TT/2014 and 2/RP/2017 respectively.”

47. However, the Petitioner has not submitted asset-wise discharge statement of IEDC. In the absence of IEDC details, IEDC claimed by the Petitioner as on COD has



been considered as discharged and allowed subject to disallowance on account of time over-run, broadly on the basis of Auditor's Certificate and detailed break-up of capital cost duly certified by the Management of DVC. As the delay of 225 days, 576 days, 18 days and 283 days in the respective commissioning of Asset-I, Asset-II, Asset-IV and Asset-V has not been condoned, IEDC in respect of Asset-I, Asset-II, Asset-IV and Asset-V is restricted. Accordingly, based on the information furnished by the Petitioner, IEDC considered is as follows:

(₹ in lakh)			
Asset	IEDC Claimed (as per Auditor's Certificate/ Management Certificate)	IEDC disallowed (due to time over-run not condoned)	IEDC allowed (up to COD)
Asset-I	1360.61	285.04	1075.57
Asset-II	1352.19	293.36	1058.83
Asset-III	128.93	0.00	128.93
Asset-IV	8.59	0.27	8.32
Asset-V	9.62	6.72	2.90

Capital Cost as on COD

48. The capital cost of the transmission assets has been calculated in accordance with Regulation 9(2) of the 2014 Tariff Regulations. The details of the capital cost approved for true-up of the 2014-19 tariff period, as on COD after adjustment of IDC, IEDC for Asset-I, Asset-II, Asset-III, Asset-IV and Asset-V are as follows:

(₹ in lakh)				
Asset	Capital Cost claimed as on COD (as per Auditor's Certificate/ Management Certificate)	IDC disallowed (due to time over-run not condoned)	IEDC disallowed (due to time over-run not condoned)	Capital Cost allowed (as on COD)
	(A)	(B)	(C)	(D)=(A-B-C)
Asset-I	3636.33	110.15	285.04	3241.14
Asset-II	8053.69	349.54	293.36	7410.79
Asset-III	355.93	0.00	0.00	355.93
Asset-IV	17.62	0.00	0.27	17.35
Asset-V	9.62	0.00	6.72	2.90

Additional Capital Expenditure

49. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had held as follows:

"50. The Petitioner has claimed additional capital expenditure towards balance payments and claimed under Regulation 14(1) of the 2014 Tariff Regulations. The Petitioner has



claimed additional capital expenditure as per Auditor Certificate dated 31.8.2018, which include IEDC of ₹338.49 lakh, ₹277.30 lakh and ₹34.91 lakh in respect of Assets-I, II and III respectively. The said IEDC is not being considered for tariff calculation. The remaining additional capitalisation beyond COD till 31.3.2019 based on Auditor certificate for the purpose of tariff has been considered as under:-

(₹ in lakh)

Particulars	2015-16	2016-17	Total Add. Cap.
Asset-I	363.47	45.74	409.21
Asset-II	37.37	144.91	182.28
Asset-III	1.10	23.79	24.89
Asset-IV	-	-	-
Asset-V	-	-	-

50. The Petitioner vide affidavit dated 24.2.2021 has submitted ACE for the transmission asset and has submitted Auditor's Certificate in support of the same as follows:

(₹ in lakh)

Asset	ACE					Total ACE as on 31.3.2019
	2014-15	2015-16	2016-17	2017-18	2018-19	
Asset-I	-	317.82	318.68	96.14	4.75	737.39
Asset-II	-	30.32	214.57	325.12	12.53	582.54
Asset-III	-	1.08	58.72	0.70	0.11	60.61
Asset-IV	9.00	353.62	1.75	4.74	0.74	369.85
Asset-V	-	-	-	5.77	7.83	13.60
TOTAL	9.00	702.84	593.72	432.47	25.96	1763.99

51. The Petitioner has submitted asset-wise Form-7 along with justification for claiming ACE, as follows:

(₹ in lakh)

Asset	Particulars	Element	Regulation of the 2014 Tariff Regulations	2014-15	2015-16	2016-17	2017-18	2018-19
Asset-I	Balance Payment within cut-off date	Sub-station (New work)	14(1)(i)	-	317.82	318.68	96.14	-
	Work executed within cut-off date but after final accounting Balance Payment beyond cut-off date		14(2)(iv)	-	-	-	-	4.75
	Total (A)			-	317.82	318.68	96.14	4.75
Asset-II	Balance Payment within cut-off date	Line (New Work)	14(1)(i)	-	30.32	214.57	325.12	-
	Work executed within cut-off date but after final accounting Balance Payment		14(2)(iv)	-	-	-	-	12.53



Asset	Particulars	Element	Regulation of the 2014 Tariff Regulations	2014-15	2015-16	2016-17	2017-18	2018-19
	beyond cut-off date							
	Total (B)			-	30.32	214.57	325.12	12.53
Asset-III	Balance Payment within cut-off date	Line (New Work)	14(1)(i)	-	1.08	58.72	0.70	-
	Work executed within cut-off date but after final accounting Balance Payment beyond cut-off date		14(2) (iv)	-	-	-	-	0.11
	Total (C)			-	1.08	58.72	0.70	0.11
Asset-IV	Balance Payment within cut-off date	Line (New Work)	14(1)(i)	9.00	353.62	1.75	-	-
	Work executed within cut-off date but after final accounting Balance Payment beyond cut-off date		14(2) (iv)	-	-	-	4.74	0.74
	Total (Asset-D)			9.00	353.62	1.75	4.74	0.74
Asset-V	Balance Payment within cut-off date	Sub-station (New Work)	14(1)(i)	-	-	-	5.77	7.83
	Balance Payment beyond cut-off date	Sub-station	14(2)(iv)	-	-	-	-	-
	Total (Asset-E)			-	-	-	5.77	7.83
Total All Assets (A+B+C+D+E)				9.00	702.84	593.72	432.47	25.96

52. The Petitioner was directed vide RoP dated 27.4.2021 to submit clarification regarding mismatch between ACE claimed vide Auditor's Certificate and tariff forms. In compliance, the Petitioner vide affidavit dated 13.5.2021 has submitted as follows:

- a) A comparison table indicating capital cost as per Auditor certificate *vis-à-vis* claimed capital cost in respective Tariff Forms is as follows:



(₹ in lakh)

Asset	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
ACE for 'New Elements' added in 2014-19						
Asset-I	As per Auditor's Certificate		4186.17*	318.68	96.14	4.75
	As per Individual Tariff form submitted vide affidavit dated 24.2.2021		4186.17*	318.68	96.14	4.75
	Difference		0	0	0	0
Asset-II	As per Auditor's Certificate		8547.56**	214.57	325.11	12.53
	As per Individual Tariff form submitted vide affidavit dated 24.2.2021		8547.56**	214.57	325.11	12.53
	Difference		0	0	0	0
Asset-III	As per Auditor's Certificate	364.88***	1.08	58.71	0.70	0.11
	As per Individual Tariff form submitted vide affidavit dated 24.2.2021	471.13****	1.08	58.72	0.70	0.11
	Difference	106.26	0	0	0	0
Asset-IV	As per Auditor's Certificate	30.01^	353.62	1.75	4.74	7.37
	As per Individual Tariff form submitted vide affidavit dated 24.2.2021	50.62^^	353.62	1.75	4.74	0.74
	Difference	20.61	0	0	0	-6.63
Asset-V	As per Auditor's Certificate			16.33^^^	5.77	7.83
	As per Individual Tariff form submitted vide affidavit dated 24.2.2021			16.33^^^	5.77	7.83
	Difference			0	0	0
Total 'New Elements'	As per Auditor's Certificate	394.89	13088.43	610.05	432.47	32.58
	As per Individual Tariff form submitted vide affidavit dated 24.2.2021	521.75	13088.43	610.05	432.47	25.95
	Difference	126.86	0	0	0	-6.63

*including COD cost of ₹ 3868.35 lakh and ACE of ₹317.82 lakh

** including COD cost of ₹ 8517.24 lakh and ACE of ₹30.32 lakh

*** including COD cost of ₹ 364.88 lakh and ACE of 'NIL'

**** including COD cost of ₹ 364.88 lakh, ACE of 'NIL' and Notional IDC of ₹106.26 lakh

^ including COD cost of ₹ 21.01 lakh and ACE of ₹9.00 lakh

^^ including COD cost of ₹ 21.01 lakh, ACE of ₹9.00 lakh and Notional IDC of ₹20.61 lakh

^^^ including COD cost of ₹ 16.33 lakh and ACE of ₹0.00 lakh

b) The mismatch between ACE claimed vide tariff forms *vis-à-vis* Auditor's Certificate in 2014-15 is due to claimed notional IDC of ₹106.26 lakh and ₹20.61 lakh in respect of Asset-III (Koderma-Koderma RS Line) and Asset-IV (Barjora-BIPH Line), respectively. The calculation of notional IDC is submitted along with the tariff forms.



c) The mismatch between ACE claimed vide tariff forms vis-à-vis Auditors Certificate in 2018-19 is due to inadvertent entry of ₹0.737 lakh in place of ₹7.37 lakh in respect of Asset-IV (Barjora-BIPH Line) in the tariff forms. However, in the audited statement, the claimed figure of ACE in 2018-19 is correctly shown as ₹7.37 lakh. Tariff Form in respect of Asset-IV (Barjora-BIPH Line) has been modified and submitted. The Combined Asset tariff forms for FY 2019-24 period is also accordingly modified and submitted.

53. DVPCA vide affidavit dated 19.4.2021 has made submissions with respect to ACE claimed by the Petitioner as follows:

a) The Petitioner has not provided detailed justification for individual elements along with relevant tariff forms and documentary evidence in the instant Petition. This not only obstructs the objection process, but also the prudence check that the Commission intends to conduct.

b) The Commission has approved ACE for each Asset, accounting IDC, IEDC, time over-run and cost over-run, in its reasoned tariff order dated 5.2.2020 in Petition No. 355/TT/2018. In light of this, the Commission may allow capital cost and ACE, limited to what was approved in order dated 5.2.2020 in the Petition No. 335/TT/2018.

54. In response, the Petitioner vide affidavit dated 21.5.2021 has submitted that DVPCA's assessment is based on submissions made by Petitioner in the instant petition. However, the Petitioner has already filed revised petition with separate asset-wise tariff forms through additional information vide affidavit dated 24.2.2021. Through amended calculation/ additional information has already been submitted in respect of the following:

- i. Determination of element wise AFC separately;
- ii. Additional information along with documents in support with delay part which was not condoned by Commission; and
- iii. Revised Cost Certificates for all assets, as per direction of the Commission vide order dated 5.2.2020.



55. We have considered the submissions of the Petitioner and DVPCA. The Petitioner has claimed actual ACE during the 2014-19 period for new Transmission System added during the said period and submitted Auditor's Certificate in support of the same. The Petitioner has submitted Form-7 and has claimed actual ACE of new transmission elements added after 1.4.2014. The Petitioner has submitted that ACE on account of balance payment of work executed within cut-off date has been claimed under Regulation 14(1) of the 2014 Tariff Regulations. Further, the Petitioner has submitted that ACE on account of balance payment of work executed within cut-off date but remaining payment done after cut-off date after final accounting has been claimed under Regulation 14(2) of the 2014 Tariff Regulations.

