

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 731/TT/2020**

**Coram:**

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

**Date of Order : 25.07.2022**

**In the matter of:**

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and determination of transmission tariff for 2014-19 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2014 for **Asset 1:** OPGW link for Betul-Khandwa under Central Sector, **Asset 2:** OPGW link (125 km) for Mauda-Wardha under Central Sector, **Asset 3:** 6 numbers OPGW link (92.66 km) under State Sector, **Asset 4A:** 3 numbers OPGW link (656.926 km) under Central Sector, **Asset 4B:** OPGW link for Korba-Birsinghpur under Central Sector, **Asset 5A:** OPGW link (15.462 km) for 400 kV Xeldom-Madgaon under State sector, **Asset 5B:** OPGW link for 400 kV Vapi-Magarwada under Central Sector and **Asset 6:** 9 numbers of OPGW link under State Sector-OPGW link (169 km) for) associated with "Establishment of Fibre Optic Communication System in the Western Region under Master Communication Plan (Additional Requirement)".

**And in the matter of:**

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

**.....Petitioner**

**Versus**

1. Madhya Pradesh Power Management Company Limited,  
Shakti Bhawan, Rampur  
Jabalpur- 482 008.
2. Madhya Pradesh Power Transmission Company Limited,  
Shakti Bhawan, Rampur  
Jabalpur- 482 008.
3. Madhya Pradesh Audyogik Kendra  
Vikas Nigam (Indore) Limited  
3/54, Press Complex, Agra Bombay Road, Indore 452 008.



4. Maharashtra State Electricity Distribution Co. Limited,  
Hongkong Bank Building, 3rd Floor,  
MG Road, Fort, Mumbai-400 001.
5. Maharashtra State Electricity Transmission Co. Limited,  
Prakashganga, 6<sup>th</sup> Floor, Plot No. C-19, E-Block  
Bandra Kura Complex, Bandra (East), Mumbai-400 051.
6. Gujarat Urja Vikas Nigam Limited,  
Sardar Patel Vidyut Bhawan,  
Race course road, Vadodara - 390 007.
7. Electricity Department,  
Government of Goa, Vidyut Bhawan, Panaji,  
Near Mandvi Hotel, Goa - 403 001.
8. Electricity Department,  
Administration of Daman & Diu,  
Daman 396 210.
9. DNH Power Distribution Corporation Limited,  
Vidyut Bhawan, 66 kV Road, Near Secretariat, Amli,  
Silvassa 396 230.
10. Chhattisgarh State Power Transmission Co. Limited,  
Office of the Executive Director (C&P)  
State Load Despatch Building  
Dangania 492 013.
11. Chhattisgarh State Power Distribution Co. Limited,  
P.O. Sunder Nagar, Dangania, Raipur,  
Chattisgarh 492 013.

...Respondent(s)

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

**For Respondent:** Ms. Poorva Saigal, Advocate MPPTCL  
Ms Tanya Sareen, Advocate, MPPTCL  
Shri Anindya Khare, MPPMCL  
Shri Vincent D Souza, MPPTCL



## ORDER

The Petitioner, Power Grid Corporation of India Limited (PGCIL), has filed the instant petition for determination of transmission tariff for the period from the date of commercial operation (COD) to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) in respect of the following assets associated with “Establishment of Fibre Optic Communication System in the Western Region under Master Communication Plan (Additional Requirement)” (hereinafter referred to as “communication system”):

Asset 1: OPGW link for Betul-Khandwa under Central Sector;

Asset 2: OPGW link (125 km) for Mauda-Wardha under Central Sector;

Asset 3: 6 no. OPGW link (92.66 km) under Central Sector;

Asset 4A: 3 no. OPGW link (656.926 km) under State Sector;

Asset 4B: OPGW link for Korba-Birsinghpur under Central Sector;

Asset 5A: OPGW link (15.462 km) for 400 kV Xeldom-Madgaon under State sector;

Asset 5B: OPGW link for 400 kV Vapi–Magarwada under Central Sector; and

Asset 6: 9 no. of OPGW link under State Sector-OPGW link (169 km)

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

*“1) Approve the Transmission Tariff for the tariff block 2014-19 block for the assets covered under this petition, as per para –8.2 above.*

*2) Allow tariff as 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.*

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



4) Allow the Petitioner to approach Hon'ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19.

5) Allow the Petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 ( as amended from time to time) of the respective financial year directly without making any application before the Commission as provided under clause 25 of the Tariff regulations 2014.

6) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure in relation to the filing of petition.

7) Allow the Petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the Respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

8) Allow the Petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the Respondents.

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

10) Allow the initial spare as procured in the current petition in full as given in para-6.1 under Regulation 54 of the CERC (Terms and Condition of Tariff) Regulation, 2014.

11) Allow the Petitioner to bill tariff from actual DOCO

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

### **Background**

3. The brief facts of the case are as under:
  - a. The Investment Approval (IA) for the said communication system was accorded by Board of Directors of the Petitioner's Company on 17.4.2014 communicated vide Memorandum No.C/CP/FOCS-WR(AD) dated 24.4.2015 at an estimated cost of ₹12072 lakh based on December, 2014 price level with a completion schedule within 30 months.



- b. The communication system was later discussed and agreed for implementation in the 14<sup>th</sup>, 21<sup>st</sup>, and 23<sup>rd</sup> WRPC meeting held on 19.8.2010, 9.11.2012 and 12.6.2013.
- c. The scope of work covered under the communication system broadly includes:
- i. Implementation of OPGW fibre optic cable on the EHV transmission line of POWERGRID and constituents, the estimated length of such cable is approximately 3483 km.
  - ii. Installation of 56 numbers of terminal equipment based upon Synchronous Digital Hierarchy (SDH) technology at substations of POWERGRID and the constituents; 56 numbers of Mux/D&I/DACS at wideband nodes; And Network Management System (NMS).
  - iii. DC Power Supply presently envisaged at all the wideband locations where equipment are to be installed. However, the requirement shall be optimized during detailed engineering.
  - iv. Approach cable for providing connectivity between OPGW and equipment.

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

5. The Petitioner has served the petition on the Respondents and notice of this petition has been published in the newspaper in accordance with Section 64 of the Electricity Act 2003. No comments/objections have been received from the general public in response to the aforesaid notice published in the newspaper by the Petitioner. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No. 1, *vide* affidavit dated 3.9.2021, has filed its reply and has raised the issues of time over-



run, completion cost, Initial Spares, Additional Capital Expenditure (ACE) and effect of CGST. Madhya Pradesh Power Transmission Company Limited (MPPTCL), Respondent No. 2, *vide* affidavit dated 10.9.2021 has filed its reply and has raised the issue of time over-run. In response, the Petitioner has filed rejoinder *vide* affidavit dated 23.9.2021 and 22.9.2021 to the replies of MPPMCL and MPPTCL respectively. The issues raised by MPPMCL and MPPTCL and the clarifications given by the Petitioner are considered in the relevant portions of this order.

6. This order is issued considering the submissions made by the Petitioner dated 14.9.2020 and 21.9.2021, MPPMCL's and MPPTCL's reply filed *vide* affidavit dated 3.9.2021 and 10.9.2021 respectively and Petitioner's rejoinder thereto filed *vide* affidavit dated 23.9.2021 and 22.9.2021.

7. The hearing in this matter was held on 26.10.2021 through video conference and the order was reserved. However, the order could not be passed before Shri P.K. Pujari, former Chairperson, demitted office. Therefore, the matter was heard again on 23.6.2022.

8. During the hearing on 23.6.2022, the representative of the Petitioner submitted that all the information for determination of tariff has been submitted which may be considered for determination of transmission tariff. The learned counsel for MPPTCL and the representative of MPPMCL submitted that their reply is already on record.

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



## **DETERMINATION OF ANNUAL FIXED CHARGES FOR THE 2014-19 TARIFF PERIOD**

10. The details of the transmission charges claimed by the Petitioner for the communication assets are as follows:

### **Asset-1**

Particulars	(₹ in lakh)	
	2017-18 (Pro-rata 335 days)	2018-19
Depreciation	17.32	16.24
Interest on Loan	13.61	11.45
Return on Equity	16.17	15.21
O&M Expenses	0.36	0.52
Interest on Working Capital	1.03	0.95
<b>Total</b>	<b>48.49</b>	<b>44.37</b>

### **Asset-2**

Particulars	(₹ in lakh)	
	2017-18 (Pro-rata 212 days)	2018-19
Depreciation	9.20	18.57
Interest on Loan	7.59	14.39
Return on Equity	8.59	17.39
O&M Expenses	0.00	0.59
Interest on Working Capital	0.55	1.11
<b>Total</b>	<b>25.93</b>	<b>52.05</b>

### **Asset-3**

Particulars	(₹ in lakh)	
	2018-19 (Pro-rata 273 days)	
Depreciation	22.01	
Interest on Loan	17.86	
Return on Equity	20.61	
O&M Expenses	1.02	
Interest on Working Capital	1.31	
<b>Total</b>	<b>62.81</b>	

### **Asset-4A**

Particulars	(₹ in lakh)	
	2018-19 (Pro-rata 211 days)	
Depreciation	64.36	
Interest on Loan	52.90	
Return on Equity	60.27	
O&M Expenses	3.87	



Interest on Working Capital	3.88
<b>Total</b>	<b>185.28</b>

### **Asset-4B**

(₹ in lakh)

<b>Particulars</b>	<b>2018-19 (Pro-rata 211 days)</b>
Depreciation	6.85
Interest on Loan	5.71
Return on Equity	6.42
O&M Expenses	0.40
Interest on Working Capital	0.42
<b>Total</b>	<b>19.80</b>

### **Asset-5A**

(₹ in lakh)

<b>Particulars</b>	<b>2018-19 (Pro-rata 31 days)</b>
Depreciation	0.29
Interest on Loan	0.27
Return on Equity	0.28
O&M Expenses	0.12
Interest on Working Capital	0.02
<b>Total</b>	<b>0.98</b>

### **Asset-5B**

(₹ in lakh)

<b>Particulars</b>	<b>2018-19 (Pro-rata 31 days)</b>
Depreciation	0.25
Interest on Loan	0.21
Return on Equity	0.23
O&M Expenses	0.12
Interest on Working Capital	0.02
<b>Total</b>	<b>0.83</b>

### **Asset-6**

(₹ in lakh)

<b>Particulars</b>	<b>2018-19 (Pro-rata 31 days)</b>
Depreciation	5.06
Interest on Loan	4.24
Return on Equity	4.74
O&M Expenses	0.00
Interest on Working Capital	0.29
<b>Total</b>	<b>14.33</b>





11. The details of the Interest on Working Capital (IWC) claimed by the Petitioner for the communication assets are as follows:

**Asset-1**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
WC for O&M Expenses	0.03	0.04
WC for Maintenance Spares	0.06	0.08
WC for Receivables	8.81	7.40
Total Working Capital	8.90	7.52
Rate of Interest (%)	12.60	12.60
<b>Interest on Working Capital</b>	<b>1.03</b>	<b>0.95</b>

**Asset-2**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
WC for O&M Expenses	0.00	0.05
WC for Maintenance Spares	0.00	0.09
WC for Receivables	7.44	8.68
Total Working Capital	7.44	8.82
Rate of Interest (%)	12.60	12.60
<b>Interest on Working Capital</b>	<b>0.55</b>	<b>1.11</b>