56. The cut-off date in case of Asset-I, Asset-II and Asset-III is 31.3.2018; for Asset-IV, it is 31.3.2017 and for Asset-V, it is 31.3.2020. Accordingly, ACE on actual basis for 'New Transmission Elements' added after 1.4.2014 and upto 31.3.2019, for balance payment within cut-off date is allowed under Regulation 14(1)(i) of the 2014 Tariff Regulations and the discharge of IDC for the transmission assets has been considered as per IDC statements submitted by the Petitioner. Further, the balance payment after cut-off date is allowed under Regulation 14(2)(iv) of the 2014 Tariff Regulations towards true-up of 2014-19 tariff period as follows:

(₹ in lakh)

Asset	ACE					Total ACE as on 31.3.2019
	2014-15	2015-16	2016-17	2017-18	2018-19	
Asset-I	0.00	421.43	411.64	99.69	4.75	937.51
Asset-II	0.00	32.49	202.70	798.36	12.53	1046.08
Asset-III	0.00	1.08	53.78	13.50	0.11	68.47
Asset-IV	3.27	353.39	1.75	4.26	17.20	379.87
Asset-V	0.00	0.00	0.00	5.77	6.83	12.60
TOTAL	0.00	421.43	411.64	99.69	4.75	937.51

57. ACE for the transmission assets as allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:



(₹ in lakh)

Particulars	Asset-I			
	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	363.47	45.74	-	-
Claimed by the Petitioner in the instant petition	317.82	318.68	96.14	4.75
Approved after true-up in this order	421.43	411.64	99.69	4.75

(₹ in lakh)

Particulars	Asset-II			
	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	37.37	144.91	-	-
Claimed by the Petitioner in the instant petition	30.32	214.57	325.12	12.53
Approved after true-up in this order	32.49	202.70	798.36	12.53

(₹ in lakh)

Particulars	Asset-III			
	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	1.10	23.79	-	-
Claimed by the Petitioner in the instant petition	1.08	58.72	0.70	0.11
Approved after true-up in this order	1.08	53.78	13.50	0.11

(₹ in lakh)

Particulars	Asset-IV				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	-	-	-	-	-
Claimed by the Petitioner in the instant petition	9.00	353.62	1.75	4.74	0.74
Approved after true-up in this order	3.27	353.39	1.75	4.26	17.20

(₹ in lakh)

Particulars	Asset-V	
	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	-	-
Claimed by the Petitioner in the instant petition	5.77	7.83
Approved after true-up in this order	5.77	6.83

Capital Cost Considered as on 31.3.2019

58. Accordingly, the details of the capital cost as on COD, ACE during the 2014-19 period and capital cost as on 31.3.2019 for true-up of 2014-19 tariff period in respect of the transmission assets are as follows:



(₹ in lakh)

Asset	Capital Cost allowed (as on COD)	Additional Capital Expenditure allowed for 2014-19	Capital Cost allowed (as on 31.3.2019)
Asset-I	3241.14	937.51	4178.65
Asset-II	7410.79	1046.08	8456.87
Asset-III	355.93	68.47	424.40
Asset-IV	17.35	379.87	397.22
Asset-V	2.90	12.60	15.50
Total	11028.11	2444.53	13472.64

Debt-Equity Ratio

59. Debt-equity ratio is dealt in accordance with Regulations 19(1), 19(3) and 19(5) of the 2014 Tariff Regulations. However, the debt-equity ratio for the transmission assets has been considered as 70:30 as per Special Provisions relating to DVC as per Regulation 53(2)(iii) of the 2014 Tariff Regulations. Accordingly, the details of the debt-equity ratio as on COD and as on 31.3.2019 in respect of the transmission assets considered for the purpose of determination of tariff for the 2014-19 period are as follows:

Asset-I				
Funding	Amount as on COD (₹ in lakh)	D/E Ratio (in %)	Amount as on 31.3.2019 (₹ in lakh)	D/E Ratio (in %)
Debt	2268.80	70.00	2925.05	70.00
Equity	972.34	30.00	1253.59	30.00
Total	3241.14	100.00	4178.65	100.00
Asset-II				
Funding	Amount as on COD (₹ in lakh)	D/E Ratio (%)	Amount as on 31.3.2019 (₹ in lakh)	D/E Ratio (%)
Debt	5187.55	70.00	5919.81	70.00
Equity	2223.24	30.00	2537.06	30.00
Total	7410.79	100.00	8456.87	100.00
Asset-III				
Funding	Amount as on COD (₹ in lakh)	D/E Ratio (in %)	Amount as on 31.3.2019 (₹ in lakh)	D/E Ratio (in %)
Debt	249.15	70.00	297.08	70.00
Equity	106.78	30.00	127.32	30.00
Total	355.93	100.00	424.40	100.00
Asset-IV				
Funding	Amount as on COD (₹ in lakh)	D/E Ratio (in %)	Amount as on 31.3.2019 (₹ in lakh)	D/E Ratio (in %)
Debt	12.14	70.00	278.05	70.00
Equity	5.20	30.00	119.16	30.00



Total	17.35	100.00	397.22	100.00
Asset-V				
Funding	Amount as on COD (₹ in lakh)	D/E Ratio (in %)	Amount as on 31.3.2019 (₹ in lakh)	D/E Ratio (in %)
Debt	2.03	70.00	10.85	70.00
Equity	0.87	30.00	4.65	30.00
Total	2.90	100.00	15.50	100.00

Depreciation

60. Regulation 53 of the 2014 Tariff Regulations provides as follows:

“53. Special Provisions relating to Damodar Valley Corporation:

(1) Subject to clause (2), this regulation shall apply to determination of tariff of the projects owned by Damodar Valley Corporation (DVC).

(2) The following special provisions shall apply for determination of tariff of the projects owned by DVC:

xxxxx

(iii) **Depreciation:** The depreciation rate stipulated by the Comptroller and Auditor General of India in terms of section 40 of the Damodar Valley Corporation Act, 1948 shall be applied for computation of depreciation of projects of DVC.”

61. Depreciation has been allowed as per the methodology provided in Regulation 27 read with Regulation 53 of the 2014 Tariff Regulations. The transmission assets in the instant petition have been put under commercial operation between 27.9.2014 and 8.5.2017 and, accordingly, it will complete 12 years of useful life after 31.3.2019. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 held as follows:

“61. Depreciation rate @7.72%, as approved vide order dated 9.8.2019 in Petition No. 150/TT/2018, has been considered in the instant petition subject to submission of the revised rate at the time of true-up, if any.”

62. The Petitioner vide affidavit dated 24.2.2021 has submitted detailed computation of year-wise Weighted Average Rate of Depreciation (WAROD) on the overall basis of GFA opening balance as on 31.3.2014, ACE during 2014-19 period and GFA closing balance as on 31.3.2019 in respect of existing T&D system of DVC (including the transmission assets), towards true-up of 2014-19 tariff period which is as follows:



2014-15	2015-16	2016-17	2017-18	2018-19
7.740%	7.743%	7.746%	7.752%	7.752%

63. The details of the trued-up depreciation allowed for the transmission asset during the 2014-19 period is as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	3241.14	3662.57	4074.21	4173.90
Additional Capitalisation	421.43	411.64	99.69	4.75
Closing Gross Block	3662.57	4074.21	4173.90	4178.65
Average Gross Block	3451.85	3868.39	4124.05	4176.27
Weighted Average Rate of Depreciation (WAROD) (in %)	7.743	7.746	7.752	7.752
Balance useful life of the asset at the beginning of the year (Year)	25	24	23	22
Lapsed life of the asset at the beginning of the year (Year)	0	1	2	3
Aggregated Depreciable Value	3106.67	3481.55	3711.65	3758.65
Depreciation during the year	239.45	299.65	319.70	323.74
Cumulative Depreciation at the end of the year	239.45	539.10	858.79	1182.54
Remaining Aggregated Depreciable Value at the end of the Year	2867.22	2942.45	2852.86	2576.11

(₹ in lakh)

Particulars	Asset-II			
	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	7410.79	7443.28	7645.98	8444.34
Additional Capitalisation	32.49	202.70	798.36	12.53
Closing Gross Block	7443.28	7645.98	8444.34	8456.87
Average Gross Block	7427.04	7544.63	8045.16	8450.61
Weighted Average Rate of Depreciation (WAROD) (in %)	7.743	7.746	7.752	7.752
Balance useful life of the asset at the beginning of the year (Year)	25	24	23	22
Lapsed life of the asset at the beginning of the year (Year)	0	1	2	3
Aggregated Depreciable Value	6684.33	6790.17	7240.65	7605.55
Depreciation during the year	289.90	584.41	623.66	655.09
Cumulative Depreciation at the end of the year	289.90	874.31	1497.97	2153.06
Remaining Aggregated Depreciable Value at the end of the Year	6394.43	5915.86	5742.68	5452.49



(₹ in lakh)

Particulars	Asset-III				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	355.93	355.93	357.01	410.79	424.29
Additional Capitalisation	0.00	1.08	53.78	13.50	0.11
Closing Gross Block	355.93	357.01	410.79	424.29	424.40
Average Gross Block	355.93	356.47	383.90	417.54	424.35
Weighted Average Rate of Depreciation (WAROD) (in %)	7.740	7.743	7.746	7.752	7.752
Balance useful life of the asset at the beginning of the year (Year)	25	25	24	23	22
Lapsed life of the asset at the end of the year (Year)	0	0	1	2	3
Aggregated Depreciable Value	320.34	320.82	345.51	375.79	381.91
Depreciation during the year	1.59	27.60	29.74	32.37	32.90
Cumulative Depreciation at the end of the year	1.59	29.19	58.92	91.29	124.19
Remaining Aggregated Depreciable Value at the end of the Year	318.75	291.64	286.59	284.49	257.72

(₹ in lakh)

Particulars	Asset-IV				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	17.35	20.62	374.01	375.76	380.02
Additional Capitalisation	3.27	353.39	1.75	4.26	17.20
Closing Gross Block	20.62	374.01	375.76	380.02	397.22
Average Gross Block	18.98	197.31	374.88	377.89	388.62
Weighted Average Rate of Depreciation (WAROD) (in %)	7.740	7.743	7.746	7.752	7.752
Balance useful life of the asset at the beginning of the year (Year)	25	25	25	24	23
Lapsed life of the asset at the beginning of the year (Year)	0	0	0	1	2
Aggregated Depreciable Value	17.08	177.58	337.39	340.10	349.75
Depreciation during the year	0.75	15.28	29.04	29.29	30.13
Cumulative Depreciation at the end of the year	0.75	16.03	45.06	74.36	104.48
Remaining Aggregated Depreciable Value at the end of the Year	16.33	161.55	292.33	265.74	245.27

(₹ in lakh)

Particulars	Asset-V	
	2017-18	2018-19
Opening Gross Block	2.90	8.67
Additional Capitalisation	5.77	6.83
Closing Gross Block	8.67	15.50
Average Gross Block	5.79	12.09
Weighted Average Rate of Depreciation (WAROD) (in %)	7.752	7.752
Balance useful life of the asset at the beginning of the year (Year)	25	25
Lapsed life of the asset at the beginning of the year (Year)	0	0
Aggregated Depreciable Value	5.21	10.88
Depreciation during the year	0.40	0.94
Cumulative Depreciation at the end of the year	0.40	1.34
Remaining Aggregated Depreciable Value at the beginning of the Year	4.80	9.54



64. Depreciation allowed for the transmission assets vide order dated 5.2.2020 in Petition No. 335/TT/2018, claimed by the Petitioner in the instant petition and trued-up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16 (Pro-rata 327 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	250.29	295.17	296.93	296.93
Claimed by the Petitioner in the instant	279.35	336.59	352.95	356.86
Approved after true-up in this order	239.45	299.65	319.70	323.74

(₹ in lakh)

Particulars	Asset-II			
	2015-16 (Pro-rata 184 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	306.96	615.95	621.55	621.55
Claimed by the Petitioner in the instant	333.03	670.38	691.85	704.93
Approved after true-up in this order	289.90	584.41	623.66	655.09

(₹ in lakh)

Particulars	Asset-III				
	2014-15 (Pro-rata 21 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	2.01	35.03	35.99	36.91	36.91
Claimed by the Petitioner in the instant petition	2.10	36.52	38.85	41.19	41.22
Approved after true-up in this order	1.59	27.60	29.74	32.37	32.90

(₹ in lakh)

Particulars	Asset-IV				
	2014-15 (Pro-rata 186 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	6.47	12.69	12.69	12.69	12.69
Claimed by the Petitioner in the instant petition	1.82	17.61	31.38	31.66	31.87
Approved after true-up in this order	0.75	15.28	29.04	29.29	30.13



(₹ in lakh)

Particulars	Asset-V	
	2017-18 (Pro-rata 328 days)	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	0.47	0.52
Claimed by the Petitioner in the instant petition	1.34	2.02
Approved after true-up in this order	0.40	0.94

Interest on Loan (IoL)

65. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had held as follows:

“57. The Petitioner has submitted Form-9C incorporating consolidated actual loans for the entire project. In the absence of separate Form-9C for the individual assets, the weighted average rate of interest claimed by the Petitioner in consolidated tariff Form-9C has been considered in tariff calculations subject to review at the time of true-up. The Petitioner is directed to submit Form 9-C for individual assets at the time of true-up.”