**Asset-3**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
WC for O&M Expenses	0.11
WC for Maintenance Spares	0.20
WC for Receivables	14.00
Total Working Capital	14.31
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>1.31</b>

**Asset-4A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
WC for O&M Expenses	0.56
WC for Maintenance Spares	1.00
WC for Receivables	53.42
Total Working Capital	54.98
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>3.88</b>



**Asset-4B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
WC for O&M Expenses	0.06
WC for Maintenance Spares	0.10
WC for Receivables	5.71
Total Working Capital	5.87
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>0.42</b>

**Asset-5A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
WC for O&M Expenses	0.12
WC for Maintenance Spares	0.21
WC for Receivables	1.93
Total Working Capital	2.26
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>0.02</b>

**Asset-5B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
WC for O&M Expenses	0.12
WC for Maintenance Spares	0.21
WC for Receivables	1.63
Total Working Capital	1.96
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>0.02</b>

**Asset-6**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
WC for O&M Expenses	0.00
WC for Maintenance Spares	0.00
WC for Receivables	28.12
Total Working Capital	28.12
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>0.29</b>

**Data of Commercial Operation (COD)**

12. The Petitioner has claimed the actual COD in respect of the communication assets as follows:



<b>Assets</b>	<b>Scheduled COD (SCOD)</b>	<b>COD</b>
Asset-1	17.10.2017	1.5.2017
Asset-2		1.9.2017
Asset-3		2.7.2018
Asset-4A		2.9.2018
Asset-4B		2.9.2018
Asset-5A		1.3.2019
Asset-5B		1.3.2019
Asset-6		1.3.2019

13. In support of COD, the Petitioner has submitted RLDC Charging Certificates dated 18.10.2017 for Asset-1 and Asset-2, dated 3.10.2018 for Asset-3, Asset-4A and Asset-4B and dated 29.3.2019 for Asset-5A, Asset-5B and Asset-6. Further, the Petitioner has submitted COD letters dated 9.4.2018 for Asset-1 and Asset-2, dated 10.10.2018 for Asset-3, Asset-4A and Asset-4B, dated 5.4.2019 for Asset-5A and dated 11.4.2019 for Asset-5B and Asset-6.

14. Taking into consideration the submissions of the Petitioner, we approve the COD of the communication assets and they are as follows:

<b>Assets</b>	<b>COD</b>
Asset-1	1.5.2017
Asset-2	1.9.2017
Asset-3	2.7.2018
Asset-4A	2.9.2018
Asset-4B	2.9.2018
Asset-5A	1.3.2019
Asset-5B	1.3.2019
Asset-6	1.3.2019

### **Capital Cost**

15. Regulation 9(1) and Regulation 9(2) of the 2014 Tariff Regulations provide as follows:

*“(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of 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;

(bi) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period shall form part of the capital cost.

(c) Increase in cost in contract packages as approved by the Commission;

(d) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;

(e) capitalised Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;

(f) expenditure on account of additional capitalization and de-capitalisation determined in accordance with Regulation 14 of these regulations;

(g) adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and

(h) adjustment of any revenue earned by the transmission licensee by using the assets before COD.”

16. The Petitioner has claimed the following capital cost as on COD and projected ACE in respect of the communication assets and submitted Auditor's Certificate dated 3.6.2020 in support of the same:

							(₹ in lakh)
Assets	Approved FR Cost	Expenditure up to COD	Proposed ACE 2017-18	Proposed ACE 2018-19	Proposed ACE 2019-20	Proposed ACE 2020-21	Estimated completion Capital Cost
Asset-1	467.51	351.25	-101.11	12.86	63.49	-	326.49
Asset-2	350.00	230.15	45.23	37.29	-71.04	2.99	244.62
Asset-3	570.00	448.98	-	45.16	34.25	33.32	561.71
Asset-4A	2150.00	1692.27		179.64	34.47	112.12	2018.5
Asset-4B	518.71	226.62		-71.39	74.95	-	230.18
Asset-5A	79.00	52.2	-	5.18	9.39	1.36	68.13
Asset-5B	89.16	56.17		-18.57	29.66	-	67.26
Asset-6	1477.55	917.57	-	86.41	334.08	-	1338.06

17. MPPMCL has submitted that the Petitioner has stated that there is no cost over-run. However, there is cost variation and the reasons for item-wise cost variation between approved cost and actual cost as on COD is explained in detail in Form-5. But, the details of only Asset-6 are given in Form-5. In absence of these essential documents, it is not possible to scrutinize the claim of the Petitioner in a proper way. MPPMCL has submitted that the Petitioner has attributed the cost over-run to decrease in the IDC and IEDC and over-estimation of cost by the Petitioner.



18. In response the Petitioner has submitted that the instant petition covers approval of tariff based on actual expenditure incurred up to COD and ACE incurred from COD to 31.3.2019 in respect of the communication assets as per details given below:

(₹ in lakh)

Asset	App. Approved Cost	Actual Exp. Up to COD	Exp. For FY 2017-18	Exp. For FY 2018-19	Projected Exp. For FY 2019-20	Projected Exp. For FY 2020-21	Estimated Completion Cost
1	467.51	351.25	-101.11	12.86	63.49	-	326.49
2	350.00	230.15	45.23	37.29	-71.04	2.99	244.62
3	570.00	448.98	-	45.16	34.25	33.32	561.71
4A	2150.00	1692.27		179.64	34.47	112.12	2018.5
4B	518.71	226.62		-71.39	74.95	-	230.18
5A	79.00	52.20	-	5.18	9.39	1.36	68.13
5B	89.16	56.17		-18.57	29.66	-	67.26
6	1477.55	917.57	-	86.41	334.08	-	1338.06
Total	5701.93	3975.21	-55.88	276.58	509.25	149.79	4854.95

19. Against the FR approved cost of ₹5701.93 lakh, the estimated completion cost is ₹4854.95 lakh. Therefore, there is no cost over-run w.r.t. FR. The reasons for item-wise cost variation between approved cost (FR) and actual cost as on COD/estimated completed cost are explained in detail in Form- 5.

20. We have considered the submissions of the Petitioner and MPPMCL. It is observed that the estimated completion cost of the communication asset is lower than the FR approved cost. Thus, there is no cost over-run. However, we are of the view that there is need for more realistic cost estimation by the Petitioner as pointed out by MPPMCL.



## **Time over-run**

21. As per the IA dated 17.4.2015, the transmission project was scheduled to be put into commercial operation within 30 months from the date of IA i.e. by 17.10.2017. Asset-1 and Asset-2 were put into commercial operation with the scheduled COD. However, there is time over-run in case of Asset-3, Asset-4A, Asset-4B, Asset-5A, Asset-5B and Asset-6 as shown in the following table:

<b>Assets</b>	<b>SCOD</b>	<b>COD</b>	<b>Time over-run</b>
Asset-1	17.10.2017	1.5.2017	Nil
Asset-2		1.9.2017	Nil
Asset-3		2.7.2018	8 months 15 days
Asset-4A		2.9.2018	10 months 16 days
Asset-4B		2.9.2018	
Asset-5A		1.3.2019	16 months 13 days
Asset-5B			
Asset-6		1.3.2019	

22. MPPMCL vide affidavit dated 10.9.2021 has submitted that the Petitioner submitted that the time over-run in case of Asset-3 was due to various issues like designing of new OPGW, various ROW issues in Asset-4A and Asset-4B and non-availability of Earth Wire on Xeldem – Madgao line and ROW issues in Asset-6. MPPMCL has submitted that the proper survey has not been carried out by the Petitioner and scheme has been framed and got sanctioned with ambiguous survey. The design issue came to the notice of Petitioner while carrying out execution of works and it is clearly a case of improper survey and design. The Petitioner has not submitted any documentary evidence to resolve the RoW issues with the help of local administration. The delay on completion is basically due to lethargic approach of Petitioner, had it approached timely to the District Administration, the RoW issues would have been resolved earlier. The delay due to designing of new OPGW, ROW issues are



solely attributed on Petitioner's part and therefore delay on this ground should not be condoned.

23. In response, the Petitioner vide affidavit dated 23.9.2021 has submitted that the time over-run is mainly due to addition of extra links, delay in issuance of Permit to Work at certain sites/locations and re-scheduling of outages on various occasions and RoW issues at various sites/locations, which were beyond the control of the Petitioner and requested to condone the entire time over-run and allow full cost and tariff as claimed under subject petition.

24. We now deal with the time over-run in case of individual assets. The reasons submitted by the Petitioner for time over-run are as follows:

**Asset-3:**

25. The Petitioner has submitted that the entire delay of 8 months and 15 days in case of Asset-3 is mainly due to delay in providing the parameters by Goa Electricity Department (GED). The details are as follows:

**Delay due to delay in providing transmission line parameters by GED**

- a. The Petitioner has submitted that the 6 numbers links under the instant asset pertains to transmission lines of GED. OPGW were to be laid on transmission lines which are 220 kV and below 220 kV Lines which is deviation from regular 400 kV and above lines. Therefore, a new design of OPGW was to be adopted based on tower design, schedules and other transmission line parameters based on Sag - Tension Chart. There was delay in providing required parameters by GED.. The delay in finalizing tower schedule and design of OPGW Cable resulted in delay in supply of OPGW and its Hardware and



finally delayed the completion of the asset. The details of communications on different dates regarding the request for above data from GED is as below:

<b>S. No</b>	<b>Letter / e-mail Date</b>	<b>Addressed to</b>	<b>Addressed from</b>	<b>Brief Description of Letter / e-mail</b>
1	25.2.2016	CE, GED	CC: LD&C Department POWERGRID	For providing Transmission Line Design Parameters
2	8.3.2016	CE, GED	CC: LD&C Department POWERGRID	For providing Transmission Line Design Parameters
3	11.4.2016	CE, GED	CC: LD&C Department POWERGRID	For providing Transmission Line Design Parameters
4	19.4.2016	SE, & CE GED	Engineering Department, RHQ Nagpur, POWERGRID	For providing Transmission Line Design Parameters
5	11.4.2016	SE, & CE GED	Engineering Department, RHQ Nagpur, POWERGRID	For providing Transmission Line Design Parameters
6	21.4.2016	CE, GED	CC: LD&C Department POWERGRID	For providing Transmission Line Design Parameters
7	12.5.2016	CE, GED	Engineering Department, RHQ Nagpur, POWERGRID	For providing Transmission Line Design Parameters

26. We have considered the above submissions of the Petitioner. The Petitioner has submitted that the time over-run was on account of delay in timely availability of transmission line parameters by GED. The Petitioner has submitted letters dated 25.2.2016, 8.3.2016, 11.4.2016, 21.4.2016 and 12.5.2016 written by the Petitioner to GED seeking Transmission Line Design Parameters. The Petitioner has submitted letter/ e-mail sent to GED seeking design parameters for laying of OPGW. However, the Petitioner has not submitted when GED has provided the transmission design parameters. Further, the Petitioner has not submitted the reasons for the delay from 12.5.2016 to 2.7.2018. Accordingly, the time over-run from 17.10.2017 to 2.7.2018 (258 days) is not condoned. However, the Petitioner is directed to submit the date when the





transmission line parameters were submitted by GED. Based on this, the time over-run in case of Asset-3 will be reviewed at the time of truing-up.

**Asset-4A and 4B:**

27. The Petitioner has submitted that the entire delay of 10 months and 16 days is mainly due to severe RoW, dismantling and other related issues, damage caused by cyclone and line passing through Bandhavgarh Tiger Reserve. The details are as follows:

**Delay due to Right of Way issue**

a. There are 3 numbers of OPGW Links viz. Bilaspur - Dharamjaygarh, Parli-Wardha Link & Korba-Birsinghpur. In Parli-Wardha Link, and there were severe RoW disturbances continuously for about 4 months in Nanded Section.

**Delay due to dismantling and other related issues**

b. The Parli-Wardha line was subsequently LILoed at Warora and this work of OPGW was pending due to proposed the dismantling of 3 numbers of towers at tapping point. Further, end equipment was changed and diverted from other link due to deviation in Link budget effected because of LILo Length at Warora. In addition to this, PTW was available only for 15 days in a month due to reliability requirements as MSETCL availed balance 15 days for their OPGW Work on the Lines associated with Wardha & Parli during same period.

**Delay due to damage caused by cyclone**

c. The OPGW on Bilaspur - Dharmajaygarh was almost complete and about to be put into commercial operation, but due to severe cyclones about 5 km of OPGW was damaged due to tower damages. As the OPGW was not readily



available in Chhattisgarh area, there was a delay due to transportation of OPGW material from other projects in Maharashtra.

**Delay due to the line passing through Bandhavgarh Tiger Reserve**

d. The Permit to Work (PTW) was not available continuously due to reliability requirements as this line is connecting two generating stations. Further, work was hampered near Birsinghpur location as it passes through Bandhavgarh Tiger Reserve Region. The Petitioner has submitted the detailed chronology of incidents that led to delay in completion of Asset-4A and Asset-4B and the same is as follows:

S. No	Letter / e-mail Date	Addressed to	Addressed from	Brief Description of Letter / e-mail
1	2.12.2017	Letter to Tehsildhar, Mahagaon	Nanded TLM Office POWERGRID	For clearing RoW Problem in Parli - Wardha Line
2	4.12.2017	Letter to SP, Yavtmal District	Nanded TLM Office POWERGRID	For getting Police Protection
3	17.9.2018	Letter to POWERGRID	Letter by Agency M/s Sree Krishna Power	Highlighting difficulties faced by Agency during Work

28. We have considered the above submissions of the Petitioner. The Petitioner has submitted that the time over-run was on account of delay on account of RoW issues, dismantling and other related issues, damage caused to the towers and OPGW by cyclone and line passing through Bandhavgarh Tiger Reserve. The Petitioner has submitted documents in support of its contentions along with the petition. The Petitioner has submitted that there were severe RoW continuously for about 4 months in Nanded Section. The Petitioner has submitted letter dated 2.12.2017 written by Nanded TLM Office, PowerGrid to Tehsildar, Mahagaon seeking clearing of RoW problem in Parli &



Wardha Line. The Petitioner has also submitted letter dated 4.12.2017 vide which it requested Police protection.

29. The Petitioner has submitted that there was delay due to dismantling and other related issues. The Petitioner has submitted that PTW (Permit to Work) was available only for 15 days in a month due to reliability requirements as MSETCL availed balance 15 days for their OPGW Work on the lines associated with Wardha & Parli during same period. 30. The Petitioner has further submitted that there was delay due to damage caused by cyclone. The OPGW on Bilaspur-Dharmajaygarh was almost completed and about to be put into commercial operation, but due to severe cyclone, about 5 km of OPGW was damaged due to tower damages. As OPGW was not readily available in Chhattisgarh area, delay happened due to transportation of OPGW material from other projects in Maharashtra.

30. The Petitioner has submitted that there was delay as the line passed through Bandhavgarh Tiger reserve. In Korba-Birsinghpur Line, PTW was not available continuously due to reliability requirements as this line is connecting two generating stations. The work was also hampered near Birsinghpur location as this line passes through Bandhavgarh Tiger Reserve Region.

31. We have considered the submissions of the Petitioner. The Petitioner has submitted that due to cyclone the towers were damaged and due to which OPGW laying work of Bilaspur -Dharmajaygarh was not completed. The Petitioner is directed to submit when the towers collapsed and when the towers were again installed with supporting documents at the time of truing up. The Petitioner has not submitted any documentary evidence to show that the PTW was not available continuously due to reliability requirements. Accordingly, the time over-run of 10 months 16 days in case of



Asset-4A and Asset-4B due to RoW issue, dismantling and related issues, damage caused by cyclone is not condoned at this stage and the same will be reviewed at the time of truing-up based on the valid documentary proof. ..

**Asset-5A:**

32. The Petitioner has submitted that the entire delay of 16 months and 13 days is mainly due to non-availability of ADSS cable. Due to non-availability of Earth Wire on Xeldem - Madgao Line (33 kV), the Petitioner's Company requested vide letter dated 21.4.2016 for indication of alternative transmission line Path as their Main SLDC was located at Madgao. As there was no alternate transmission line Path for Madgao, the Petitioner went ahead with ADSS Cable instead of OPGW. After the upgradation of Technology, all ADSS Manufacturers started manufacturing OPGW/ OFC Cable. Hence, ADSS Cable was not readily available for purchase. Further, GED did not submit suitable transmission line parameters even after reminders. However, the Petitioner went ahead with tendering approximate 32 km length of ADSS cable which is small quantity as per Industry Standards (including Site Survey as part of contract). Subsequently after survey, required line length was only 12.5 km. Accordingly, contractor submitted their inability to procure such small quantity of ADSS Cable as manufacturers did not accept their procurement orders. Subsequent to continuous follow-ups, Type Test was conducted jointly for another Telecom Project with New Manufacturer (Apar Industries) and completed the Link. The correspondence made by the Petitioner in this regard are as follows:



<b>S. No</b>	<b>Letter / e-mail Date</b>	<b>Addressed to</b>	<b>Addressed from</b>	<b>Brief Description of Letter / e-mail</b>
1	12.8.2016	Executive Engineer, GED	Engineering Department, RHQ Nagpur, POWERGRID	For providing Pole Configuration Details for ADSS Cable
2	12.3.2018	Executive Engineer, GED	Engineering Department, RHQ Nagpur, POWERGRID	Provided GPS Coordinates for Survey
3	12.3.2018	Executive Engineer, GED	Supreme & Co. Pvt. Limited	Inability of Contractor for procuring ADSS Cable which was stopped by all Manufacturers

33. We have considered the submissions of the Petitioner. The Petitioner has submitted that the time over-run was on account of delay in availability of Transmission Line Parameters from GED and Non-Availability of ADSS Cable. The Petitioner has submitted documents in support of its contentions along with the petition. The Petitioner has submitted that there was delay in GED providing Transmission Line Parameters like Pole Configuration Details for ADSS Cable and GPS coordinates data for survey. The Petitioner has submitted a copy of its letter dated 12.8.2016 GED citing Pole Configuration Details for ADSS Cable. The Petitioner has also submitted a copy of its letter dated 12.3.2018 to GED seeking GPS Coordinate for survey. However, the Petitioner has not submitted the action taken during the intervening period from 12.8.2016 to 12.3.2018. The asset was put into commercial operation on 1.3.2019. The Petitioner has not submitted the reasons for the delay from 12.3.2018 to COD of the asset on 1.3.2019. Accordingly, the time over-run in case of Asset-5A is not condoned. However, the Petitioner is at liberty to approach the Commission at the time of truing up with valid documentary evidence and the same will be reviewed at the time of truing-up.



**Asset-5B:**

34. The Petitioner has not submitted any reason for the time over-run of 16 months and 13 days in case of Asset-5B. Accordingly, the time over-run in case of Asset 5B from 17.10.2017 to 1.3.2019 (500 days) is not condoned.

**Asset-6:**

35. As regards the time over-run of 16 months and 13 days in case of Asset-6, the Petitioner has submitted the following documents:

<b>S. No.</b>	<b>Particulars</b>
1	Commercial invoice of SDGI dated 9.3.2017 indicating dispatch of 1 <sup>st</sup> lot OPGW material from China for MPPTCL & Central Sector
2	SDGI letter dated 2.3.2017 for inability to supply HDPE duct required for terminating approach cable in sub-station control room.
3	Minutes of meeting dated 28.12.2017 detailing unavailability of HDPE duct, RoW issue on Shivpuri-Bina, working permission in protected forest are under Seoni-Pench.
4	Minutes of meeting dated 12.7.2018 indicating additional scope on Seoni-Pench, Neemuch-Gandhisagar. 5 km OPGW work held up due to railway diversion work and shutdown issues on Waidhan-STPP Singrauli link.
5	Minutes of meeting dated 8.12.2017 indicating delay in 2nd lot of material and unavailability of HDPE duct. Severe RoW issues on Mundra-Jetpur
6	Mail communication dated 25.6.2018 from Prem Power about shutdown issue on Kharadpada-Amli line and severe ROW issue on Mundra-Jetpur.
7	Letter from Prem Power dated 4.4.2018 requesting shutdown on Kharadpada-Amli link due to poor condition/unavailability for earth wire.
8	Letter from Prem Power dated 10.3.2018 about RoW on drum No.26 on 400 kV Mundra-Jetpur.
9	Letter from Prem Power dated 8.3.2018 about RoW issue on drum No.27 on 400 kV Mundra-Jetpur.
10	Letter from Prem Power dated 3.2.2018 about RoW issue on drum no.45 on 400 kV Mundra-Jetpur.
11	Letter from Prem Power dated 30.12.2017 about RoW issue on drum No.6.



S. No.	Particulars
12	Mail from Manager (SC&C/IT), Vadodara to site officials to support clearance of ROW on drum No. 73 & 75 on 400 kV Mundra-Jetpur.
13	Letter from Prem Power dated 5.7.2017 about RoW issue on drm No.58 on 400 kV Nagda-Dehgam.
14	Letter from Manager (Transmission Line), Dehgam dated 5.7.2017 about RoW issue on Nagda-Dehgam.
15	Letter from Steel Products dated 19.5.2017 about RoW issue on drm No.44 and 57 on 765 kV Bina-Jabalpur link.
16	Letter from Steel Products dated 5.9.2017 about RoW issue on 765 kV Bina-Indore link.
17	Letter from Steel Products dated 5.1.2018 about non-issue of PTW on 765 kV Bina-Indore.
18	Letter from Steel Products dated 14.6.2017 about unavailability of HDPE duct for commissioning of Bina-Jabalpur link.
19	Letter from Steel Products dated 30.6.2017 about RoW issue on Bina-Shivpuri link.
20	Letter from Steel Products dated 25.6.2017 about severe RoW issue on Bina-Shivpuri link on drum No.7, 8, 9 and 10.
21	Letter from Steel Products dated 20.6.2017 informing permission issue on Seoni-Pench link during monsoon period.