66. The Petitioner vide affidavit dated 24.2.2021 has submitted Form-9C for the transmission assets towards true-up of tariff. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loan and rate of interest has been considered based on allocated loan of T&D system of DVC.

67. Accordingly, IoL has been calculated based on actual interest rate submitted by the Petitioner in accordance with Regulation 26 of the 2014 Tariff Regulations. The true-up IoL allowed in respect of the transmission assets for the 2014-19 tariff period is as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	2268.80	2563.80	2851.95	2921.73
Cumulative Repayments upto Previous Year	0.00	239.45	539.10	858.79
Net Loan-Opening	2268.80	2324.35	2312.85	2062.94
Addition due to Additional Capitalization	295.00	288.15	69.78	3.33
Repayment during the year	239.45	299.65	319.70	323.74
Net Loan-Closing	2324.35	2312.85	2062.94	1742.52
Average Loan	2296.57	2318.60	2187.89	1902.73
Weighted Average Rate of Interest on Loan (WAROI) (in %)	10.68	10.60	10.15	10.15
Interest on Loan	219.74	245.77	222.07	193.13



(₹ in lakh)

Particulars	Asset-II			
	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	5187.55	5210.30	5352.19	5911.04
Cumulative Repayments upto Previous Year	0.00	289.90	874.31	1497.97
Net Loan-Opening	5187.55	4920.40	4477.88	4413.07
Addition due to Additional Capitalization	22.74	141.89	558.85	8.77
Repayment during the year	289.90	584.41	623.66	655.09
Net Loan-Closing	4920.40	4477.88	4413.07	3766.75
Average Loan	5053.98	4699.14	4445.47	4089.91
Weighted Average Rate of Interest on Loan (WAROI) (in %)	10.68	10.60	10.15	10.15
Interest on Loan	272.10	498.11	451.22	415.13

(₹ in lakh)

Particulars	Asset-III				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	249.15	249.15	249.91	287.55	297.00
Cumulative Repayments upto Previous Year	0.00	1.59	29.19	58.92	91.29
Net Loan-Opening	249.15	247.57	220.72	228.63	205.71
Addition due to Additional Capitalization	0.00	0.76	37.65	9.45	0.08
Repayment during the year	1.59	27.60	29.74	32.37	32.90
Net Loan-Closing	247.57	220.72	228.63	205.71	172.89
Average Loan	248.36	234.14	224.68	217.17	189.30
Weighted Average Rate of Interest on Loan (WAROI) (in %)	10.07	10.22	10.21	10.08	10.12
Interest on Loan	1.44	23.93	22.94	21.89	19.16

(₹ in lakh)

Particulars	Asset-IV				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	12.14	14.43	261.80	263.03	266.01
Cumulative Repayments upto Previous Year	0.00	0.75	16.03	45.06	74.36
Net Loan-Opening	12.14	13.68	245.78	217.96	191.65
Addition due to Additional Capitalization	2.29	247.37	1.23	2.98	12.04
Repayment during the year	0.75	15.28	29.04	29.29	30.13
Net Loan-Closing	13.68	245.78	217.96	191.65	173.57
Average Loan	12.91	129.73	231.87	204.81	182.61
Weighted Average Rate of Interest on Loan (WAROI) (in %)	10.07	10.22	10.21	10.08	10.12
Interest on Loan	0.66	13.26	23.67	20.64	18.48



(₹ in lakh)

Particulars	Asset-V	
	2017-18	2018-19
Gross Normative Loan	2.03	6.07
Cumulative Repayments upto Previous Year	0.00	0.40
Net Loan-Opening	2.03	5.67
Addition due to Additional Capitalization	4.04	4.78
Repayment during the year	0.40	0.94
Net Loan-Closing	5.67	9.51
Average Loan	3.85	7.59
Weighted Average Rate of Interest on Loan (WAROI) (in %)	10.08	10.12
Interest on Loan	0.35	0.77

68. IoL allowed for the transmission assets vide order dated 5.2.2020 in Petition No. 335/TT/2018, claimed by the Petitioner in the instant petition and true-up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16 (Pro-rata 327 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	220.91	282.54	197.05	167.77
Claimed by the Petitioner in the instant petition	256.36	275.01	243.01	210.62
Approved after true-up in this order	219.74	245.77	222.07	193.13

(₹ in lakh)

Particulars	Asset-II			
	2015-16 (Pro-rata 184 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	277.09	616.29	434.05	372.76
Claimed by the Petitioner in the instant petition	312.58	571.40	497.05	438.25
Approved after true-up in this order	272.10	498.11	451.22	415.13

(₹ in lakh)

Particulars	Asset-III				
	2014-15 (Pro-rata 21 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	1.83	30.53	33.64	23.98	20.34
Claimed by the Petitioner in the instant petition	1.91	31.68	29.91	27.59	23.58
Approved after true-up in this order	1.44	23.93	22.94	21.89	19.16



(₹ in lakh)

Particulars	Asset-IV				
	2014-15 (Pro-rata 186 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	5.73	10.47	11.11	7.58	6.33
Claimed by the Petitioner in the instant petition	1.61	15.19	25.36	22.09	19.17
Approved after true-up in this order	0.66	13.26	23.67	20.64	18.48

(₹ in lakh)

Particulars	Asset-V	
	2017-18 (Pro-rata 328 days)	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	0.40	0.39
Claimed by the Petitioner in the instant petition	1.16	1.61
Approved after true-up in this order	0.35	0.77

Return on Equity (RoE)

69. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had held as follows:

“55. Regulation 24 read with Regulation 25 of the 2014 tariff Regulations provide the grossing up of return on equity with the effective tax rate for the purpose of return on equity. Since, the petitioner company was incurring losses, the Commission vide order dated 29.9.2017 in the true-up Petition No. 547/TT/2014 and order dated 9.8.2019 in Petition No. 150/TT/2018 has considered the applicable tax rate for 2013-14 as 'NIL'. The same treatment has been considered for the purpose of Return on Equity for the period 2014-19 which shall be trueed up with actual tax rate in accordance with Regulation 25 (3) of the 2014 Tariff Regulations. Accordingly, the petitioner is directed to furnish the tax rate data at the time of true up.....”

70. The Petitioner in the instant petition has submitted that RoE has not been grossed-up with the Income Tax rate since till now there is no income tax liability on the Petitioner for the 2014-19 period. Accordingly, RoE has been worked out in accordance with Regulations 24 and 25 of the 2014 tariff Regulations considering applicable tax rate as “Nil”. Accordingly, RoE allowed is as follows:



(₹ in lakh)

Particulars	Asset-I			
	2015-16	2016-17	2017-18	2018-19
Opening Equity	972.34	1098.77	1222.26	1252.17
Addition due to Additional Capitalization	126.43	123.49	29.91	1.43
Closing Equity	1098.77	1222.26	1252.17	1253.59
Average Equity	1035.56	1160.52	1237.22	1252.88
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50
Tax Rate applicable (in %)	0.00	0.00	0.00	0.00
Rate of Return on Equity (Pre-tax) (in %)	15.50	15.50	15.50	15.50
Return on Equity (Pre-tax)	143.80	179.88	191.77	194.20

(₹ in lakh)

Particulars	Asset-II			
	2015-16	2016-17	2017-18	2018-19
Opening Equity	2223.24	2232.98	2293.79	2533.30
Addition due to Additional Capitalization	9.75	60.81	239.51	3.76
Closing Equity	2232.98	2293.79	2533.30	2537.06
Average Equity	2228.11	2263.39	2413.55	2535.18
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50
Tax Rate applicable (in %)	0.00	0.00	0.00	0.00
Rate of Return on Equity (Pre-tax) (in %)	15.50	15.50	15.50	15.50
Return on Equity (Pre-tax)	174.10	350.83	374.10	392.95

(₹ in lakh)

Particulars	Asset-III				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	106.78	106.78	107.10	123.24	127.29
Addition due to Additional Capitalization	0.00	0.32	16.13	4.05	0.03
Closing Equity	106.78	107.10	123.24	127.29	127.32
Average Equity	106.78	106.94	115.17	125.26	127.30
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50	15.50
Tax Rate applicable (%)	0.00	0.00	0.00	0.00	0.00
Rate of Return on Equity (Pre-tax) (%)	15.50	15.50	15.50	15.50	15.50
Return on Equity (Pre-tax)	0.95	16.58	17.85	19.42	19.73

(₹ in lakh)

Particulars	Asset-IV				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	5.20	6.18	112.20	112.73	114.00
Addition due to Additional Capitalization	0.98	106.02	0.53	1.28	5.16
Closing Equity	6.18	112.20	112.73	114.00	119.16
Average Equity	5.69	59.19	112.46	113.37	116.58
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
Tax Rate applicable (in %)	0.00	0.00	0.00	0.00	0.00
Rate of Return on Equity (Pre-tax) (in %)	15.50	15.50	15.50	15.50	15.50
Return on Equity (Pre-tax)	0.45	9.17	17.43	17.57	18.07



(₹ in lakh)

Particulars	Asset-V	
	2017-18	2018-19
Opening Equity	0.87	2.60
Addition due to Additional Capitalization	1.73	2.05
Closing Equity	2.60	4.65
Average Equity	1.74	3.63
Return on Equity (Base Rate) (in %)	15.50	15.50
Tax Rate applicable (in %)	0.00	0.00
Rate of Return on Equity (Pre-tax) (in %)	15.50	15.50
Return on Equity (Pre-tax)	0.24	0.56

71. RoE allowed for the transmission assets vide order dated 5.2.2020 in Petition No. 335/TT/2018, claimed by the Petitioner in the instant petition and true-up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16 (Pro-rata 327 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	150.76	177.79	178.85	178.85
Claimed by the Petitioner in the instant petition	169.39	204.02	213.76	216.13
Approved after true-up in this order	143.80	179.88	191.77	194.20

(₹ in lakh)

Particulars	Asset-II			
	2015-16 (Pro-rata 184 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	184.89	371.01	374.38	374.38
Claimed by the Petitioner in the instant petition	201.94	406.34	419.01	426.94
Approved after true-up in this order	174.10	350.83	374.10	392.95

(₹ in lakh)

Particulars	Asset-III				
	2014-15 (Pro-rata 21 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	1.21	21.10	21.68	22.23	22.23
Claimed by the Petitioner in the instant petition	1.27	22.15	23.55	24.94	24.96
Approved after true-up in this order	0.95	16.58	17.85	19.42	19.73