36. MPPTCL has submitted that the installation of communication system and associated facilities in Asset-6 under Master Communication Plan of Western Region for State Sector was agreed in 18<sup>th</sup> meeting of WRPC held at Ahmedabad on 1.10.2011. An agreement was entered into between the Petitioner and the then MPPTCL, now MPPMCL and 3.12.2011. Clause 5 of the agreement provides that the tariff, as determined by the Commission, shall be shared and paid by MPPMCL in accordance with the terms and conditions as notified by the Commission from time to time. Under Asset-6, 9 number of OPGW links have been installed by the Petitioner on the transmission network owned and operated by MPPTCL. There is a delay of 16 months and 13 days. The Petitioner has failed to substantiate the delay and has merely sought



the condonation of the time over-run by attaching various communications without establishing the correlation and explaining the circumstances due to which the time over-run occurred. The Petitioner has not provided any details regarding the delay in achieving the commercial operation date of the Asset-6. As per the Petitioner itself, the SCOD of the Asset-6 ought to have been achieved by 16.10.2017 i.e. 30 months from the date of IA. However, the Commercial Invoice by the Supplier of equipment, namely, Shenzhen SDG Information Co. Limited has been issued only on 9.3.2017 indicating the dispatch of the 1<sup>st</sup> lot of OPGW material from China for MPPTCL and Central Sector Network. The Petitioner has not given any explanation as to the works/requisitioning done during the period falling between 17.4.2015 and 9.3.2017. MPPTCL has submitted that a perusal of the letters/communications between the Petitioner and its sub-contractors indicates that the work relating to OPGW started only after March, 2017 and was completed on 1.3.2019 i.e. within a period of 24 months. The above establishes the approximate timeline within which the OPGW works could have been completed. Accordingly, if the Petitioner had started the work diligently after the IA in April 2015, then the work could have been completed well before the timeline of 30 months, as specified in the IA. In response, the Petitioner has submitted that it reiterates the submissions made in the Petition.

37. We have considered the above submissions of the Petitioner and MPPMCL and observed that the Petitioner has not substantiated any reason for delay in Asset-6 and merely attached various communications without establishing the correlation and explaining the circumstances due to which the time over-run occurred. The Petitioner has not given any explanation regarding the works/ requisitioning done during the period falling between 17.4.2015 and 9.3.2017. Due to non-submissions of the valid





documentary evidence in support of 9 no. of OPGW links under state sector (MPPMCL), we are not inclined to condone the same. Accordingly, the time over-run in case of Asset-6 from 17.10.2017 to 1.3.2019 (500 days) is not condoned. However, the Petitioner is directed to submit the valid documentary evidence at the time of truing up and same will be reviewed at the time of truing up.

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

38. The Petitioner has claimed IDC of the communication assets covered in the instant petition and has submitted the statement showing IDC claim, discharge of IDC liability as on date of commercial operation and thereafter as follows:

(₹ in lakh)					
Assets	IDC as per Auditor Certificate	IDC Discharged upto COD	IDC discharged during 2017-18	IDC discharged during 2018-19	IDC discharged during 2019-20
Asset-1	5.18	0.00	5.18	-	-
Asset-2	6.11	2.41	2.37	1.33	-
Asset-3	28.52	15.50	-	12.89	0.13
Asset-4A	109.94	65.45	-	42.23	2.26
Asset-4B	11.84	4.67	-	6.88	0.30
Asset-5A	0.80	0.80	-	-	-
Asset-5B	4.36	3.19	-	0.46	0.70
Asset-6	75.26	53.61	-	4.18	17.48

39. The Petitioner has submitted IDC computation statement which consists of the name of the loan, drawl date, loan amount, interest rate and interest claimed. The IDC is worked out based on the details given in the IDC statement. Further, the loan amount as on the date of commercial operation has been mentioned in Form 6 and Form 9C. While going through these documents, certain discrepancies have been observed such as mismatch in loan amount between IDC statement and Form 6 and Form 9C. The



allowable IDC has been worked out based on the information available on record and relying on loan amount as per Form 9C. The time over-run has not been condoned in Asset-3, Asset-4A, Asset-4B, Asset-5A, Asset-5B and Asset-6. Accordingly, IDC is worked out based on the details given in the IDC statement. The IDC claimed and considered as on the date of commercial operation and summary of discharge of IDC liability up to date of commercial operation and thereafter for the purpose of tariff determination is as follows:

(₹ in lakh)

Asset	IDC as per Auditor Certificate	IDC Disallowed		IDC allowed	IDC Discharged			
		Due to computational error	Due to time over-run not condoned		Upto COD	2017-18	2018-19	2019-20
	1	2	3	4=3-2-1				
Asset-1	5.18	0.05	-	5.13	0.00	5.13	0.00	0.00
Asset-2	6.11	0.04	-	6.07	2.41	2.37	1.29	0.00
Asset-3	28.52	-	16.05	12.47	10.77	-	1.70	0.00
Asset-4A	109.94	-	73.54	36.40	35.92	-	0.47	0.00
Asset-4B	11.84	-	9.17	2.67	2.67	-	0.00	0.00
Asset-5A	0.80	-	0.53	0.27	0.25	-	0.02	0.00
Asset-5B	4.36	-	3.69	0.67	0.67	-	0.00	0.00
Asset-6	75.26	-	60.35	14.91	14.91	-	0.00	0.00

40. The Petitioner has claimed IEDC for the communication assets as per the Auditor Certificate. The Petitioner has submitted that the entire IEDC mentioned in the Auditor Certificate is on cash basis and was paid upto the date of commercial operation. As the time over-run for Asset-3, Asset-4A, Asset-4B, Asset-5A, Asset-5B and Asset-6 has not been condoned, there is dis-allowance of IEDC. Accordingly, details of IEDC allowed, the IEDC claimed as per Auditor's Certificate, IEDC considered and discharged up to COD is as follows:



(₹ in lakh)

Assets	IEDC claimed as per Auditor certificate (A)	IEDC disallowed due to time over-run not condoned (B)	IEDC Allowed (A-B)
Asset-1	3.17	-	3.17
Asset-2	41.76	-	41.76
Asset-3	103.24	22.73	80.51
Asset-4A	389.82	101.09	288.73
Asset-4B	1.89	0.49	1.40
Asset-5A	23.09	8.16	14.93
Asset-5B	0.54	0.19	0.35
Asset-6	9.28	3.28	6.00

### Initial Spares

41. Regulation 13(d) of the 2014 Tariff Regulations provides that Initial Spares shall be capitalised as a percentage of plant and machinery cost up to cut-off date, subject to the following ceiling norms:

*“(d) Transmission System*

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

42. The Initial Spares claimed by the Petitioner for communication assets are as follows:

(₹ in lakh)

Assets	Plant & Machinery Cost (Excluding IDC, IEDC, Land Cost & Cost of civil works)	Ceiling Limit as per Regulation of Tariff Regulation, 2014 (%)	Initial Spares claimed by the Petitioner (%)	Initial Spares as % Plant & Machinery Cost (Excluding IDC, IEDC, Land Cost & Cost of civil works)
Asset-1	318.15	3.50	11.13	3.50
Asset-2	196.74	3.50	0.00	0.00
Asset-3	429.93	3.50	13.97	3.24
Asset-4A	1518.76	3.50	24.28	1.57
Asset-4B	216.45	3.50	7.58	3.50
Asset-5A	44.23	3.50	0.00	0.00
Asset-5B	62.36	3.50	2.18	3.50
Asset-6	1253.52	3.50	43.87	3.50



43. MPPMCL has submitted that the cost of Initial Spares claimed by the Petitioner shall be restricted to the limit as mentioned in the 2014 Tariff Regulations, after computation by applying prudence check, of admissible completion cost. In response, the Petitioner has submitted that the expenditure incurred towards Initial Spares have been considered in COD cost. Whereas the amount towards balance Initial Spares liabilities have been considered in ACE. Since, the Initial Spares claimed are within the specified limits as per the 2014 Regulations, the entire initial spares claimed may be allowed.

44. We have considered the submissions of the Petitioner and MPPMCL. The Initial Spares allowed for the communication assets as percentage specified in the 2014 Tariff Regulations is as follows:

Assets	Plant and Machinery cost (excluding IDC/IEDC, Land cost & Cost of Civil Works) (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per 2014 Tariff Regulations (%)	Initial Spares allowable (₹ in lakh)	Initial Spares disallowed (₹ in lakh)	Initial Spares Allowed (₹ in lakh)
Asset-1	318.15	11.13	3.50	11.14	-	11.13
Asset-2	196.74	0.00	3.50	7.14	-	0.00
Asset-3	429.93	13.97	3.50	15.09	-	13.97
Asset-4A	1518.76	24.28	3.50	54.20	-	24.28
Asset-4B	216.45	7.58	3.50	7.58	-	7.58
Asset-5A	44.23	0.00	3.50	1.60	-	0.00
Asset-5B	62.36	2.18	3.50	2.18	-	2.18
Asset-6	1253.52	43.87	3.50	43.87	-	43.87

45. Since, the Petitioner's claim of Initial Spares is within the ceiling limit, the Initial Spares have been allowed as claimed by the Petitioner.

46. The capital cost of the transmission system has been calculated in accordance with Regulation 9(2) of the 2014 Tariff Regulation and is as follows:



(₹ in lakh)

Assets	Capital Cost claimed as per Auditor's Certificate (A)	IDC disallowed due to computational difference (B)	IDC disallowed due to time over-run not condoned (C)	IEDC disallowed due to time over-run not condoned (D)	Undischarged IDC (E)	Capital Cost allowed as on COD (A-B-C-D-E)
Asset-1	351.25	0.05	-	-	5.13	346.07
Asset-2	230.15	0.04	-	-	3.66	226.45
Asset-3	448.98	-	16.05	22.73	1.70	408.50
Asset-4A	1692.27	-	73.54	101.09	0.47	1517.17
Asset-4B	226.62	-	9.17	0.49	0.00	216.96
Asset-5A	52.20	-	0.53	8.16	0.02	43.48
Asset-5B	56.17	-	3.69	0.19	0.00	52.29
Asset-6	917.57	-	60.35	3.28	0.00	853.93

#### **Additional Capital Expenditure(ACE)**

47. Regulation 14(1) of the 2014 Tariff Regulations provide as follows:

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

*(i) Undischarged liabilities recognised to be payable at a future date;*

*(ii) Works deferred for execution;*

*(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;*

*(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and*

*(v) Change in Law or compliance of any existing law:*

*Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.”*

48. Regulation 3(13) of the 2014 Tariff Regulations defines “cut-off” date as follows:

*“(13) ‘Cut-off Date’ means 31st March of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of the year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation:*



*Provided that the cut-off date may be extended by the Commission if it is proved on the basis of documentary evidence that the capitalisation could not be made within the cut-off date for reasons beyond the control of the project developer.”*

49. The Petitioner has submitted that the ACE incurred/ projected to be incurred for the communication assets is mainly on account of Balance/ Retention Payments and is claimed under Regulation 14 of the 2014 Tariff Regulations. The Petitioner has claimed the following ACE:

							(₹ in lakh)
Assets	Approved FR Cost	Expenditure up to COD	Proposed ACE 2017-18	Proposed ACE 2018-19	Proposed ACE 2019-20	Proposed ACE 2020-21	Estimated completion Capital Cost
Asset-1	467.51	351.25	-101.11	12.86	63.49	-	326.49
Asset-2	350.00	230.15	45.23	37.29	-71.04	2.99	244.62
Asset-3	570.00	448.98	-	45.16	34.25	33.32	561.71
Asset-4A	2150.00	1692.27		179.64	34.47	112.12	2018.5
Asset-4B	518.71	226.62		-71.39	74.95	-	230.18
Asset-5A	79.00	52.2	-	5.18	9.39	1.36	68.13
Asset-5B	89.16	56.17		-18.57	29.66	-	67.26
Asset-6	1477.55	917.57	-	86.41	334.08	-	1338.06

50. MPPMCL has submitted that the Petitioner has claimed under Regulation 14(1) of the 2014 Tariff Regulations without providing proper details and justification. MPPMCL has submitted that the claims of the Petitioner may only be allowed in true-up on actuals. In response the Petitioner has submitted that ACE in the communication assets has been claimed under Regulation 14(1)(i) of the 2014 Tariff Regulations against balance and retention payments as mentioned in Form-7 of respective assets. Further, the element wise break-up of cost of all the assets under instant petition have already been furnished in Form-5 of respective assets in the petition.