(₹ in lakh)

Particulars	Asset-IV				
	2014-15 (Pro-rata 186 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	3.90	7.64	7.64	7.64	7.64
Claimed by the Petitioner in the instant petition	1.10	10.68	19.02	19.17	19.30
Approved after true-up in this order	0.45	9.17	17.43	17.57	18.07

(₹ in lakh)

Particulars	Asset-V	
	2017-18 (Pro-rata 328 days)	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	0.28	0.31
Claimed by the Petitioner in the instant petition	0.81	1.22
Approved after true-up in this order	0.24	0.56

Operation and Maintenance Expenses (O&M Expenses)

72. Regulations 29(4)(a) and 29(4)(c) of the 2014 Tariff Regulations provide year-wise O&M Expenses norms claimed by the Petitioner as follows:

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Lines					
Single circuit (Single conductor) (₹ in lakh/km)	0.202	0.209	0.216	0.223	0.230
Double circuit (Single conductor) (₹ in lakh/km)	0.303	0.313	0.324	0.334	0.346
Double circuit (Double conductor) (₹ in lakh/km)	0.707	0.731	0.755	0.780	0.806
Double circuit (Bundled conductor) (₹ in lakh/km)	1.062	1.097	1.133	1.171	1.210
Bays					
132 kV Bays (₹ in lakh/bay)	30.15	31.15	32.18	33.25	34.36
220 kV Bays (₹ in lakh/bay)	42.21	43.61	45.06	46.55	48.1
400 kV Bays (₹ in lakh/bay)	60.3	62.3	64.37	66.51	68.71

73. The Petitioner in Petition No. 335/TT/2018 had claimed O&M Expenses for the following number of bays and line length of new transmission elements and new consumer lines and bays added during the 2014-19 period:



DETAILS OF BAYS OF NEW TRANSMISSION ELEMENTS AND NEW CONSUMER BAYS						
Particulars	COD	400 kV	220 kV	220 kV (GIS)	132 kV and below	Total
Number of Bays Existing as on 31.3.2014						0
New Bays added during 2014-15	2.5.2014 to 19.3.2015				8	8
Total number of Bays for 2014-15					8	8
New Bays added during 2015-16	6.4.2015 to 16.12.2015				14	14
Total number of Bays for 2015-16					22	22
New Bays added during 2016-17	2.5.2016 to 16.3.2017				14	14
Total number of Bays for 2016-17					36	36
New Bays added during 2017-18	8.5.2017				2	2
Total number of Bays for 2017-18					38	38
New Bays added during 2018-19	-				0	0
Total number of Bays for 2018-19					38	38
TOTAL (Asset-I to Asset-V)					38	38

DETAILS OF LINES OF NEW TRANSMISSION ELEMENTS AND NEW CONSUMER LINES					
Particulars	COD	S/C Single Conductor	D/C Single Conductor	D/C Double Conductor	D/C Four Conductor
Line length Existing as on 31.3.2014 (km)		0.00	0.00	0.00	0.00
Line length added during 2014-15 (km)	2.5.2014 to 19.3.2015	2.5915	10.708	0.00	0.00
Total line length for 2014-15 (km)		2.5915	10.708	0.00	0.00
Line length added during 2015-16 (km)	30.4.2015 to 16.12.2015	27.107	102.546	0.00	0.00
Total line length for 2015-16 (km)		29.6985	113.254	0.00	0.00
Line length added during 2016-17 (km)	2.5.2016 to 16.3.2017	12.504	0.00	0.00	0.00
Total line length for 2016-17 (km)		42.203	113.254	0.00	0.00
Line length added during 2017-18 (km)	-	0.00	0.00	0.00	0.00
Total line length for 2017-18 (km)		42.203	113.254	0.00	0.00
Line length added during 2018-19 (km)	-	0.00	0.00	0.00	0.00
Total line length for 2018-19 (km)		42.203	113.254	0.00	0.00
TOTAL		42.203	113.254	0.00	0.00

74. Accordingly, the Petitioner in Petition No. 335/TT/2018 prayed for addition of new elements (lines and bays) during 2014-19 tariff period on pro-rata basis, in accordance with COD, and claimed O&M Expenses as follows:



(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	1.07	22.83	44.80	47.24	48.89
Sub-station	100.50	581.47	963.30	1257.96	1305.68
Total O&M for New Elements added during 2014-19	101.57	604.30	1008.09	1305.20	1354.57

75. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had held as follows:

“67. We have considered the submissions of the Petitioner. The Petitioner has claimed the O&M Expenses for existing and new elements added during 2014-19 tariff period. It is observed that the instant petition covers new transmission system pertaining to DVC and accordingly the O&M Expenses for 2014-19 for new elements allowed in the instant petition. The Petitioner also claimed O&M Expenses for consumer lines and bays added during 2014-19, but the Petitioner has not submitted asset-wise O&M Expenses for consumer lines and bays added during 2014-19. The O&M Expenses for consumer lines and bays are not allowed in the instant petition. The Petitioner is at liberty to approach the Commission at the time of truing up with asset wise O&M Expenses by including consumer lines and bays added during 2014- 19 tariff period. The O&M Expenses in the instant petition have been worked out as per details submitted in Form-2. Accordingly, the O&M Expenses considered for computation of tariff are as given below:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Asset-I	-	194.750	225.260	232.750	240.520
Asset-II	-	11.140	23.000	23.710	24.570
Asset-III	0.008	3.130	3.240	3.340	3.460
Asset-IV	0.005	1.720	1.780	1.840	1.900
Asset-V	-	-	-	29.780	68.720

76. The Petitioner vide affidavit dated 24.2.2021 has prayed for grant of normative O&M Expenses and has submitted asset-wise O&M Expenses for new elements and the consumer lines and bays added during the 2014-19 period. The Petitioner has submitted detailed calculation of O&M Expenses for the number of bays and line length of new transmission elements and new consumer lines and bays added during the 2014-19 period and submitted revised Form-2 (including Appendix-I). The O&M Expenses of the lines and bays are calculated on pro-rata basis (in accordance with COD) as follows:



Details of New Elements and Consumer Lines and Bays added during 2014-19

Asset-I (132 kV BIADA Sub-station)						
Particulars	COD	Number of Bays				Total O&M Expenses (₹ in lakh)
		400 kV	220 kV	220 kV (GIS)	132 kV and below	
FY 2014-15						
Existing as on 31.3.2014 (A)						0
New Bays added during 2014-15 (B)						0
New Consumer Bays added during 2014-15 (C)						0
TOTAL 2014-15 (A+B+C)		0	0	0	0	0
2015-16						
Existing as on 31.3.2015 (A)						
New Bays added during 2015-16 (B)*						
132 kV BIADA Sub-station	6.4.2015				3	83.72
	10.5.2015				2	55.81
132 kV CTPS Bay	6.4.2015				1	27.91
	10.5.2015				1	27.91
Sub Total (B)					7	195.35
New Consumer Bays added during 2015-16 (C)						0
TOTAL 2015-16 (A+B+C)					7	195.35
2016-17						
Existing as on 31.3.2016 (A)					7	225.26
New Bays added during 2016-17 (B)						0
New Consumer Bays added during 2016-17 (C)						0
TOTAL 2016-17 (A+B+C)					7	225.26
2017-18						
Existing as on 31.3.2017 (A)					7	232.75
New Bays added during 2017-18 (B)						0
New Consumer Bays added during 2017-18 (C)						0
TOTAL 2017-18 (A+B+C)					7	232.75
2018-19						
Existing as on 31.3.2018 (A)					7	240.52
New Bays added during 2018-19 (B)						0
New Consumer Bays added during 2018-19 (C)					0	0
TOTAL 2018-19 (A+B+C)					7	240.52

* Calculated on pro-rata basis (in accordance with COD)

Asset-II (220 kV Koderma-Giridih D/C Transmission Line)						
Particulars	COD	Length of transmission line (km)				Total O&M Expenses (₹ in lakh)
		S/C Single Conductor	D/C Single Conductor	D/C Double Conductor	D/C Four Conductor	
FY 2014-15						
Existing as on 31.3.2014 (A)						0
New Lines added during 2014-15 (B)						0
New Consumer Lines added during 2014-15 (C)						0
TOTAL 2014-15 (A+B+C)		0	0	0	0	0
2015-16						
Existing as on 31.3.2015 (A)						0
New Lines added during 2015-16 (B)*						0
220 kV Koderma-Giridih D/C Transmission Line	30.9.2015		100.92			15.92
Sub Total (B)			100.92			15.92
New Consumer Lines added during 2015-16 (C)						0
TOTAL 2015-16 (A+B+C)			100.92			15.92
2016-17						
Existing as on 31.3.2016 (A)			100.92			32.70
New Lines added during 2016-17 (B)						0
New Consumer Lines added during 2016-17 (C)						0
TOTAL 2016-17 (A+B+C)			100.92			32.70
2017-18						
Existing as on 31.3.2017 (A)			100.92			33.71
New Lines added during 2017-18 (B)						0
New Consumer Lines added during 2017-18 (C)						0
TOTAL 2017-18 (A+B+C)			100.92			33.71
2018-19						
Existing as on 31st March 2018 (A)			100.92			34.92



Asset-II (220 kV Koderma-Giridih D/C Transmission Line)						
Particulars	COD	Length of transmission line (km)				Total O&M Expenses (₹ in lakh)
		S/C Single Conductor	D/C Single Conductor	D/C Double Conductor	D/C Four Conductor	
New Lines added during 2018-19 (B)						0
New Consumer Lines added during 2018-19 (C)						0
TOTAL 2018-19 (A+B+C)			100.92			34.92

* Calculated on pro-rata basis (in accordance with COD)

Asset-III (33 kV Koderma-Koderma R/S D/C Transmission Line)						
Particulars	COD	Length of transmission line (km)				Total O&M Expenses (₹ in lakh)
		S/C Single Conductor	D/C Single Conductor	D/C Double Conductor	D/C Four Conductor	
FY 2014-15						
Existing as on 31.3.2014 (A)						0
New Lines added during 2014-15 (B)*						0
33 kV Koderma-Koderma R/S D/C Transmission Line	11.03.2015		5.19			0.09
Sub Total (B)			5.19			0.09
New Consumer Lines added during 2014-15 (C)						0
TOTAL 2014-15 (A+B+C)		0	5.19	0	0	0.09
2015-16						
Existing as on 31.3.2015 (A)			5.19			1.62
New Lines added during 2015-16 (B)						0
New Consumer Lines added during 2015-16 (C)						0
TOTAL 2015-16 (A+B+C)			5.19			1.62
2016-17						
Existing as on 31.3.2016 (A)			5.19			1.68
New Lines added during 2016-17 (B)						0
New Consumer Lines added during 2016-17 (C)						0
TOTAL 2016-17 (A+B+C)			5.19			1.68
2017-18						
Existing as on 31.3.2017 (A)			5.19			1.73
New Lines added during 2017-18 (B)						0
New Consumer Lines added during 2017-18 (C)						0
TOTAL 2017-18 (A+B+C)			5.19			1.73
2018-19						
Existing as on 31.3.2018 (A)			5.19			1.80
New Lines added during 2018-19 (B)						0
New Consumer Lines added during 2018-19 (C)						0
TOTAL 2018-19 (A+B+C)			5.19			1.80

* Calculated on pro-rata basis (in accordance with COD)

Asset-IV (33 kV Barjora-BIPH D/C Transmission Line)						
Particulars	COD	Length of transmission line (km)				Total O&M Expenses (₹ in lakh)
		S/C Single Conductor	D/C Single Conductor	D/C Double Conductor	D/C Four Conductor	
2014-15						
Existing as on 31.3.2014 (A)						0
New Lines added during 2014-15 (B)*						0
33 kV Barjora-BIPH D/C Transmission Line	27.9.2014		5.518			0.85
Sub Total (B)			5.518			0.85
New Consumer Lines added during 2014-15 (C)						0
TOTAL 2014-15 (A+B+C)		0	5.518	0	0	0.85
2015-16						
Existing as on 31.3.2015 (A)			5.518			1.73
New Lines added during 2015-16 (B)						0
New Consumer Lines added during 2015-16 (C)						0
TOTAL 2015-16 (A+B+C)			5.518			1.73
2016-17						
Existing as on 31.3.2016 (A)			5.518			1.79
New Lines added during 2016-17 (B)						0



Asset-IV (33 kV Barjora-BIPH D/C Transmission Line)						
Particulars	COD	Length of transmission line (km)				Total O&M Expenses (₹ in lakh)
		S/C Single Conductor	D/C Single Conductor	D/C Double Conductor	D/C Four Conductor	
New Consumer Lines added during 2016-17 (C)						0
TOTAL 2016-17 (A+B+C)			5.518			1.79
2017-18						
Existing as on 31.3.2017 (A)			5.518			1.84
New Lines added during 2017-18 (B)						0
New Consumer Lines added during 2017-18 (C)						0
TOTAL 2017-18 (A+B+C)			5.518			1.84
2018-19						
Existing as on 31.3.2018 (A)			5.518			1.91
New Lines added during 2018-19 (B)						0
New Consumer Lines added during 2018-19 (C)						0
TOTAL 2018-19 (A+B+C)			5.518			1.91

* Calculated on pro-rata basis (in accordance with COD)

Asset-V (2 numbers 33 kV bays at North Karanpura Sub- station)						
Particulars	COD	Number of Bays				Total O&M Expenses (₹ in lakh)
		400 kV	220 kV	220 kV (GIS)	132 kV and below	
2014-15						
Existing as on 31.3.2014 (A)						0
New Bays added during 2014-15 (B)						0
New Consumer Bays added during 2014-15 (C)						0
TOTAL 2014-15 (A+B+C)		0	0	0	0	0
2015-16						
Existing as on 31.3.2015 (A)						0
New Bays added during 2015-16 (B)						0
New Consumer Bays added during 2015-16 (C)						0
TOTAL 2015-16 (A+B+C)		0	0	0	0	0
2016-17						
Existing as on 31.3.2016 (A)						0
New Bays added during 2016-17 (B)						0
New Consumer Bays added during 2016-17 (C)						0
TOTAL 2016-17 (A+B+C)		0	0	0	0	0
2017-18						
Existing as on 31.3.2017 (A)						0
New Bays added during 2017-18 (B)*						0
2 numbers 33 kV bays at North Karanpura Sub- station	8.5.2017				2	59.76
New Consumer Bays added during 2017-18 (C)						0
TOTAL 2017-18 (A+B+C)					2	59.76
2018-19						
Existing as on 31.3.2018 (A)					2	68.72
New Bays added during 2018-19 (B)						0
New Consumer Bays added during 2018-19 (C)						0
TOTAL 2018-19 (A+B+C)					2	68.72

* Calculated on pro-rata basis (in accordance with COD)

77. Accordingly, the asset-wise summary of O&M Expenses claimed by the Petitioner for true-up of the 2014-19 tariff period is as follows:

(₹ in lakh)					
Asset-I					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	-	-	-	-	-
Sub-station	-	195.35	225.26	232.75	240.52
Communication	-	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	-	195.35	225.26	232.75	240.52



(₹ in lakh)

Asset-II					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	-	15.92	32.70	33.71	34.92
Sub-station	-	-	-	-	-
Communication	-	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	-	15.92	32.70	33.71	34.92

(₹ in lakh)

Asset-III					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	0.09	1.62	1.68	1.73	1.80
Sub-station	-	-	-	-	-
Communication	-	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	0.09	1.62	1.68	1.73	1.80

(₹ in lakh)

Asset-IV					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	0.85	1.73	1.79	1.84	1.91
Sub-station	-	-	-	-	-
Communication	-	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	0.85	1.73	1.79	1.84	1.91

(₹ in lakh)

Asset-V					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	-	-	-	-	-
Sub-station	-	-	-	59.76	68.72
Communication	-	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	-	-	-	59.76	68.72

78. We have considered the submissions of the Petitioner and DVPCA. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 allowed O&M Expenses of 'new elements' added during the 2014-19 period. The Commission did not consider the consumer lines and bays maintained by the Petitioner at that stage. However, the Petitioner was allowed liberty to approach the Commission at the time of truing up with asset-wise O&M expenses by including consumer lines and bays added during the 2014-19 tariff period.

79. Now, the Petitioner has claimed revised O&M Expenses by including the consumer lines and bays added during the 2014-19 tariff period. The Petitioner has submitted that pro-rata O&M Expenses have been claimed for bays based on their



respective CODs. Further, the Petitioner has claimed revised number of sub-station bays and line length.

80. The Petitioner has claimed true up O&M Expenses for transmission line for the 2014-19 tariff period and has submitted the revised details of new lines added after 1.4.2014 and also new consumer lines and bays added during the 2014-19 period vide affidavit dated 24.2.2021. The Petitioner has submitted that pro-rata O&M Expenses have been claimed for lines and bays based on their respective CODs. Year-wise and category-wise line and bay details have been summarized for calculating O&M Expenses for true-up of the 2014-19 tariff period as follows:

SUMMARY OF TRANSMISSION LINE LENGTH					
Particulars	Single Circuit Single Conductor	Double Circuit Single Conductor	Double Circuit Double Conductor	Double Circuit Four Conductor	Total
	(km)	(km)	(km)	(km)	(km)
Total line length as on 1.4.2014	-	-	-	-	-
Addition during 2014-15	-	10.708	-	-	10.708
Addition during 2015-16	-	100.92	-	-	100.92
Addition during 2016-17	-	-	-	-	-
Addition during 2017-18	-	-	-	-	-
Addition during 2018-19	-	-	-	-	-
Transmission line length as on 31.3.2019	-	111.628	-	-	111.628

SUMMARY OF SUB-STATION BAYS					
Particulars	400 kV	220 kV	220 kV (GIS)	132 kV and below	Total
	(numbers)	(numbers)	(numbers)	(numbers)	(numbers)
Number of bays as on 1.4.2014	-	-	-	-	-
Addition during 2014-15	-	-	-	-	-
Addition during 2015-16	-	-	-	7	7
Addition during 2016-17	-	-	-	-	-
Addition during 2017-18	-	-	-	2	2
Addition during 2018-19	-	-	-	-	-
Number of Bays as on 31.3.2019	-	-	-	9	9

81. The O&M Expenses have been allowed on the basis of line length, number of bays in accordance with Regulation 29(4)(a) of the 2014 Tariff Regulations. Pro-rata O&M Expenses have been allowed for lines and bays based on their respective CODs. Accordingly, the O&M Expenses allowed for true-up of the 2014-19 tariff period are as follows:



(₹ in lakh)

Asset-I				
Particulars	2015-16	2016-17	2017-18	2018-19
Transmission Line	-	-	-	-
Sub-station	195.35	225.26	232.75	240.52
Communication	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	195.35	225.26	232.75	240.52

(₹ in lakh)

Particulars	2015-16	2016-17	2017-18	2018-19
Transmission Line	15.92	32.70	33.71	34.92
Sub-station	-	-	-	-
Communication	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	15.92	32.70	33.71	34.92

(₹ in lakh)

Asset-III					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	0.09	1.62	1.68	1.73	1.80
Sub-station	-	-	-	-	-
Communication	-	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	0.09	1.62	1.68	1.73	1.80

(₹ in lakh)

Asset-IV					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line	0.85	1.73	1.79	1.84	1.91
Sub-station	-	-	-	-	-
Communication	-	-	-	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	0.85	1.73	1.79	1.84	1.91

(₹ in lakh)

Particulars	2017-18	2018-19
Transmission Line	-	-
Sub-station	59.76	68.72
Communication	-	-
Total O&M for new elements and consumer lines & bays added during 2014-19	59.76	68.72

82. O&M Expenses for the transmission assets allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018, claimed by the Petitioner in the instant petition and tried-up in the instant order are as follows:



(₹ in lakh)

Particulars	Asset-I			
	2015-16 (Pro-rata 327 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	194.750	225.260	232.750	240.520
Claimed by the Petitioner in the instant petition	195.35	225.26	232.75	240.52
Approved after true-up in this order	195.35	225.26	232.75	240.52

(₹ in lakh)

Particulars	Asset-II			
	2015-16 (Pro-rata 184 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	11.140	23.000	23.710	24.570
Claimed by the Petitioner in the instant petition	15.92	32.70	33.71	34.92
Approved after true-up in this order	15.92	32.70	33.71	34.92

(₹ in lakh)

Particulars	Asset-III				
	2014-15 (Pro-rata 21 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	0.008	3.130	3.240	3.340	3.460
Claimed by the Petitioner in the instant petition	0.09	1.62	1.68	1.73	1.80
Approved after true-up in this order	0.09	1.62	1.68	1.73	1.80

(₹ in lakh)

Particulars	Asset-IV				
	2014-15 (Pro-rata 186 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	0.005	1.720	1.780	1.840	1.900
Claimed by the Petitioner in the instant petition	0.85	1.73	1.79	1.84	1.91
Approved after true-up in this order	0.85	1.73	1.79	1.84	1.91



(₹ in lakh)

Particulars	Asset-V	
	2017-18 (Pro-rata 328 days)	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	29.780	68.720
Claimed by the Petitioner in the instant petition	59.76	68.72
Approved after true-up in this order	59.76	68.72

Interest on Working Capital

83. IWC has been worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and the trued-up IWC allowed for the transmission assets is as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16	2016-17	2017-18	2018-19
WC for Maintenance Spares (15% of O&M Expenses)	32.71	33.79	34.91	36.08
WC for O&M expenses (O&M Expenses for 1 month)	18.17	18.77	19.40	20.04
WC for Receivables (Equivalent to 2 months of annual fixed cost)	153.11	163.28	166.00	163.54
Total Working Capital	203.99	215.84	220.31	219.66
Rate of Interest (in %)	13.50	13.50	13.50	13.50
Interest on Working Capital	24.67	29.14	29.74	29.65

(₹ in lakh)

Particulars	Asset-II			
	2015-16	2016-17	2017-18	2018-19
WC for Maintenance Spares (15% of O&M Expenses)	4.74	4.91	5.06	5.24
WC for O&M expenses (O&M Expenses for 1 month)	2.63	2.73	2.81	2.91
WC for Receivables (Equivalent to 2 months of annual fixed cost)	254.52	250.14	252.98	255.62
Total Working Capital	261.89	257.77	260.85	263.76
Rate of Interest (in %)	13.50	13.50	13.50	13.50
Interest on Working Capital	17.82	34.80	35.21	35.61

(₹ in lakh)

Particulars	Asset-III				
	2014-15	2015-16	2016-17	2017-18	2018-19
WC for Maintenance Spares (15% of O&M Expenses)	0.23	0.24	0.25	0.26	0.27
WC for O&M Expenses (O&M Expenses for 1 month)	0.13	0.14	0.14	0.14	0.15
WC for Receivables (Equivalent to 2 months of annual fixed cost)	12.06	11.90	12.32	12.87	12.56
Total Working Capital	12.42	12.28	12.71	13.27	12.98
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	0.10	1.66	1.72	1.79	1.75



(₹ in lakh)