51. We have considered the submissions made by the Petitioner and MPPMCL. The ACE claimed by the Petitioner for the communication assets has been allowed under



Regulation 14(1)(i) of the 2014 Tariff Regulations. Accordingly, the ACE allowed along with the capital cost for the 2014-19 period is subject to true up and is as follows:

(₹ in lakh)					
Assets	Approved FR Cost	Expenditure up to COD	ACE 2017-18	ACE 2018-19	Capital Cost as on 31.3.2019
Asset-1	467.51	346.07	-95.98	12.86	262.95
Asset-2	350.00	226.45	47.60	38.58	312.63
Asset-3	570.00	408.50	-	46.86	455.37
Asset-4A	2150.00	1517.17		180.11	1697.28
Asset-4B	518.71	216.96		-71.39	145.57
Asset-5A	79.00	43.48	-	5.20	48.68
Asset-5B	89.16	52.29		-18.57	33.72
Asset-6	1477.55	853.93	-	86.41	940.34

### **Debt-Equity ratio**

52. Regulation 19(1) of the 2014 Tariff Regulations provides as follows:

**“Debt-Equity Ratio:** (1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. 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.”

53. The Petitioner has claimed Debt-Equity ratio of 70:30 as on the date of commercial operation. Debt-Equity ratio of 70:30 is considered as provided under Regulation 19 of the 2014 Tariff Regulations. The details of the debt and equity as on the date of commercial operation and 31.3.2019 for the transmission assets considered for the purpose of tariff determination for the 2014-19 period is as follows:



**Asset-1**

Funding	Capital Cost as on COD (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	242.25	70.00	(58.18)	70.00	184.07	70.00
Equity	103.82	30.00	(24.93)	30.00	78.89	30.00
<b>Total</b>	<b>346.07</b>	<b>100.00</b>	<b>(83.12)</b>	<b>100.00</b>	<b>262.95</b>	<b>100.00</b>

**Asset-2**

Funding	Capital Cost as on COD (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	158.51	70.00	60.33	70.00	218.84	70.00
Equity	67.93	30.00	25.85	30.00	93.79	30.00
<b>Total</b>	<b>226.45</b>	<b>100.00</b>	<b>86.18</b>	<b>100.00</b>	<b>312.63</b>	<b>100.00</b>

**Asset-3**

Funding	Capital Cost as on COD (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	285.95	70.00	32.80	70.00	318.76	70.00
Equity	122.55	30.00	14.06	30.00	136.61	30.00
<b>Total</b>	<b>408.50</b>	<b>100.00</b>	<b>46.86</b>	<b>100.00</b>	<b>455.37</b>	<b>100.00</b>

**Asset-4A**

Funding	Capital Cost as on COD (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	1062.02	70.00	126.08	70.00	1188.10	70.00
Equity	455.15	30.00	54.03	30.00	509.18	30.00
<b>Total</b>	<b>1517.17</b>	<b>100.00</b>	<b>180.11</b>	<b>100.00</b>	<b>1697.28</b>	<b>100.00</b>





**Asset-4B**

Funding	Capital Cost as on COD (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	151.87	70.00	(49.97)	70.00	101.90	70.00
Equity	65.09	30.00	(21.42)	30.00	43.67	30.00
<b>Total</b>	<b>216.96</b>	<b>100.00</b>	<b>(71.39)</b>	<b>100.00</b>	<b>145.57</b>	<b>100.00</b>

**Asset-5A**

Funding	Capital Cost as on COD (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	30.44	70.00	3.64	70.00	34.08	70.00
Equity	13.05	30.00	1.56	30.00	14.61	30.00
<b>Total</b>	<b>43.48</b>	<b>100.00</b>	<b>5.20</b>	<b>100.00</b>	<b>48.68</b>	<b>100.00</b>

**Asset-5B**

Funding	Capital Cost as on COD (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	36.60	70.00	(13.00)	70.00	23.60	70.00
Equity	15.69	30.00	(5.57)	30.00	10.12	30.00
<b>Total</b>	<b>52.29</b>	<b>100.00</b>	<b>(18.57)</b>	<b>100.00</b>	<b>33.72</b>	<b>100.00</b>

**Asset-6**

Funding	Capital Cost as on COD (₹ in lakh)	(%)	ACE (₹ in lakh)	(%)	Capital Cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	597.75	70.00	60.49	70.00	658.24	70.00
Equity	256.18	30.00	25.92	30.00	282.10	30.00
<b>Total</b>	<b>853.93</b>	<b>100.00</b>	<b>86.41</b>	<b>100.00</b>	<b>940.34</b>	<b>100.00</b>

**Depreciation**

54. Regulation 27 of the 2014 Tariff Regulations provides as follows:

*“Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system including communication system or element thereof. In case of the tariff of all the units of a generating station or all*



*elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units or elements thereof.*

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

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

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

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

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

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

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

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

*(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-II 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 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2014 from the gross depreciable value of the assets.*

*(7) The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure during the fag end of the project (five years*



before the useful life) alongwith justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure during the fag end of the project.

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

55. Regulation 3(67) of 2014 Tariff Regulations defines useful life as follows:

“(67) ‘**Useful life**’ in relation to a unit of a generating station and transmission system from the COD shall mean the following, namely:

(a) Coal/Lignite based thermal generating station	25 years
(b) Gas/Liquid fuel based thermal generating station	25 years
(c) AC and DC sub-station	25 years
(d) Gas Insulated Substation (GIS)	25 years
(d) Hydro generating station including pumped Storage hydro generating stations	35 years
(e) Transmission line (including HVAC & HVDC)	35 years
(f) Communication system	15 years

Provided that the useful life for AC and DC Sub-stations and GIS for which Notice Inviting Tender is floated on or after 01.04.2014 shall be considered as 35 years.

Provided further that the extension of life of the projects beyond the completion of their useful life shall be decided by the Commission;”

56. The Gross Block during the tariff period 2014-19 has been depreciated at Weighted Average Rate of Depreciation (WAROD). WAROD at Annexure-I has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations. The details of depreciation allowed in the instant petition followed by summary of depreciation claimed and depreciation allowed in this order are as follows:



**Asset-1**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
<b>Depreciation</b>		
Opening Gross Block (A)	346.07	250.09
ACE (B)	-95.98	12.86
Closing Gross Block (C) = A+B	250.09	262.95
Average Gross Block (D) = (A+C)/2	298.08	256.52
Weighted Average Rate of Depreciation (WAROD) (%)	6.33	6.33
Balance useful life of the asset	15	15
Elapsed Life of the asset	0	0
Depreciable Value	268.27	230.87
<b>Depreciation during the year</b>	<b>17.32</b>	<b>16.24</b>
Cumulative Depreciation	17.32	33.56
Remaining Depreciable Value	250.96	197.32

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
Claimed by Petitioner in the instant petition	17.32	16.24
Allowed in this order	<b>17.32</b>	<b>16.24</b>

**Asset-2**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
<b>Depreciation</b>		
Opening Gross Block (A)	226.45	274.05
ACE (B)	47.60	38.58
Closing Gross Block (C) = A+B	274.05	312.63
Average Gross Block (D) = (A+C)/2	250.25	293.34
Weighted Average Rate of Depreciation (WAROD) (%)	6.33	6.33
Balance useful life of the asset	15	15
Elapsed Life of the asset	0	0
Depreciable Value	225.22	264.00
<b>Depreciation during the year</b>	<b>9.20</b>	<b>18.57</b>
Cumulative Depreciation	9.20	27.77
Remaining Depreciable Value	216.02	236.24

(₹ in lakh)



Particulars	2017-18 (Pro-rata 212 days)	2018-19
Claimed by Petitioner in the instant petition	9.20	18.57
Allowed in this order	<b>9.20</b>	<b>18.57</b>

### Asset-3

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
<b>Depreciation</b>	
Opening Gross Block (A)	408.50
ACE (B)	46.86
Closing Gross Block (C) = A+B	455.37
Average Gross Block (D) = (A+C)/2	431.94
Weighted Average Rate of Depreciation (WAROD) (%)	6.33
Balance useful life of the asset	15
Elapsed Life of the asset	0
Depreciable Value	388.74
<b>Depreciation during the year</b>	<b>20.45</b>
Cumulative Depreciation	20.45
Remaining Depreciable Value	368.29

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
Claimed by Petitioner in the instant petition	22.01
Allowed in this order	20.45

### Asset-4A

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
<b>Depreciation</b>	
Opening Gross Block (A)	1517.17
ACE (B)	180.11
Closing Gross Block (C) = A+B	1697.28
Average Gross Block (D) = (A+C)/2	1607.22
Weighted Average Rate of Depreciation (WAROD) (%)	6.33
Balance useful life of the asset	15
Elapsed Life of the asset	0
Depreciable Value	1446.50



Particulars	2018-19 (Pro-rata 211 days)
<b>Depreciation during the year</b>	<b>58.81</b>
Cumulative Depreciation	58.81
Remaining Depreciable Value	1387.69

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	64.36
Allowed in this order	58.81

#### Asset-4B

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
<b>Depreciation</b>	
Opening Gross Block (A)	216.96
ACE (B)	-71.39
Closing Gross Block (C) = A+B	145.57
Average Gross Block (D) = (A+C)/2	181.27
Weighted Average Rate of Depreciation (WAROD) (%)	6.33
Balance useful life of the asset	15
Elapsed Life of the asset	0
Depreciable Value	163.14
<b>Depreciation during the year</b>	<b>6.63</b>
Cumulative Depreciation	6.63
Remaining Depreciable Value	156.51

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	6.85
Allowed in this order	6.63

#### Asset-5A

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Depreciation</b>	
Opening Gross Block (A)	43.48
ACE (B)	5.20
Closing Gross Block (C) = A+B	48.68



Particulars	2018-19 (Pro-rata 31 days)
Average Gross Block (D) = (A+C)/2	46.08
Weighted Average Rate of Depreciation (WAROD) (%)	6.33
Balance useful life of the asset	15
Elapsed Life of the asset	0
Depreciable Value	41.48
<b>Depreciation during the year</b>	<b>0.25</b>
Cumulative Depreciation	0.25
Remaining Depreciable Value	41.23

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.29
Allowed in this order	0.25

#### Asset-5B

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Depreciation</b>	
Opening Gross Block (A)	52.29
ACE (B)	-18.57
Closing Gross Block (C) = A+B	33.72
Average Gross Block (D) = (A+C)/2	43.00
Weighted Average Rate of Depreciation (WAROD) (%)	6.33
Balance useful life of the asset	15
Elapsed Life of the asset	0
Depreciable Value	38.70
<b>Depreciation during the year</b>	<b>0.23</b>
Cumulative Depreciation	0.23
Remaining Depreciable Value	38.47

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.25
Allowed in this order	0.23



## Asset-6

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Depreciation</b>	
Opening Gross Block (A)	853.93
ACE (B)	86.41
Closing Gross Block (C) = A+B	940.34
Average Gross Block (D) = (A+C)/2	897.14
Weighted Average Rate of Depreciation (WAROD) (%)	6.33
Balance useful life of the asset	15
Elapsed Life of the asset	0
Depreciable Value	807.43
<b>Depreciation during the year</b>	<b>4.82</b>
Cumulative Depreciation	4.82
Remaining Depreciable Value	802.60

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	5.08
Allowed in this order	4.82

## Interest on Loan (IoL)

57. Regulation 26 of 2014 Tariff Regulations defines Interest on Loan as follows:

**“26. Interest on loan capital:** (1) *The loans arrived at in the manner indicated in Regulation 19 shall be considered as gross normative loan for calculation of interest on loan.*

(2) *The normative loan outstanding as on 1.4.2014 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2014 from the gross normative loan.*

(3) *The repayment for each of the year of the tariff period 2014-19 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of decapitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.*

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





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

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

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

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiaries or the long term transmission customers /DICs shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of refinancing of loan.”

58. The Petitioner has claimed the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. Accordingly, IoL has been calculated based on actual interest rate submitted by the Petitioner, in accordance with Regulation 26 of the 2014 Tariff Regulations. The details of IoL allowed in the instant petition followed by summary of IoL claimed and IoL allowed is as follows:

#### Asset-1

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
<b>Interest on Loan</b>		
Gross Normative Loan	242.25	175.07
Cumulative Repayments up to Previous Year	0.00	17.32



Particulars	2017-18 (Pro-rata 335 days)	2018-19
Net Loan-Opening	242.25	157.75
Additions	-67.18	9.00
Repayment during the year	17.32	16.24
Net Loan-Closing	157.75	150.51
Average Loan	200.00	154.13
Weighted Average Rate of Interest on Loan (%)	7.4161	7.4270
<b>Interest on Loan</b>	<b>13.61</b>	<b>11.45</b>

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
Claimed by Petitioner in the instant petition	13.61	11.45
Allowed in this order	13.61	11.45

#### Asset-2

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
<b>Interest on Loan</b>		
Gross Normative Loan	158.51	191.83
Cumulative Repayments up to Previous Year	0.00	9.20
Net Loan-Opening	158.51	182.63
Additions	33.32	27.01
Repayment during the year	9.20	18.57
Net Loan-Closing	182.63	191.07
Average Loan	170.57	186.85
Weighted Average Rate of Interest on Loan (%)	7.6649	7.7019
<b>Interest on Loan</b>	<b>7.59</b>	<b>14.39</b>

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
Claimed by Petitioner in the instant petition	7.59	14.39
Allowed in this order	7.59	14.39



**Asset-3**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
<b>Interest on Loan</b>	
Gross Normative Loan	285.95
Cumulative Repayments up to Previous Year	0.00
Net Loan-Opening	285.95
Additions	32.80
Repayment during the year	20.45
Net Loan-Closing	298.31
Average Loan	292.13
Weighted Average Rate of Interest on Loan (%)	7.5922
<b>Interest on Loan</b>	<b>16.59</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
Claimed by Petitioner in the instant petition	17.86
Allowed in this order	16.59

**Asset-4A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
<b>Interest on Loan</b>	
Gross Normative Loan	1062.02
Cumulative Repayments up to Previous Year	0.00
Net Loan-Opening	1062.02
Additions	126.08
Repayment during the year	58.81
Net Loan-Closing	1129.28
Average Loan	1095.65
Weighted Average Rate of Interest on Loan (%)	7.6323
<b>Interest on Loan</b>	<b>48.34</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	52.90
Allowed in this order	48.34



**Asset-4B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
<b>Interest on Loan</b>	
Gross Normative Loan	151.87
Cumulative Repayments up to Previous Year	0.00
Net Loan-Opening	151.87
Additions	-49.97
Repayment during the year	6.63
Net Loan-Closing	95.27
Average Loan	123.57
Weighted Average Rate of Interest on Loan (%)	7.7410
<b>Interest on Loan</b>	<b>5.53</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	5.71
Allowed in this order	5.53

**Asset-5A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Interest on Loan</b>	
Gross Normative Loan	30.44
Cumulative Repayments up to Previous Year	0.00
Net Loan-Opening	30.44
Additions	3.64
Repayment during the year	0.25
Net Loan-Closing	33.83
Average Loan	32.14
Weighted Average Rate of Interest on Loan (%)	8.3367
<b>Interest on Loan</b>	<b>0.23</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.27
Allowed in this order	0.23



**Asset-5B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Interest on Loan</b>	
Gross Normative Loan	36.60
Cumulative Repayments up to Previous Year	0.00
Net Loan-Opening	36.60
Additions	-13.00
Repayment during the year	0.23
Net Loan-Closing	23.37
Average Loan	29.99
Weighted Average Rate of Interest on Loan (%)	7.7976
<b>Interest on Loan</b>	<b>0.20</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.21
Allowed in this order	0.20

**Asset-6**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Interest on Loan</b>	
Gross Normative Loan	597.75
Cumulative Repayments up to Previous Year	0.00
Net Loan-Opening	597.75
Additions	60.49
Repayment during the year	4.82
Net Loan-Closing	653.42
Average Loan	625.59
Weighted Average Rate of Interest on Loan (%)	7.6011
<b>Interest on Loan</b>	<b>4.04</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	4.24
Allowed in this order	4.04



## **Return on Equity (RoE)**

59. The Petitioner has claimed RoE in respect of communication assets in terms of Regulation 24(1), Regulation 24(2) and Regulation 25 of the 2014 Tariff Regulations, which provides as follows:

**“24. Return on Equity:** (1) *Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.*

(2) *Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the 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:*

(i) *in case of projects commissioned on or after 1st April, 2014, an additional return of 0.50 % shall be allowed, if such projects are completed within the timeline specified in Appendix-I:*

(ii) *the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever:*

(iii) *additional RoE of 0.50% may be allowed if any element of the transmission project is completed within the specified timeline and it is certified by the Regional Power Committee/National Power Committee that commissioning of the particular element will benefit the system operation in the regional/national grid:*

(iv) *the rate of return of a new project shall be reduced by 1% 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)/ Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system:*

(v) *as and when any of the above requirements are found lacking in a generating station based on the report submitted by the respective RLDC, RoE shall be reduced by 1% for the period for which the deficiency continues:*

(vi) *additional RoE shall not be admissible for transmission line having length of less than 50 kilometers.”*

## **25. Tax on Return on Equity:**

(1) *The base rate of return on equity as allowed by the Commission under Regulation 24 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 the 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 income on other income stream (i.e., income of non-generation or non-transmission business, as the case may be) shall not be considered for the calculation of “effective tax rate”.*



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

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

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

**Illustration-**

(i) In case of the generating company or the transmission licensee paying Minimum Alternate Tax (MAT) @ 20.96% including surcharge and cess:

$$\text{Rate of return on equity} = 15.50 / (1 - 0.2096) = 19.610\%$$

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

(a) Estimated Gross Income from generation or transmission business for FY 2014-15 is Rs 1000 crore.

(b) Estimated Advance Tax for the year on above is Rs 240 crore

(c) Effective Tax Rate for the year 2014-15 = 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 2014-15 to 2018-19 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 trueing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/DICs as the case may be on year to year basis.”

60. The Petitioner has submitted that they are liable to pay income tax at MAT rates and has claimed the following effective tax rates for the 2014-19 tariff period:

Year	Claimed effective tax rate (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
2014-15	21.018	19.624
2015-16	21.382	19.715



<b>Year</b>	<b>Claimed effective tax rate (in %)</b>	<b>Grossed-up RoE [(Base Rate)/(1-t)] (in %)</b>
2016-17	21.338	19.704
2017-18	21.337	19.704
2018-19	21.549	19.757

61. We have considered the submissions made by the Petitioner. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of RoE with the effective tax rate for the purpose of RoE. It further provides that in case the generating company or transmission licensee is paying Minimum Alternative Tax (MAT), the MAT rate including surcharge and cess will be considered for the grossing up of RoE. Accordingly, the MAT rate applicable during 2018-19 has been considered for the purpose of RoE in accordance with Regulation 25 (3) of the 2014 Tariff Regulations.

62. The MAT rate considered in the instant petition for the purpose of grossing up of rate of RoE for truing up in terms of the provisions of the 2014 Tariff Regulations is as follows:

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

63. The details of RoE allowed for the communication assets in the instant petition followed by summary of RoE claimed and RoE allowed is as follows:





**Asset-1**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
<b>Return on Equity</b>		
Opening Equity (A)	103.82	75.03
Additions (B)	-28.79	3.86
Closing Equity (C) = A+B	75.03	78.89
Average Equity (D) = (A+C)/2	89.42	76.96
Return on Equity (Base Rate) (%)	15.500	15.500
MAT Rate for respective year (%)	21.342	21.549
Rate of Return on Equity (%)	19.705	19.758
<b>Return on Equity</b>	<b>16.17</b>	<b>15.21</b>

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
Claimed by Petitioner in the instant petition	16.17	15.21
Allowed in this order	16.17	15.21

**Asset-2**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
<b>Return on Equity</b>		
Opening Equity (A)	67.93	82.21
Additions (B)	14.28	11.57
Closing Equity (C) = A+B	82.21	93.79
Average Equity (D) = (A+C)/2	75.07	88.00
Return on Equity (Base Rate) (%)	15.500	15.500
MAT Rate for respective year (%)	21.342	21.549
Rate of Return on Equity (%)	19.705	19.758
<b>Return on Equity</b>	<b>8.59</b>	<b>17.39</b>

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
Claimed by Petitioner in the instant petition	8.59	17.39
Allowed in this order	8.59	17.39



**Asset-3**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
<b>Return on Equity</b>	
Opening Equity (A)	122.55
Additions (B)	14.06
Closing Equity (C) = A+B	136.61
Average Equity (D) = (A+C)/2	129.58
Return on Equity (Base Rate) (%)	15.500
MAT Rate for respective year (%)	21.549
Rate of Return on Equity (%)	19.758
<b>Return on Equity</b>	<b>19.15</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
Claimed by Petitioner in the instant petition	20.61
Allowed in this order	19.15

**Asset-4A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
<b>Return on Equity</b>	
Opening Equity (A)	455.15
Additions (B)	54.03
Closing Equity (C) = A+B	509.18
Average Equity (D) = (A+C)/2	482.17
Return on Equity (Base Rate) (%)	15.500
MAT Rate for respective year (%)	21.549
Rate of Return on Equity (%)	19.758
<b>Return on Equity</b>	<b>55.07</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	60.27
Allowed in this order	55.07



**Asset-4B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
<b>Return on Equity</b>	
Opening Equity (A)	65.09
Additions (B)	-21.42
Closing Equity (C) = A+B	43.67
Average Equity (D) = (A+C)/2	54.38
Return on Equity (Base Rate) (%)	15.500
MAT Rate for respective year (%)	21.549
Rate of Return on Equity (%)	19.758
<b>Return on Equity</b>	<b>6.21</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	6.42
Allowed in this order	6.21

**Asset-5A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Return on Equity</b>	
Opening Equity (A)	13.05
Additions (B)	1.56
Closing Equity (C) = A+B	14.61
Average Equity (D) = (A+C)/2	13.83
Return on Equity (Base Rate) (%)	15.500
MAT Rate for respective year (%)	21.549
Rate of Return on Equity (%)	19.758
<b>Return on Equity</b>	<b>0.23</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.28
Allowed in this order	0.23



**Asset-5B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Return on Equity</b>	
Opening Equity (A)	15.69
Additions (B)	-5.57
Closing Equity (C) = A+B	10.12
Average Equity (D) = (A+C)/2	12.90
Return on Equity (Base Rate) (%)	15.500
MAT Rate for respective year (%)	21.549
Rate of Return on Equity (%)	19.758
<b>Return on Equity</b>	<b>0.22</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.23
Allowed in this order	0.22

**Asset-6**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
<b>Return on Equity</b>	
Opening Equity (A)	256.18
Additions (B)	25.92
Closing Equity (C) = A+B	282.10
Average Equity (D) = (A+C)/2	269.14
Return on Equity (Base Rate) (%)	15.500
MAT Rate for respective year (%)	21.549
Rate of Return on Equity (%)	19.758
<b>Return on Equity</b>	<b>4.52</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	4.74
Allowed in this order	4.52



## **Operation & Maintenance Expenses (O&M Expenses)**

64. The O&M Expenses claimed by the Petitioner for the communication assets for the 2014-19 period are as follows:

<b>Particulars</b>	<b>(₹ in lakh)</b>	
	<b>2017-18</b>	<b>2018-19</b>
Total O&M Expenses claimed for Asset-1	0.36	0.52
Total O&M Expenses claimed for Asset-2	0.00	0.59
Total O&M Expenses claimed for Asset-3		1.02
Total O&M Expenses claimed for Asset-4A		3.87
Total O&M Expenses claimed for Asset-4B		0.40
Total O&M Expenses claimed for Asset-5A		0.12
Total O&M Expenses claimed for Asset-5B		0.12
Total O&M Expenses claimed for Asset-6		0.00

65. The applicable norms for the communication assets as per the 2014 Tariff Regulations are as follows:

### ***“29(4)(c) Transmission System***

*(c) The operation and maintenance expenses of communication system forming part of inter-state transmission system shall be derived on the basis of the actual O&M expenses for the period of 2008-09 to 2012-13 based on audited accounts excluding abnormal variations if any after prudence check by the Commission. The normalized O&M expenses after prudence check, for the years 2008-09 to 2012-13 shall be escalated at the rate of 3.02% for computing base year expenses for FY 2012-13, 2013-14 and at the rate of 3.32% for escalation from 2014-15 onwards.”*

66. We have considered the submissions of the Petitioner. The Petitioner has claimed expenditure towards self-insurance, petition filing charges and advertisement & publicity charges as expenses under O&M Expenses.

67. As regards the self-insurance, the Commission in order dated 29.7.2016 in Petition No. 275/TT/2015 considered the Petitioner’s claim towards self-insurance and disallowed the same. The relevant portion of the said order is as follows:

*“45. The petitioner was directed vide ROP dated 22.3.2016, to submit the actual O&M Expenses year wise along with details. In response, petitioner vide affidavit Order in Petition No. 275/TT/2015 has submitted that actual O&M Expenses for 2014-15 towards Asset-I and II are ₹5.75 lakh and ₹4.46 lakh respectively. Break up of O&M Expenses has also been provided vide Auditor’s Certificate dated 15.6.2016. The petitioner has*



*claimed self-insurance reserve as expenses under O&M Expenses which is not allowable as expenses”*

68. As regards the petition filing charges and advertisement & publicity charges, the Commission in order dated 26.4.2022 in Petition No. 272/TT/2020 considered the Petitioner’s claim towards petition filing charges and advertisement and publicity charges and disallowed the same. The relevant portion of the said order is as follows:

*“31. Further, the Petitioner has also claimed the petition filing charges as part of the O&M Expenses, which has to be claimed directly from the beneficiaries, therefore, the same is not allowable under O&M Expenses and accordingly has been disallowed.*

*32. The Petitioner has also claimed the Advertisement & Publicity charges as part of the O&M Expenses, which is not allowable as O&M Expenses and therefore has been disallowed.”*

69. In line with above orders, the expenditure is not allowable for self-insurance, petition filing charges and advertisement & publicity charges as expenses under O&M Expenses. Therefore, the proportionate share self-insurance reserve, entertainment, advertisement and publicity, brokerage and commission and out of pocket expenses pertaining to communication assets covered in the instant petition have been disallowed. The self-insurance, petition filing charges and advertisement & publicity charges disallowed are as follows:

(₹ in lakh)

<b>Assets</b>	<b>2017-18</b>	<b>2018-19</b>
Asset-1	0.02	0.03
Asset-2	0.00	0.03
Asset-3		0.06
Asset-4A		0.21
Asset-4B		0.02
Asset-5A		0.01
Asset-5B		0.02

70. The O&M Expenses claimed by the Petitioner in the instant petition for the communication assets and as allowed as per the 2014 Tariff Regulations are as follows:



**Asset-1**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
Claimed by the Petitioner in the instant petition	0.36	0.52
Allowed after true-up in this order	0.34	0.49

**Asset-2**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
Claimed by the Petitioner in the instant petition	0.00	0.59
Allowed after true-up in this order	0.00	0.56

**Asset-3**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
Claimed by the Petitioner in the instant petition	1.02
Allowed after true-up in this order	0.96

**Asset-4A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by the Petitioner in the instant petition	3.87
Allowed after true-up in this order	3.66

**Asset-4B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by the Petitioner in the instant petition	0.40
Allowed after true-up in this order	0.38

**Asset-5A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by the Petitioner in the instant petition	0.12
Allowed after true-up in this order	0.11



**Asset-5B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by the Petitioner in the instant petition	0.12
Allowed after true-up in this order	0.10

**Asset-6**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by the Petitioner in the instant petition	0.00
Allowed after true-up in this order	0.00

**Interest on Working Capital (IWC)**

71. Regulation 28(1)(c) and Regulation 3(5) of the 2014 Tariff Regulations specify as follows:

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

(a) Xxxxx

(b) Xxxxx

(c) *Hydro generating station including pumped storage hydro-electric generating station and transmission system including communication system:*

(i) *Receivables equivalent to two months of fixed cost;*

(ii) *Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 29; and*

(iii) *Operation and maintenance 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 1.4.2014 or as on 1st April of the year during the tariff period 2014-15 to 2018-19 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.*

(5) **“Bank Rate”** *means the base rate of interest as specified by the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points;”*

72. IWC has been worked out as per the methodology provided in the Regulation 28 of the 2014 Tariff Regulations. The details of IWC allowed in the instant petition followed by summary of IWC claimed and IWC allowed in this order is as follows:





**Asset-1**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
<b>Interest on Working Capital</b>		
WC for O&M Expenses (O&M Expenses for 1 month)	0.03	0.04
WC for Maintenance Spares (15% of O&M Expenses)	0.06	0.07
WC for Receivables (Equivalent to 2 months of annual fixed cost/ annual transmission charges)	8.80	7.39
<b>Total Working Capital</b>	<b>8.89</b>	<b>7.50</b>
Rate of Interest (%)	12.60	12.60
<b>Interest on Working Capital</b>	<b>1.03</b>	<b>0.95</b>

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
Claimed by Petitioner in the instant petition	1.03	0.95
Allowed in this order	1.03	0.95

**Asset-2**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
<b>Interest on Working Capital</b>		
WC for O&M Expenses (O&M Expenses for 1 month)	0.00	0.08
WC for Maintenance Spares (15% of O&M Expenses)	0.00	0.14
WC for Receivables (Equivalent to 2 months of annual fixed cost/ annual transmission charges)	7.44	8.67
<b>Total Working Capital</b>	<b>7.44</b>	<b>8.89</b>
Rate of Interest (%)	12.60	12.60
<b>Interest on Working Capital</b>	<b>0.54</b>	<b>1.12</b>

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
Claimed by Petitioner in the instant petition	0.55	1.11
Allowed in this order	0.54	1.12



**Asset-3**

(₹ in lakh)

<b>Particulars</b>	<b>2018-19 (Pro-rata 273 days)</b>
<b>Interest on Working Capital</b>	
WC for O&M Expenses (O&M Expenses for 1 month)	0.11
WC for Maintenance Spares (15% of O&M Expenses)	0.19
WC for Receivables (Equivalent to 2 months of annual fixed cost/ annual transmission charges)	13.01
<b>Total Working Capital</b>	<b>13.31</b>
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>1.21</b>

(₹ in lakh)

<b>Particulars</b>	<b>2018-19 (Pro-rata 273 days)</b>
Claimed by Petitioner in the instant petition	1.31
Allowed in this order	1.21

**Asset-4A**

(₹ in lakh)

<b>Particulars</b>	<b>2018-19 (Pro-rata 211 days)</b>
<b>Interest on Working Capital</b>	
WC for O&M Expenses (O&M Expenses for 1 month)	0.53
WC for Maintenance Spares (15% of O&M Expenses)	0.95
WC for Receivables (Equivalent to 2 months of annual fixed cost/ annual transmission charges)	48.85
<b>Total Working Capital</b>	<b>50.32</b>
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>3.55</b>

(₹ in lakh)

<b>Particulars</b>	<b>2018-19 (Pro-rata 211 days)</b>
Claimed by Petitioner in the instant petition	3.88
Allowed in this order	3.55



**Asset-4B**

Particulars	(₹ in lakh)
	2018-19 (Pro-rata 211 days)
<b>Interest on Working Capital</b>	
WC for O&M Expenses (O&M Expenses for 1 month)	0.05
WC for Maintenance Spares (15% of O&M Expenses)	0.10
WC for Receivables (Equivalent to 2 months of annual fixed cost/ annual transmission charges)	5.52
Total Working Capital	<b>5.67</b>
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>0.40</b>

Particulars	(₹ in lakh)
	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	0.40
Allowed in this order	0.40

**Asset-5A**

Particulars	(₹ in lakh)
	2018-19 (Pro-rata 31 days)
<b>Interest on Working Capital</b>	
WC for O&M Expenses (O&M Expenses for 1 month)	0.11
WC for Maintenance Spares (15% of O&M Expenses)	0.20
WC for Receivables (Equivalent to 2 months of annual fixed cost/ annual transmission charges)	1.65
Total Working Capital	<b>1.96</b>
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>0.02</b>

Particulars	(₹ in lakh)
	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.02
Allowed in this order	0.02



**Asset-5B**

(₹ in lakh)	
Particulars	2018-19 (Pro-rata 31 days)
<b>Interest on Working Capital</b>	
WC for O&M Expenses (O&M Expenses for 1 month)	0.10
WC for Maintenance Spares (15% of O&M Expenses)	0.18
WC for Receivables (Equivalent to 2 months of annual fixed cost/ annual transmission charges)	1.51
<b>Total Working Capital</b>	<b>1.79</b>
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>0.02</b>

(₹ in lakh)	
Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.02
Allowed in this order	0.02

**Asset-6**

(₹ in lakh)	
Particulars	2018-19 (Pro-rata 31 days)
<b>Interest on Working Capital</b>	
WC for O&M Expenses (O&M Expenses for 1 month)	0.00
WC for Maintenance Spares (15% of O&M Expenses)	0.00
WC for Receivables (Equivalent to 2 months of annual fixed cost/ annual transmission charges)	26.80
<b>Total Working Capital</b>	<b>26.80</b>
Rate of Interest (%)	12.20
<b>Interest on Working Capital</b>	<b>0.28</b>

(₹ in lakh)	
Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.29
Allowed in this order	0.28

**Approved Annual Fixed Charges for the 2014-19 Period**

73. The details of AFC allowed in the instant petition followed by summary of AFC and AFC allowed in this order are as follows:



**Asset-1**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
Depreciation	17.32	16.24
Interest on Loan	13.61	11.45
Return on Equity	16.17	15.21
O&M Expenses	0.34	0.49
Interest on Working Capital	1.03	0.95
<b>Total</b>	<b>48.48</b>	<b>44.33</b>

(₹ in lakh)

Particulars	2017-18 (Pro-rata 335 days)	2018-19
Claimed by Petitioner in the instant petition	48.49	44.37
Allowed in this order	48.48	44.33

**Asset-2**

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
Depreciation	9.20	18.57
Interest on Loan	7.59	14.39
Return on Equity	8.59	17.39
O&M Expenses	0.00	0.56
Interest on Working Capital	0.54	1.12
<b>Total</b>	<b>25.93</b>	<b>52.03</b>

(₹ in lakh)

Particulars	2017-18 (Pro-rata 212 days)	2018-19
Claimed by Petitioner in the instant petition	25.93	52.05
Allowed in this order	25.93	52.03

**Asset-3**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
Depreciation	20.45
Interest on Loan	16.59
Return on Equity	19.15
O&M Expenses	0.96
Interest on Working Capital	1.21
<b>Total</b>	<b>58.37</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 273 days)
Claimed by Petitioner in the instant petition	62.81
Allowed in this order	58.37



**Asset-4A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Depreciation	58.81
Interest on Loan	48.34
Return on Equity	55.07
O&M Expenses	3.66
Interest on Working Capital	3.55
<b>Total</b>	<b>169.43</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	185.28
Allowed in this order	169.43

**Asset-4B**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Depreciation	6.63
Interest on Loan	5.53
Return on Equity	6.21
O&M Expenses	0.38
Interest on Working Capital	0.40
<b>Total</b>	<b>19.15</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 211 days)
Claimed by Petitioner in the instant petition	19.80
Allowed in this order	19.15

**Asset-5A**

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Depreciation	0.25
Interest on Loan	0.23
Return on Equity	0.23
O&M Expenses	0.11
Interest on Working Capital	0.02
<b>Total</b>	<b>0.84</b>



(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.98
Allowed in this order	0.84

#### Asset-5B

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Depreciation	0.23
Interest on Loan	0.20
Return on Equity	0.22
O&M Expenses	0.10
Interest on Working Capital	0.02
<b>Total</b>	<b>0.77</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	0.83
Allowed in this order	0.77

#### Asset-6

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Depreciation	4.82
Interest on Loan	4.04
Return on Equity	4.52
O&M Expenses	0.00
Interest on Working Capital	0.28
<b>Total</b>	<b>13.66</b>

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by Petitioner in the instant petition	14.33
Allowed in this order	13.66

### **Filing Fee and the Publication Expenses**

74. The Petitioner has sought reimbursement of fee paid by it for filing the Petition and publication expenses. We have considered the submissions of the Petitioner.



Regulation 52 of the 2014 Tariff Regulations provides for reimbursement of filing fees and publication paid by the Petitioner. Accordingly, the Petitioner is 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 52 of the 2014 Tariff Regulations.

### **Licence Fee & RLDC Fees and Charges**

75. The Petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 52(2)(a) of the 2014 Tariff Regulations for the 2014-19 tariff period. The Petitioner shall also be entitled for recovery of RLDC fee and charges in accordance with Regulations 52(2)(a) of the 2014 Tariff Regulations for 2014-19 tariff period.

### **Goods and Services Tax**

76. 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. MPPMCL has submitted that GST is exempted on the charges of transmission of electricity vide Government of India Notification No. 12/2017 – Central Tax (Rate) dated 28.6.2017.

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





### **Sharing of Transmission Charges**

78. Asset-1, Asset-2, Asset-4A, Asset-4B and Asset-5B are OPGW link under Central Sector. Therefore, the transmission charges of Asset-1, Asset-2, Asset-4A, Asset-4B and Asset-5B shall be recovered as as per Regulation 43(2) of the 2014 Tariff Regulations for the 2014-19 tariff period.

79. Asset-3, Asset-5A, and Asset-6 are OPGW link under State Sector. Therefore, the transmission charges allowed for the instant communication assets i.e. Asset-3, Asset-5A, and Asset-6 shall be recovered from the respective States as per Regulation 43(2) of the 2014 Tariff Regulations for the 2014-19 tariff period.

80. To summarise, the Annual Fixed Charges allowed in respect of the communication assets under the instant petition for 2014-19 period are as follows:

(₹ in lakh)		
Assets	2017-18	2018-19
Asset-1	48.48	44.33
Asset-2	25.93	52.03
Asset-3		58.37
Asset-4A		169.43
Asset-4B		19.15
Asset-5A		0.84
Asset-5B		0.77
Asset-6		13.66

81. Annexure-I given hereinafter form part of the order.

82. This order disposes of Petition No. 731/TT/2020 in terms of the above discussion and findings.

sd/  
**(P. K. Singh)**  
Member

sd/-  
**(Arun Goyal)**  
Member

sd/-  
**(I.S. Jha)**  
Member



**ANNEXURE-I****Asset-1**

2014-19 Capital Expendi- ture	Admitted Capital Cost as on 1.4.2014/C OD (₹ in lakh)	ACE (₹ in lakh)			Admitted Capital Cost as on 31.3.201 9 (₹ in lakh)	Rate of Deprecia- tion as per Regulati- ons	Annual Depreciation as per Regulations (₹ in lakh)	
		2017- 18	2018- 19	Total			2017- 18	2018- 19
PLCC	346.07	- 95.98	- 12.86	- 83.12	262.95	6.33%	18.87	16.24
<b>Total</b>	<b>346.07</b>	<b>- 95.98</b>	<b>- 12.86</b>	<b>- 83.12</b>	<b>262.95</b>	<b>Total</b>	<b>18.87</b>	<b>16.24</b>
<b>Average Gross Block (₹ in lakh)</b>							<b>298.0 8</b>	<b>256.5 2</b>
<b>Weighted Average Rate of Depreciation</b>							<b>6.33%</b>	<b>6.33%</b>

**Asset-2**

2014-19 Capital Expendi- ture	Admitted Capital Cost as on 1.4.2014/C OD (₹ in lakh)	ACE (₹ in lakh)			Admitted Capital Cost as on 31.3.201 9 (₹ in lakh)	Rate of Deprecia- tion as per Regulati- ons	Annual Depreciation as per Regulations (₹ in lakh)	
		2017- 18	2018- 19	Total			2017- 18	2018- 19
PLCC	226.45	47.60	38.58	86.18	312.63	6.33%	15.84	18.57
<b>Total</b>	<b>226.45</b>	<b>47.60</b>	<b>38.58</b>	<b>86.18</b>	<b>312.63</b>	<b>Total</b>	<b>15.84</b>	<b>18.57</b>
<b>Average Gross Block (₹ in lakh)</b>							<b>250.2 5</b>	<b>293.3 4</b>
<b>Weighted Average Rate of Depreciation</b>							<b>6.33%</b>	<b>6.33%</b>



**Asset-3**

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/CO D (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)
		2018-19	Total			2018-19
PLCC	408.50	46.86	46.86	455.37	6.33%	27.34
<b>Total</b>	<b>408.50</b>	<b>46.86</b>	<b>46.86</b>	<b>455.37</b>	<b>Total</b>	<b>27.34</b>
<b>Average Gross Block (₹ in lakh)</b>						<b>431.94</b>
<b>Weighted Average Rate of Depreciation</b>						<b>6.33%</b>

**Asset-4A**

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/CO D (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)
		2018-19	Total			2018-19
PLCC	1517.17	180.11	180.11	1697.28	6.33%	101.74
<b>Total</b>	<b>1517.17</b>	<b>180.11</b>	<b>180.11</b>	<b>1697.28</b>	<b>Total</b>	<b>101.74</b>
<b>Average Gross Block (₹ in lakh)</b>						<b>1607.22</b>
<b>Weighted Average Rate of Depreciation</b>						<b>6.33%</b>



**Asset-4B**

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/CO D (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)
		2018-19	Total			2018-19
PLCC	216.96	- 71.39	- 71.39	145.57	6.33%	11.47
<b>Total</b>	<b>216.96</b>	<b>- 71.39</b>	<b>- 71.39</b>	<b>145.57</b>	<b>Total</b>	<b>11.47</b>
<b>Average Gross Block (₹ in lakh)</b>						<b>181.27</b>
<b>Weighted Average Rate of Depreciation</b>						<b>6.33%</b>

**Asset-5A**

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/CO D (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)
		2018-19	Total			2018-19
PLCC	43.48	5.20	5.20	48.68	6.33%	2.92
<b>Total</b>	<b>43.48</b>	<b>5.20</b>	<b>5.20</b>	<b>48.68</b>	<b>Total</b>	<b>2.92</b>
<b>Average Gross Block (₹ in lakh)</b>						<b>46.08</b>
<b>Weighted Average Rate of Depreciation</b>						<b>6.33%</b>



**Asset-5B**

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/CO D (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)
		2018-19	Total			2018-19
PLCC	52.29	- 18.57	- 18.57	33.72	6.33%	2.72
<b>Total</b>	<b>52.29</b>	<b>- 18.57</b>	<b>- 18.57</b>	<b>33.72</b>	<b>Total</b>	<b>2.72</b>
<b>Average Gross Block (₹ in lakh)</b>						<b>43.00</b>
<b>Weighted Average Rate of Depreciation</b>						<b>6.33%</b>

**Asset-6**

2014-19 Capital Expenditure	Admitted Capital Cost as on 1.4.2014/CO D (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)
		2018-19	Total			2018-19
PLCC	853.93	86.41	86.41	940.34	6.33%	56.79
<b>Total</b>	<b>853.93</b>	<b>86.41</b>	<b>86.41</b>	<b>940.34</b>	<b>Total</b>	<b>56.79</b>
<b>Average Gross Block (₹ in lakh)</b>						<b>897.14</b>
<b>Weighted Average Rate of Depreciation</b>						<b>6.33%</b>