Particulars	Asset-IV				
	2014-15	2015-16	2016-17	2017-18	2018-19
WC for Maintenance Spares (15% of O&M Expenses)	0.25	0.26	0.27	0.28	0.29
WC for O&M Expenses (O&M Expenses for 1 month)	0.14	0.14	0.15	0.15	0.16
WC for Receivables (Equivalent to 2 months of annual fixed cost)	0.92	6.73	12.27	11.83	11.70
Total Working Capital	1.31	7.14	12.69	12.26	12.15
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	0.09	0.96	1.71	1.66	1.64

(₹ in lakh)

Particulars	Asset-V	
	2017-18	2018-19
WC for Maintenance Spares (15% of O&M Expenses)	9.98	10.31
WC for O&M expenses (O&M Expenses for 1 month)	5.54	5.73
WC for Receivables (Equivalent to 2 months of annual fixed cost)	11.84	12.43
Total Working Capital	27.36	28.46
Rate of Interest (%)	12.60	12.60
Interest on Working Capital	3.10	3.59

84. IWC for the transmission assets as allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018, claimed by the Petitioner in the instant Petition and trued-up in the instant order is as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16 (Pro-rata 327 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	25.07	29.83	28.35	28.10
Claimed by the Petitioner in the instant petition	27.02	31.22	31.50	31.32
Approved after true-up in this order	24.67	29.14	29.74	29.65

(₹ in lakh)

Particulars	Asset-II			
	2015-16 (Pro-rata 184 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	18.31	38.17	34.22	32.86
Claimed by the Petitioner in the instant petition	20.39	39.74	38.87	38.07
Approved after true-up in this order	17.82	34.80	35.21	35.61



(₹ in lakh)

Particulars	Asset-III				
	2014-15 (Pro-rata 21 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	0.12	2.17	2.28	2.10	2.02
Claimed by the Petitioner in the instant petition	0.13	2.17	2.22	2.25	2.17
Approved after true-up in this order	0.10	1.66	1.72	1.79	1.75

(₹ in lakh)

Particulars	Asset-IV				
	2014-15 (Pro-rata 186 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	0.37	0.80	0.90	0.83	0.80
Claimed by the Petitioner in the instant petition	0.15	0.10	1.84	1.78	1.72
Approved after true-up in this order	0.09	0.96	1.71	1.66	1.64

(₹ in lakh)

Particulars	Asset-V	
	2017-18 (Pro-rata 328 days)	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	1.56	3.54
Claimed by the Petitioner in the instant petition	3.15	3.64
Approved after true-up in this order	3.10	3.59

Approved Annual Fixed Charges for the 2014-19 Tariff Period

85. The trued-up AFC approved for the transmission assets for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-I			
	2015-16 (Pro-rata 327 days)	2016-17	2017-18	2018-19
Depreciation	239.45	299.65	319.70	323.74
Interest on Loan	219.74	245.77	222.07	193.13
Return on Equity	143.80	179.88	191.77	194.20
Interest on Working Capital	24.67	29.14	29.74	29.65
O&M Expenses	195.35	225.26	232.75	240.52
Total	823.01	979.70	996.03	981.24



(₹ in lakh)

Particulars	Asset-II			
	2015-16 (Pro-rata 184 days)	2016-17	2017-18	2018-19
Depreciation	289.90	584.41	623.66	655.09
Interest on Loan	272.10	498.11	451.22	415.13
Return on Equity	174.10	350.83	374.10	392.95
Interest on Working Capital	17.82	34.80	35.21	35.61
O&M Expenses	15.92	32.70	33.71	34.92
Total	769.84	1500.84	1517.90	1533.70

(₹ in lakh)

Particulars	Asset-III				
	2014-15 (Pro-rata 21 days)	2015-16	2016-17	2017-18	2018-19
Depreciation	1.59	27.60	29.74	32.37	32.90
Interest on Loan	1.44	23.93	22.94	21.89	19.16
Return on Equity	0.95	16.58	17.85	19.42	19.73
Interest on Working Capital	0.10	1.66	1.72	1.79	1.75
O&M Expenses	0.09	1.62	1.68	1.73	1.80
Total	4.16	71.38	73.92	77.20	75.34

(₹ in lakh)

Particulars	Asset-IV				
	2014-15 (Pro-rata 186 days)	2015-16	2016-17	2017-18	2018-19
Depreciation	0.75	15.28	29.04	29.29	30.13
Interest on Loan	0.66	13.26	23.67	20.64	18.48
Return on Equity	0.45	9.17	17.43	17.57	18.07
Interest on Working Capital	0.09	0.96	1.71	1.66	1.64
O&M Expenses	0.85	1.73	1.79	1.84	1.91
Total	2.80	40.40	73.65	71.01	70.23

(₹ in lakh)

Particulars	Asset-V	
	2017-18 (Pro-rata 328 days)	2018-19
Depreciation	0.40	0.94
Interest on Loan	0.35	0.77
Return on Equity	0.24	0.56
Interest on Working Capital	3.10	3.59
O&M Expenses	59.76	68.72
Total	63.85	74.57

86. Accordingly, the Annual Transmission Charges allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018, claimed by the Petitioner in the instant Petition and trued-up in the instant order are as follows:



(₹ in lakh)

Particulars	Asset-I			
	2015-16 (Pro-rata 327 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	841.78	1010.58	933.93	912.18
Claimed by the Petitioner in the instant petition	927.47	1072.10	1073.97	1055.45
Approved after true-up in this order	823.01	979.70	996.03	981.24

(₹ in lakh)

Particulars	Asset-II			
	2015-16 (Pro-rata 184 days)	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	798.40	1664.43	1487.90	1426.11
Claimed by the Petitioner in the instant petition	883.86	1720.56	1680.49	1643.11
Approved after true-up in this order	769.84	1500.84	1517.90	1533.70

(₹ in lakh)

Particulars	Asset-III				
	2014-15 (Pro-rata 21 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	5.18	91.96	96.84	88.56	84.96
Claimed by the Petitioner in the instant petition	5.50	94.14	96.21	97.70	93.73
Approved after true-up in this order	4.16	71.38	73.92	77.20	75.34

(₹ in lakh)

Particulars	Asset-IV				
	2014-15 (Pro-rata 186 days)	2015-16	2016-17	2017-18	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	16.47	33.33	35.58	32.08	30.93
Claimed by the Petitioner in the instant petition	5.53	45.31	79.39	76.54	73.97
Approved after true-up in this order	2.80	40.40	73.65	71.01	70.23



(₹ in lakh)

Particulars	Asset-V	
	2017-18 (Pro-rata 328 days)	2018-19
Allowed vide order dated 5.2.2020 in Petition No. 335/TT/2018	32.48	72.98
Claimed by the Petitioner in the instant petition	66.22	77.21
Approved after true-up in this order	63.85	74.57

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

87. The Petitioner has submitted the tariff forms for Combined Asset comprising of Asset-I, Asset-II, Asset-III, Asset-IV and Asset-V. Accordingly, as provided under Regulation 8(1) of the 2019 Tariff Regulations, single tariff for Combined Asset has been worked out for the 2019-24 tariff period in succeeding paragraphs.

88. The details of the transmission charges claimed by the Petitioner for Combined Asset for the 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1140.64	1140.64	1140.64	1140.64	1140.64
Interest on Loan	510.69	409.52	308.35	207.18	106.00
Return on Equity	1216.89	1216.89	1216.89	1216.89	1216.89
Interest on Working Capital	52.27	51.16	49.93	48.71	47.39
O&M Expenses	187.78	194.36	201.15	208.17	215.39
Total	3108.27	3012.57	2916.96	2821.59	2726.31

89. The details of IWC claimed by the Petitioner for Combined Asset for the 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for one month)	15.65	16.20	16.76	17.35	17.95
Working Capital for Maintenance Spares (15% of O&M Expenses)	28.17	29.15	30.17	31.23	32.31
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost/ annual transmission charges)	382.05	371.29	359.51	347.75	335.09
Total Working Capital	425.87	416.64	406.44	396.33	385.35
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for one month)	15.65	16.20	16.76	17.35	17.95
Interest on Working Capital	233.00	233.21	232.68	231.82	231.69

Effective Date of Commercial Operation (E-COD)

90. E-COD for Combined Asset has been worked out based on the trued-up capital cost and COD of the individual Assets. Accordingly, E-COD has been worked out as follows:

Computation of Effective COD						
Asset	COD	Allowed Capital Cost (as on 31.3.2019) (₹ in lakh)	Weightage of cost (in %)	Number of days from last COD	Weighted days	E-COD (Latest COD less total weighted days)
Asset-I	10.5.2015	4178.65	31.02	729	226	31.7.2015
Asset-II	30.9.2015	8456.87	62.77	586	368	
Asset-III	11.3.2015	424.40	3.15	789	25	
Asset-IV	27.9.2014	397.22	2.95	954	28	
Asset-V	8.5.2017	15.50	0.12	0	0.00	
Total		13472.64	100.00		647	

91. E-COD is used to determine the lapsed life of Combined Asset as a whole, which works out as three (3) years as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from E-COD).

Weighted Average Life (WAL)

92. The life as defined in Regulation 33 of the 2019 Tariff Regulations has been considered for determination of WAL.

93. The Combined Asset may have multiple elements such as land, building, transmission line, sub-station and PLCC and each element may have different span of life. Therefore, the concept of WAL has been used as the useful life of the Combined Asset as a whole.

94. The Petitioner has not indicated WAL in its submission. Further, the balance useful life has not been indicated in the respective tariff forms for calculation of depreciation. However, WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2019 and their respective life as specified in the



2019 Tariff Regulations. Accordingly, WAL of Combined Asset has been worked out as 29 years, as follows:

(₹ in lakh)				
Particulars	Capital Cost (as on 31.3.2019) (₹ in lakh) (1)	Life (in years) (2)	Weighted Cost (3) = [(1)x(2)] (₹ in lakh)	WAL (in years) (4) = [(3)/(1)]
Freehold Land	-	-	-	25
Leasehold Land	-	-	-	
Building & Other Civil Works	-	-	-	
Transmission Line	-	-	-	
Sub-Station Equipment	13472.64	25	336815.89	
PLCC	-	-	-	
IT Equipment (Including Software)	-	-	-	
Total	13472.64	-	336815.89	

95. WAL as on 1.4.2019 as determined above is applicable prospectively (i.e. for 2019-24 tariff period onwards) and no retrospective adjustment of depreciation in previous tariff period is required to be done. As discussed above, E-COD of Combined Asset is 31.7.2015 and the lapsed life of Combined Asset as a whole works out to 3 (three) years as on 1.4.2019 (i.e., the number of completed years as on 1.4.2019 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2019 to be 22 years.

Capital Cost

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

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

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

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

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

(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;

(d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;



- (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (3) The Capital cost of an existing project shall include the following:
- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019.
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations.
- (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
- (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal 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 assets forming part of the project, but not in use, as declared in the tariff petition;

(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be 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 assets.

(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and

(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”

97. The Petitioner vide affidavit dated 24.2.2021 has claimed the capital cost of individual assets and submitted detailed cost break-up duly approved and signed by Committee of Executive Directors of DVC, the individual capital cost has been added to arrive at the capital cost claimed during the 2019-24 tariff period in respect of Combined Asset as follows:

(₹ in lakh)

Revised Apportioned Approved Capital Cost (as per latest RCE)	Capital Cost claimed (as on 31.3.2019)	Additional Capital expenditure (2019-24)	Estimated Completion Cost (as on 31.3.2024)
14645.11	14551.79	0.00	14551.79

98. Against the overall apportioned approved capital cost (as per latest RCE) of ₹14645.11 lakh, the estimated completion cost is ₹14551.79 lakh. The individual capital cost of the transmission assets is also within the respective RCE apportioned capital cost.

99. The capital cost has been dealt in line with Regulation 19(3) of the 2019 Tariff Regulations. The element-wise capital cost (i.e. land, building, transmission line, Sub-station and PLCC) as admitted by the Commission as on 31.3.2019 in this order with



respect to the transmission assets has been clubbed together and the resulting capital cost has been considered as capital cost for Combined Asset as on 1.4.2019 as follows:

Particulars	(₹ in lakh)					Capital Cost for Combined Asset as on 31.3.2019
	Asset-I	Asset-II	Asset-III	Asset-IV	Asset-V	
Free hold Land	-	-	-	-	-	-
Lease hold Land	-	-	-	-	-	-
Building & Other Civil Works	-	-	-	-	-	-
Transmission Line	-	-	-	-	-	-
Sub-Station Equipment	4178.65	8456.87	424.40	397.22	15.50	13472.64
PLCC	-	-	-	-	-	-
IT Equipment and Software	-	-	-	-	-	-
Total	4178.65	8456.87	424.40	397.22	15.50	13472.64

100. The trued-up capital cost of ₹13472.64 lakh for Combined Asset is considered as admitted capital cost as on 1.4.2019 for working out tariff for the 2019-24 tariff period.

Debt-Equity Ratio

101. Regulation 18 of the 2019 Tariff Regulations provides as under:-

“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.”

102. Debt-equity ratio is dealt in accordance with Regulations 18 of the 2019 Tariff Regulations. However, the Debt-Equity Ratio for Combined Asset has been considered as 70:30 as per the Special Provisions relating to DVC under Regulation 72(2)(ii) of the 2019 Tariff Regulations. Accordingly, the details of the debt-equity ratio as on 1.4.2019 and 31.3.2024 considered for the purpose of tariff for Combined Asset for the 2019-24 tariff period is as follows:

Funding	Capital Cost (₹ in lakh) (as on 1.4.2019)	(in %)	Capital Cost (₹ in lakh) (as on 31.3.2024)	(in %)
Debt	9430.84	70.00	9430.84	70.00
Equity	4041.79	30.00	4041.79	30.00
Total	13472.64	100.00	13472.64	100.00

Depreciation

103. Regulations 33(2), 33(5), 33(6) and 72(2)(iii) of the 2019 Tariff Regulations provide as follows:



“33. Depreciation:

.....

(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.

.....

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

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

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

“72. Special Provisions relating to Damodar Valley Corporation:

(1) Subject to clause (2), this regulation shall apply to determination of tariff of the projects owned by Damodar Valley Corporation (DVC).

(2) The following special provisions shall apply for determination of tariff of the projects owned by DVC:

xxxxx

(iii) **Depreciation:** The depreciation rate stipulated by the Comptroller and Auditor General of India in terms of section 40 of the Damodar Valley Corporation Act, 1948 shall be applied for computation of depreciation of projects of DVC.”

104. Depreciation has been worked out as per the methodology provided in Regulation 33 read with Regulation 72 of the 2019 Tariff Regulations. The transmission assets in the instant petition have been put under commercial operation during 27.9.2014 and 8.5.2017 and accordingly will complete their 12 years after 31.3.2024.

105. The Petitioner vide affidavit dated 24.2.2021 has submitted that WAROD @ 7.752% applicable for true-up of 2018-19 has also been considered by them for the 2019-24 period. We have considered the same for calculation of depreciation, however, the Petitioner is directed to submit detailed computation of year-wise WAROD at the time of true-up of 2019-24 tariff period.



106. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation allowed for Combined Asset for the 2019-24 tariff period, subject to true up is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	13472.64	13472.64	13472.64	13472.64	13472.64
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	0.00	0.00	0.00	0.00	0.00
Average Gross Block	13472.64	13472.64	13472.64	13472.64	13472.64
Weighted Average Rate of Depreciation (WAROD) (in %)	7.752	7.752	7.752	7.752	7.752
Balance useful life of the asset at the beginning of the year (Year)	22	21	20	19	18
Lapsed life of the asset at the beginning of the year (Year)	3	4	5	6	7
Aggregated Depreciable Value	12125.37	12125.37	12125.37	12125.37	12125.37
Combined Depreciation during the year	1044.40	1044.40	1044.40	1044.40	1044.40
Cumulative Depreciation at the end of the year	4610.01	5654.41	6698.80	7743.20	8787.60
Remaining Aggregated Depreciable Value at the end of the Year	7515.37	6470.97	5426.57	4382.17	3337.77

Interest on Loan

107. 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.”

108. The Petitioner vide affidavit dated 24.2.2021 has submitted Form-9C for Combined Asset towards truing-up of tariff. The Petitioner has claimed WAROI on loan and rate of interest has been considered based on allocated loan of T&D system of DVC.

109. We have considered the submissions of the Petitioner. IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed for Combined Asset for the 2019-24 tariff period is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	9430.84	9430.84	9430.84	9430.84	9430.84
Cumulative Repayments upto Previous Year	3565.61	4610.01	5654.41	6698.80	7743.20
Net Loan-Opening	5865.24	4820.84	3776.44	2732.04	1687.64
Addition due to additional capitalisation	0.00	0.00	0.00	0.00	0.00
Repayment during the year	1044.40	1044.40	1044.40	1044.40	1044.40
Net Loan-Closing	4820.84	3776.44	2732.04	1687.64	643.24
Average Loan	5343.04	4298.64	3254.24	2209.84	1165.44
Weighted Average Rate of Interest on Loan (in %)	10.12	10.15	10.15	10.15	10.15
Interest on Loan	540.72	436.31	330.31	224.30	118.29

Return on Equity

110. 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:

Rate of pre-tax return on equity = 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:

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.”

111. The Petitioner has submitted that RoE computed has not been grossed-up with the Income Tax rate since till now there is no income tax liability on the Petitioner for the 2019-24 period. Accordingly, RoE has been worked out considering applicable tax rate as “Nil”. RoE will be trued-up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for Combined Asset for the 2019-24 tariff period is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	4041.79	4041.79	4041.79	4041.79	4041.79
Addition due to additional capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Equity	4041.79	4041.79	4041.79	4041.79	4041.79
Average Equity	4041.79	4041.79	4041.79	4041.79	4041.79
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
Tax Rate applicable (in %)	0.000	0.000	0.000	0.000	0.000
Rate of Return on Equity (Pre-tax)	15.500	15.500	15.500	15.500	15.500
Return on Equity (Pre-tax)	626.48	626.48	626.48	626.48	626.48

Operation and Maintenance Expenses

112. Regulation 35(3)(a) of the 2019 Tariff Regulations provides as follows:

“35. Operation and Maintenance Expenses

...

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

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



Particulars	2019- 20	2020-21	2021-22	2022-23	2023- 24
<i>HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)</i>	834.00	864.00	894.00	925.00	958.00
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)</i>	1,666.00	1,725.00	1,785.00	1,848.00	1,913.00
<i>500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)</i>	2,252.00	2,331.00	2,413.00	2,498.00	2,586.00
<i>±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)</i>	2,468.00	2,555.00	2,645.00	2,738.00	2,834.00
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696.00	1,756.00	1,817.00	1,881.00	1,947.00
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563.0	2,653	2,746.00	2,842.00	2,942.00

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 Talcher-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.”



113. The Petitioner vide affidavit dated 24.2.2021 has submitted revised Form-2 and has claimed normative O&M Expenses for the elements covered under Combined Asset for the 2019-24 tariff period are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line	42.08	43.65	45.10	46.77	48.33
Sub-station Bays	144.72	149.76	155.07	160.47	166.14
Transformer Capacity	39.32	40.77	42.21	43.66	45.26
Communication	-	-	-	-	-
Total O&M for new T&D system added with effect from 1.4.2014	226.13	234.17	242.38	250.90	259.74

114. The Petitioner has not claimed additional bays during the 2019-24 period and has claimed the same number of bays(as considered in 2014-19 tariff period) for the 2019-24 tariff period vide affidavit dated 24.2.2021 as per details given as follows:

Particulars	400 kV	220 kV	132 kV and below	Total number of bays
Total Bays of 'new elements' as on 1.4.2019 (A)	-	-	9	9
Total Bays added during 2019-24 tariff period (B)	-	-	0	0
Total Bays of 'new elements' existing as on 31.3.2024 (C)=(A+B)	-	-	9	9

115. The Petitioner was allowed O&M Expenses for transmission line for the 2014-19 true-up based on the revised details of lines existing as on 31.3.2014 and put into commercial operation during 2014-19 and submitted vide affidavit dated 24.2.2021. The Petitioner has not claimed additional line length during 2019-24 period and has claimed the same line length (as considered in 2014-19 tariff period)for 2019-24 tariff period vide affidavit dated 24.2.2021, as per details given as follows:

SUMMARY OF TRANSMISSION LINE LENGTH					
Particulars	Single Circuit Single Conductor	Double Circuit Single Conductor	Double Circuit Double Conductor	Double Circuit Four Conductor	Total
	(km)	(km)	(km)	(km)	(km)
Total line length as on 1.4.2019	-	111.628	-	0.00	111.628
Addition during 2019-24	-	0.00	-	0.00	0.00
Transmission line length as on	-	111.628	-	0.00	111.628



SUMMARY OF TRANSMISSION LINE LENGTH					
Particulars	Single Circuit Single Conductor	Double Circuit Single Conductor	Double Circuit Double Conductor	Double Circuit Four Conductor	Total
	(km)	(km)	(km)	(km)	(km)
31.3.2024					

116. The Petitioner has claimed O&M Expenses of transformer capacity for the 2019-24 tariff period in accordance with Regulation 35(3)(a) of the 2019 Tariff Regulations. The Petitioner vide affidavit dated 24.2.2021 has submitted the details of transformer capacity for 2019-24 tariff period as follows:

Summary Of Transformer Capacity					
Particulars	765 kV	400 kV	220 kV	132 kV and below	Total
	(MVA)	(MVA)	(MVA)	(MVA)	(MVA)
BIADA Sub-station (2x80 MVA and 2x0.25 MVA)-COD 10.5.2015	-	-	-	160.50	160.50
Total capacity of Transformers for existing T&D system as on 1.4.2019	-	-	-	160.50	160.50

117. The Petitioner has not claimed O&M Expenses on account of communication system, Security Expenses and Actual Capital Spares consumed.

118. The total allowable O&M Expenses have been 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 O&M Expenses per bay, per MVA and per km, respectively in accordance with Regulation 35(3)(a) of the 2019 Tariff Regulations. Accordingly, O&M Expenses allowed for the 2019-24 tariff period are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line	42.08	43.65	45.10	46.77	48.33
Sub-station Bays	144.72	149.76	155.07	160.47	166.14
Transformer Capacity	39.32	40.77	42.21	43.66	45.26
Communication	-	-	-	-	-
Total O&M for new T&D system added with effect from 1.4.2014 (upto 31.3.2019)	226.13	234.17	242.38	250.90	259.74



Interest on Working Capital

119. Regulations 34(1)(c), 34(3), 34(4) and 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 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 true-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.”

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

“3. Definitions ...

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

120. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of 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 onwards, subject to true-up for 2019-24 tariff period. The components of the working capital and interest allowed thereon for Combined Asset for the 2019-24 tariff period is as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
WC for Maintenance Spares (Maintenance Spares @15% of O&M Expenses)	33.92	35.13	36.36	37.64	38.96
WC for O&M Expenses (O&M Expenses for one month)	18.84	19.51	20.20	20.91	21.65
WC for Receivables (Receivables equivalent to 45 days of annual fixed cost)	305.42	293.89	281.38	269.23	256.40
Total Working Capital	358.19	348.53	337.93	327.77	317.01
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	43.16	39.21	35.48	34.42	33.29

Annual Fixed Charges of the 2019-24 Tariff Period

121. The transmission charges allowed for Combined Asset for the 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1044.40	1044.40	1044.40	1044.40	1044.40
Interest on Loan	540.72	436.31	330.31	224.30	118.29
Return on Equity	626.48	626.48	626.48	626.48	626.48
Interest on Working Capital	43.11	39.16	35.44	34.37	33.24
O&M Expenses	226.13	234.17	242.38	250.90	259.74
Total	2480.83	2380.52	2279.00	2180.45	2082.15

Other Claims

122. The Petitioner has made few other claims such as additional impact on pay revision, GST, Pension & Gratuity contribution, Sinking Fund, Mega Insurance, CISF security expenses, subsidiary activities and Common Office Expenditure. The Petitioner, vide affidavit dated 21.1.2020, has already furnished the details of the claims made in the 2014-19 period and has requested to consider the other claims filed with the amended petition vide affidavit dated 24.2.2021. The submissions made by the Petitioner are as follows:

i. Impact of pay revision:

The Petitioner has prayed to allow the impact of pay revision based on the recommendations of the 7th Pay Commission as an additional expenditure to be recovered in full over and above the AFC as claimed by the Petitioner.

ii. Impact of GST:



The Petitioner has prayed to allow the additional impact of GST as “Change in Law” and reimbursement of the additional tax liability for the 2014-19 period as an additional expenditure to be recovered in full over and above the AFC as claimed by DVC.

iii. Contribution and Interest on Sinking Fund:

The Petitioner has prayed to allow the contribution and interest on Sinking Fund for the 2014-19 period as an additional expenditure to be recovered in full over and above the AFC as claimed by DVC.

iv. Contribution to Pension & Gratuity (P&G) Fund:

The Commission vide order dated 4.9.2019 in Petition No. 197/MP/2016 had directed the Petitioner to submit the required documents for claiming the liability on the account of P&G for the 2014-19 period, in the true-up petition for the said period. Accordingly, in this petition, the Petitioner has already furnished the computation for P&G Contribution and its apportionment to the different generating stations and T&D system of DVC along with all the documents. The Commission has not allowed the expenses toward P&G Contribution for the 2009-14 period and the matter is pending before the Appellate Tribunal for Electricity (APTEL). The Petitioner has prayed to allow it to approach the Commission on the said issue for the 2009-14 period as and when the matter is disposed by the APTEL.

v. Common Office Expenditure:

The Petitioner has already furnished the computation of claim against ‘Common Office Expenditure’ in this petition for the 2014-19 period and has prayed to allow AFC as incurred by the Petitioner for its Common Offices (covering depreciation, RoE, and IoL) for the 2014-19 period, over and above the normative O&M Expenses.

vi. Security Expenses:

The Petitioner has already furnished the computation of claim against ‘Security Expenses’ in this petition and has prayed to allow the Security expenses as actually incurred by T&D System for sub-stations during the 2014-19 period under the provision of ‘Power to Relax’ of the 2014 Tariff Regulations.

vii. Expenses for Mega Insurance:

The Petitioner has already furnished the claim against ‘Mega Insurance expenses’ in this petition and has prayed to allow the Mega Insurance expenses



as incurred by the Petitioner during the 2014-19 period under the provision of 'Power to Relax' of the 2014 Tariff Regulations.

viii. Share of Subsidiary Activities:

DVC already furnished the claim against 'share of subsidiary activity' in this petition and has prayed to allow the expenses towards Share of Subsidiary Activities as incurred by the Petitioner during the 2014-19 period.

123. DVPCA vide affidavit dated 19.4.2021 has submitted that the Petitioner has already claimed the same amount for Additional O&M Expenses, Common Office Expenditure and P&G Contribution in Petition No. 482/TT/2020 for truing up (2014-19) and tariff determination (2019-24) for DVC's existing T&D network. In line with the decision of the Commission to disallow any claims that the Petitioner has repeated in different petitions, the repeated claims for Additional O&M Expenses, Common Office Expenditure and Pension & Gratuity Contribution may be disallowed in the instant petition. DVPCA has further submitted that the Petitioner has claimed savings of ₹4.60 lakh (₹2.24 lakh in 2019-20 and ₹2.36 lakh in 2020-21) in interest cost due to Loan Refinancing for the period 2019-24. Based on proposed disallowance on ACE, the loan balances would consequently undergo a change resulting into reduced loan amount than that projected by the Petitioner. Commensurate to the proposed disallowance in loan balances, the 'Savings in Interest Cost due to Loan Refinancing', for the period 2019-24 has been assessed by DVPCA. DVPCA has requested to allow the savings in interest Cost due to Loan Refinancing.

124. In response, the Petitioner vide affidavit dated 21.5.2021 has submitted that DVPCA's assessment is based on submissions made by DVC on 29.1.2020. However, DVC has already filed revised petition with separate asset-wise tariff forms vide affidavit dated 24.2.2021. The Petitioner has claimed all additional expenses (Savings in Interest Cost due to Loan Restructuring, Additional O&M Expenses, Common Office Expenditure, Pension & Gratuity Contribution and Pay revision, Impact of GST as



“Change in Law”, Interest & Contribution on Sinking Fund, and Unclaimed Normative O&M for bays in existence for 2009-14) against DVC’s existing T&D network and has submitted justification in its reply to the objections raised by DVPCA in Petition No. 482/TT/2020.

125. We have considered the submissions of the Petitioner and DVPCA. The Petitioner has claimed Savings in Interest Cost due to Loan Restructuring, Additional O&M Expenses, Common Office Expenditure, Pension & Gratuity Contribution and Pay revision, Impact of GST as “Change in Law”, Interest & Contribution on Sinking Fund, and Unclaimed Normative O&M for bays. The Petitioner vide affidavit dated 13.5.2021 has submitted that it has already claimed the impact of P&G Contribution and Pay Revision in respect of T&D system in Petition No. 482/TT/2020 and no separate claim for ‘P&G’ against Asset-I to Asset-V individually has been submitted in this petition. However, the claim details as submitted in Petition No. 482/TT/2020 have been submitted in this petition. Further, a table indicating information in respect of “P&G Contribution and Pay Revision” as sought in previous order dated 4.9.2019 in Petition No. 197/MP/2016 *vis-à-vis* submission made by DVC has also been submitted.

126. As regards, remaining claims, the Petitioner has submitted that it has claimed all the additional expenses (Savings in Interest Cost due to Loan Restructuring, Additional O&M Expenses, Common Office Expenditure, Pension & Gratuity Contribution and Pay revision, Impact of GST as “Change in Law”, Interest & Contribution on Sinking Fund, and Unclaimed Normative O&M Expenses for bays in existence for 2009-14) against DVC’s Existing T&D Network (including that of the transmission assets) in Petition No. 482/TT/2020. However, the claim details as



submitted in Petition No. 482/TT/2020 have been submitted in the instant petition. Accordingly, these claims shall be dealt in Petition No. 482/TT/2020.

Filing Fee and Publication Expenses

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

License Fee & RLDC Fees and Charges

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

Goods and Services Tax

129. 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.

130. 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

131. The Petitioner has not claimed security expenses separately for the transmission assets in this petition. However, the Petitioner has submitted that security



expenses for DVC's existing T&D network (including that of the transmission assets) has been claimed in Petition No. 482/TT/2020. Accordingly, the said claim shall be dealt in Petition No. 482/TT/2020.

Sharing of Transmission Charges

132. The Petitioner has prayed for recovery of transmission charges for 2014-19 tariff period from consumers by considering the tariff determined as an input cost of ARR while determining the retail tariff by WBERC and JSERC.

133. Further, the Petitioner has prayed for recovery of transmission charges for 2019-24 tariff period from beneficiaries in accordance with Regulation 43 of the 2014 Tariff Regulations and has submitted that these charges shall be recovered on a monthly basis and the billing, collection and disbursement shall be governed by the provisions of 2010 Sharing Regulations.

134. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 for the new transmission elements (transmission lines and substations) added after 1.4.2014, had held as follows:

“82. We have considered the submissions of the Petitioner. As discussed in para 3, Petitioner filed the instant petition for new transmission elements by separating the existing elements, tariff for which was determined in Commission's Order dated 9.8.2019 in Petition no. 150/TT/2018. Accordingly, the transmission charges allowed for the new elements vide this order, along with those determined in Petition no 150/TT/2018, shall be included as an input cost, in the aggregate revenue requirement and recovered from the distribution consumers on approval by the WBSERC and JSERC. These charges shall not be included in the PoC charges, as specified in the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time.”

135. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 for the existing and new 400 kV inter-State transmission lines of the T&D Network of DVC for the 2017-19 period had held as follows:

“72. As prayed by the Petitioner, the transmission charges allowed in this order, as provided in Regulation 43 of the 2014 Tariff Regulations, shall be recovered on monthly basis and the billing collection and disbursement shall be governed by provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time.”



136. We observe that the Petitioner has prayed for separate sharing methodology for the 2014-19 and 2019-24 tariff periods. As far as the Petitioner's prayer for sharing of trued-up charges of 2014-19 tariff period is concerned, it is in line with order dated 5.2.2020 in Petition No. 335/TT/2018, wherein the Commission had directed that the charges of existing as well as new T&D system (i.e. non-ISTS system) shall be included as an input cost in ARR and recovered from the distribution consumers on approval by WBSERC and JSERC and that these shall not be included in the PoC pool under the 2010 Sharing Regulations.

137. The Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 had allowed the transmission charges to be recovered under Regulation 43 of the 2014 Tariff Regulations and the 2010 Sharing Regulations (i.e. PoC mechanism) only in case of 4 existing and new 400 kV inter-State transmission lines which were certified by ERPC as non-ISTS lines carrying ISTS power (i.e. deemed ISTS lines) with effect from 1.4.2017. Therefore, except for those 4 Transmission lines being treated as deemed ISTS lines, the Commission has consistently maintained that charges of all the other assets forming part of T&D System (old and new) of the Petitioner, shall be included as an input cost in the ARR and recovered from the distribution consumers on approval by WBERC and JSERC and shall not be included in the PoC pool.

138. In line with order dated 5.2.2020 in Petition No. 335/TT/2018, the transmission charges allowed for the transmission assets for 2019-24 period shall be included as an input cost in ARR and recovered from the distribution consumers on approval by WBERC and JSERC. These charges shall not be included in common pool.

139. As regards other transmission lines/ sub-stations, the sharing of transmission charges shall be decided in relevant petitions.

140. To summarise:



a) The trued-up AFC approved for the transmission assets for the 2014-19 tariff period are as follows:

(₹ in lakh)

Asset-I			
2015-16 (Pro-rata 327 days)	2016-17	2017-18	2018-19
823.01	979.70	996.03	981.24

(₹ in lakh)

Asset-II			
2015-16 (Pro-rata 184 days)	2016-17	2017-18	2018-19
769.84	1500.84	1517.90	1533.70

(₹ in lakh)

Asset-III				
2014-15 (Pro-rata 21 days)	2015-16	2016-17	2017-18	2018-19
4.16	71.38	73.92	77.20	75.34

(₹ in lakh)

Asset-IV				
2014-15 (Pro-rata 186 days)	2015-16	2016-17	2017-18	2018-19
2.80	40.40	73.65	71.01	70.23

(₹ in lakh)

Asset-V	
2017-18 (Pro-rata 328 days)	2018-19
63.85	74.57

b) AFC allowed for Combined Asset for the 2019-24 tariff period in this order are as follows:

(₹ in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
2480.83	2380.52	2279.00	2180.45	2082.15

141. This order disposes of Petition No. 713/TT/2020 in terms of above discussions and findings.

sd/-
(P. K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson

