

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 89/TT/2020**

**Coram:**

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

**Date of order: 21.01.2022**

**In the matter of:**

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and revision of transmission tariff of 2001-04, 2004-09 and 2009-14 tariff periods and truing up of transmission tariff of 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 in respect of 400 kV D/C Ramagundam-Bhadrawati (Chandrapur) Transmission System in Southern and Western Regions.

**And in the Matter of:**

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

.....Petitioner

**Versus**

1. Karnataka Power Transmission Corporation Limited,  
Kaveri Bhavan,  
Bangalore – 560 009.
2. Transmission Corporation of Andhra Pradesh Limited,  
Vidyut Soudha,  
Hyderabad – 500 082.
3. Kerala State Electricity Board,  
Vaidyuthi Bhavanam Pattom,  
Thiruvananthapuram – 695 004.
4. Tamil Nadu Generation and Distribution Corporation Limited,  
(Formerly Tamil Nadu Electricity Board -TNEB)  
NPKRR Maaligai, 800, Anna Salai, Chennai – 600 002.



5. Electricity Department,  
Government of Pondicherry,  
Pondicherry – 605 001.
6. Eastern Power Distribution Company of Andhra Pradesh Limited,  
P&T Colony, Seethmmadhara,  
Vishakhapatnam, Andhra Pradesh.,
7. Southern Power Distribution Company of Andhra Pradesh Limited,  
Srinivasasa Kalyana Mandapam Backside,  
Tiruchanoor Road, Kesavayana Gunta, Tirupati - 517 501,  
Chittoor District, Andhra Pradesh.
8. Northern Power Distribution Company of Andhra Pradesh Limited,  
Opp. NIT Petrol Pump, Chaitanyapuri, Kazipet,  
Warangal – 506 004, Telangana.
9. Bangalore Electricity Supply Company Limited,  
Corporate Office, K. R. Circle,  
Bangalore –560 001, Karnataka.
10. Gulbarga Electricity Supply Company Limited,  
Station Main Road, Gulbarga,  
Karnataka.
11. Hubli Electricity Supply Company Limited,  
Navanagar, PB Road, Hubli,  
Karnataka.
12. MESCOM Corporate Office,  
Paradigm Plaza, AB Shetty Circle,  
Mangalore – 575 001, Karnataka.
13. Chamundeswari Electricity Supply Corporation Limited,  
927, L J Avenue,  
Ground Floor, New Kantharaj Urs Road, Saraswatipuram,  
Mysore – 570 009, Karnataka.
14. Electricity Department,  
Government of Goa,  
Vidyuti Bhawan,  
Panaji, Goa – 403 001.
15. Transmission Corporation of Telangana Limited,  
Vidhyut Sudha, Khairatabad,  
Hyderabad – 500082.



16. Tamil Nadu Transmission Corporation,  
NPKRR Maaligai, 800, Anna Salai,  
Chennai – 600 002.
17. Madhya Pradesh Power Management Company Limited,  
Shakti Bhawan, Rampur,  
Jabalpur – 482 008.
18. Madhya Pradesh Power Transmission Company Limited,  
Shakti Bhawan, Rampur,  
Jabalpur – 482 008.
19. Madhya Pradesh Audyogik Kendra,  
Vikas Nigam (Indore) Limited,  
3/54, Press Complex, Agra-Bombay Road,  
Indore – 452 008.
20. Maharashtra State Electricity Distribution Company Limited,  
Hongkong Bank Building, 3<sup>rd</sup> Floor,  
M.G. Road, Fort ,  
Mumbai – 400 001.
21. Maharashtra State Electricity Transmission Company Limited,  
Prakashganga, 6<sup>th</sup> floor, Plot No. C-19, E-Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051.
22. Gujarat Urja Vikas Nigam Limited,  
Sardar Patel Vidyut Bhawan,  
Race Course Road, Vadodara – 390 007.
23. Electricity Department,  
Administration of Daman & Diu,  
Daman – 396 210.
24. DNH Power Distribution Corporation Limited,  
Vidyut Bhawan, 66 kV road, Near Secretariat Amli,  
Silvassa – 396 230.
25. Chattisgarh State Power Transmission Company Limited,  
State Load Despatch Building, Dangania,  
Raipur – 492 013.
26. Chattisgarh State Power Distribution Company Limited,  
P.O. Sunder Nagar, Dangania,  
Raipur, Chhattisgarh – 492 013.

**...Respondent(s)**



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

**For Respondents:** Shri S. Vallinayagam, Advocate, TANGEDCO  
Dr. R. Kathiravan, TANGEDCO  
Shri. R. Ramalakshmi, TANGEDCO  
Shri R. Srinivasan, TANGEDCO

### **ORDER**

The instant petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for revision of transmission tariff of 2001-04, 2004-09 and 2009-14 tariff periods, truing up of transmission tariff for the period from 1.4.2014 to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and for determination of tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of 400 kV D/C Ramagundam-Bhadrawati (Chandrapur) Transmission System in Southern and Western Regions (hereinafter referred to as “the transmission asset”).

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

*“1) Approve the revised Transmission Tariff for 2001-04 block as per para 8 above.*



2) Approve the trued up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 9 and 10 above.

3) A. Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 9 and 10 above for respective block.

B. Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long term customers / DIC as the case may be, as and when the same is materialized as per regulation 49 of 2014 and regulation 67 of 2019 tariff regulation. The petitioner may be allow to recover the deferred tax liability materialised directly without making any application before the commission as provided in the regulation.

4) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure ( if any) in relation to the filing of petition.

5) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.

6) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 10.5 above.

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

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

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

### **Background of the case**

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

(a) The Ministry of Power, Government of India, approved setting up of Central Transmission Project-I, which included 400 kV D/C Ramagundam-



Chandrapur Transmission System with a total capital investment of ₹35485 lakh. Subsequently, Ministry of Power accorded its approval for the Revised Cost Estimates (RCE) for ₹38805 lakh. The cost estimate was further revised and Ministry of Power accorded its fresh approval of capital investment of ₹51650 lakh vide its letter dated 16.6.1993. The apportioned approved cost of 400 kV D/C Ramagundam-Chandrapur Transmission System is ₹5295.60 lakh, including IDC of ₹110.73 lakh.

(b) The scope of work of the transmission asset is as follows:

- 400 kV D/C Ramagundam-Chandrapur-I and Ramagundam-Chandrapur-II

(c) The entire scope of work has been completed and is covered in the instant petition.

(d) 400 kV D/C Ramagundam-Chandrapur-I was put into commercial operation on 23.11.1990 while 400 kV D/C Ramagundam-Chandrapur-II was declared under commercial operation on 30.12.1990. The approval of transmission tariff from 1.4.2001 to 31.3.2004 was approved vide order dated 30.6.2003 in Petition No. 9/2002 and the same was revised on account of FERV adjustment vide order dated 8.2.2008 in Petition No. 9/2002.

(e) The transmission tariff from 1.4.2004 to 31.3.2009 was approved vide order dated 20.12.2005 in Petition No. 138/2004 which was revised on account of FERV adjustment vide order dated 14.2.2008 in Petition No. 138/ 2004.

(f) The transmission tariff of 2009-14 period was allowed vide order dated 12.7.2011 in Petition No. 271/2009. The transmission tariff of 2009-14 period was trued up and tariff for the period from 1.4.2014 to 31.3.2019 was determined vide order dated 8.12.2015 in Petition No. 375/TT/2014.

(g) The Petitioner has sought revision of transmission tariff approved for 2001-04 and 2004-09 tariff periods on account of change in Interest on Loan ("IoL") and Interest on Working Capital ("IWC") to the extent of revision in IoL and in Maintenance Spares in terms of the judgments of the Appellate Tribunal for Electricity ("The APTEL") dated 22.1.2007 in Appeal No. 81 of 2005 and



batch matters and dated 13.6.2007 in Appeal No.139 of 2006 and batch matters. The Petitioner has also sought consequential revision of transmission tariff allowed for 2009-14 tariff period, truing up of tariff of 2014-19 period and determination of tariff for the 2019-24 period in respect of the transmission asset.

(h) The APTEL in judgment dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters pertaining to generating stations of NTPC had considered 4 (four) issues. The issues considered by the APTEL and its decisions are as given in the following table:

Sl. No.	Issue	APTEL's decisions/ directions
1	Whether APTEL can enquire into the validity of Regulations framed by the Commission	Challenge to the validity of Regulations framed by the Commission falls outside the purview of APTEL.
2	Computation of interest on loan	In view of the order of the APTEL dated 14.11.2016 in Appeal Nos. 94 and 96 of 2005 and order dated 24.1.2007 passed in Appeal Nos. 81 to 87, 89 to 93 of 2005, computation of loan has to be based on loan repayment on normative basis. Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis.
3(a)	O&M Expenses: Inadequate provision of employee costs as part of O&M Expenses due to variation in salary and wages	Commission's view upheld.
3(b)	O&M Expenses: Non-inclusion of incentives and ex-gratia payment to employees	Commission's view upheld.
4	Cost of spares for calculation of working capital	Commission's view upheld.

(i) The APTEL in its judgment dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters pertaining to generating stations of NTPC had considered 9 (nine) issues. The issues considered and the decisions of the APTEL are given in the following table:



<b>Sl. No.</b>	<b>Issue</b>	<b>APTEL's decisions/ directions</b>
I	Computation of outstanding loan at the beginning of the tariff period i.e. 1.4.2004	The Commission is required to recalculate the loan outstanding as on 31.3.2004 based on loan repayment on normative basis.
II	Consequence of refinance of loan	The Commission to consider the issue afresh.
III	Treating depreciation available as deemed repayment of loan	The Commission to make a fresh computation of outstanding loan.
IV	Admissibility of depreciation up to 90%	The Commission to consider the issue afresh.
V	Cost of Maintenance Spares	The Commission to consider the issue afresh.
VI	Impact of de-capitalisation of the assets on cumulative repayment of Loan	The cumulative repayment of the loan proportionate to the assets decapitalized required to be reduced. Commission to act accordingly.
VII	Non-consideration of normative transit loss for coal import.	The Commission to consider afresh the transit losses for coal imported from coal mines other than the dedicated ones.
VIII	Foreign Exchange rate variation (FERV)	FERV has been kept as pass through to ensure that any liability or gain, if any, arising on account of any variation in foreign exchange rates is passed on to the beneficiary as held in order dated 4.10.2006 in Appeal Nos.135 to 140 of 2005. Commission to act accordingly.
IX	Computation of interest on loan in Singrauli Station	Net loan closing at the end of a year is reflected as net loan opening on the first day of the next year. The Commission shall re-compute the interest accordingly.

(j) The Commission and certain interested parties preferred Civil Appeals against the APTEL's judgments before the Hon'ble Supreme Court in 2007. The Appeals were admitted and initially stay was granted by the Hon'ble Supreme Court. Subsequently, on an assurance by NTPC that the issues under Appeal would not be pressed for implementation during the pendency of the Appeals, the stay was vacated by the Hon'ble Supreme Court.

(k) Based on the APTEL's judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and dated 13.6.2007 in Appeal No. 139 of 2007 and batch cases, the Petitioner had sought revision of tariff of its transmission assets for 2001-04 and 2004-09 tariff periods vide Petition No. 121/2007. The





Commission after taking into consideration the pendency of Appeals before the Hon'ble Supreme Court adjourned the said petition *sine die* and directed that the same be revived after the disposal of Civil Appeals by the Hon'ble Supreme Court.

(l) The Hon'ble Supreme Court vide its order dated 10.4.2018, dismissed the said Civil Appeals filed against the APTEL's said judgments. Thus, the judgements of the APTEL have attained finality.

(m) Consequent to the Hon'ble Supreme Court's order dated 10.4.2018 in NTPC matters, Petition No. 121/2007 was listed for hearing before the Commission on 8.1.2019. The Commission vide order dated 18.1.2019 in Petition No. 121/2007, directed the Petitioner to submit its claim separately in respect of the transmission assets at the time of filing of truing up petition for the 2014-19 tariff period.

(n) The instant petition was heard on 10.9.2021 and in view of the APTEL's judgments dated 22.1.2007 and 13.6.2007 and the order of Hon'ble Supreme Court dated 10.4.2018, tariff is being revised. Period wise transmission tariff is being re-worked based on the Tariff Regulations applicable for the respective tariff periods and suitable assumptions have been made at certain places which have been applied and indicated.

4. The Respondents are transmission utilities, distribution licensees and power departments which are procuring transmission services from the Petitioner mainly beneficiaries of the Southern and Western Regions.

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. MPPMCL has filed its reply vide affidavit dated 18.2.2021 and has



raised issues of revision of tariff and grossing up of Return on Equity (“RoE”). TANGEDCO has filed its reply vide affidavit dated 7.9.2021 and has raised issues of retrospective revision of transmission tariff and sharing of transmission charges. The Petitioner has filed rejoinders to the replies of MPPMCL and TANGEDCO vide affidavits dated 7.9.2021 and 9.9.2021 respectively.

**Re: Interest on Loan (“IoL”)**

6. The APTEL while dealing with the issue of computation of IoL, in judgment dated 22.1.2007, observed that IoL for the period from 1.4.1998 to 31.3.2001 shall be computed only on normative loan repayment as per its judgment dated 14.11.2006 in Appeal No. 94 and Appeal No. 96 of 2005. The APTEL vide its judgment dated 14.11.2006 had set aside the Commission’s methodology of computation of loan on the actual repayment basis or normative repayment whichever is higher and held that the Commission is required to adopt normative debt repayment methodology for working out IoL liability order for the period 1.4.1998 to 31.3.2001. In view of the above, the interest allowed for 2001-04 and 2004-09 tariff periods is revised on the basis of the normative debt repayment methodology.

**Re: Additional Capital Expenditure (“ACE”)**

7. The APTEL vide judgment dated 13.6.2007 in Appeal No. 139/2006 and others held that ACE after the date of commercial operation (COD) should also be considered for computation of maintenance spares. In view of the above, the maintenance spares to be considered for computation of working capital for 2001-04 and 2004-09 tariff periods are also required to be revised taking into consideration ACE after COD.



**Re: Depreciation**

8. As regards depreciation, the APTEL in its judgement dated 13.6.2007 in Appeal No. 139 of 2006 observed that depreciation is an expense and it cannot be deployed for deemed repayment of loan and accordingly directed the Commission to compute the outstanding loan afresh. In view of the above directions of the APTEL, the outstanding loan allowed in respect of the transmission asset for 2001-04 and 2004-09 tariff periods is revised in the instant order.

9. The revision of transmission tariff allowed for 2001-04 and 2004-09 tariff periods necessitates the revision of transmission tariff allowed for 2009-14 tariff period, which is also being done in the present order. The implementation of the directions of the APTEL vide judgments dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and 13.6.2007 in Appeal No. 139 of 2006 and batch cases in case of the Petitioner was kept pending awaiting the outcome of the Civil Appeals filed before the Hon'ble Supreme Court. Taking into consideration the facts of the case and keeping in view the interest of the consumers, we are of the view that the beneficiaries should not be burdened with the carrying cost for the difference in the tariff allowed earlier and allowed in the instant order for the 2001-04, 2004-09 and 2009-14 tariff periods. Therefore, we direct that the Petitioner will neither claim nor pay any carrying cost from or to the beneficiaries for the difference, if any, in the tariff allowed earlier and the tariff being allowed in the instant order. Further, the said difference in tariff shall be recovered/ paid over a period of six months from the date of issue of this order.



10. The hearing in this matter was held on 10.9.2021 through video conference and order was reserved.

11. Having heard the representatives of the Petitioner, MPPMCL and learned counsel for TANGEDCO and having perused the material on record, we proceed to dispose of the petition.

12. This order is issued considering the submissions made in the petition vide affidavits dated 10.10.2019 and 14.7.2021, replies of MPPMCL and TANGEDCO filed vide affidavits dated 18.2.2021 and 7.9.2021 respectively and Petitioner's rejoinder affidavits dated 7.9.2021 and 9.9.2021.

13. It has been placed before us that MPPMCL has been raising the same issue(s) in other petitions as well despite clear findings of the Commission. The contentions of MPPMCL have been rejected by the Commission in other petitions including Petition No. 326/TT/2020. As MPPMCL has not challenged the findings, the same have attained finality. In view of these, the plea(s) raised by MPPMCL are rejected.

14. It has also been placed before us that TANGEDCO has been raising the same issue of retrospective revision of tariff in other petitions as well despite clear findings of the Commission. The contentions of TANGEDCO have been rejected by the Commission in various petitions including vide order dated 8.11.2021 in Petition No. 141/TT/2020. As TANGEDCO has not challenged the findings of the Commission, the same have attained finality. Accordingly, the issue of retrospective revision of tariff raised by TANGEDCO is rejected.



15. The issues which are specific to the present petition and not considered earlier by the Commission, are being considered in the relevant paragraphs of this order.

**REVISION OF TRANSMISSION CHARGES FOR 2001-04, 2004-09 AND 2009-14 TARIFF PERIODS**

**2001-04 Tariff Period**

16. The Commission approved the transmission charges for 2001-04 period vide order dated 30.6.2003 in Petition No. 9/2002 which was revised on account of FERV adjustment vide order dated 8.2.2008 in Petition No. 9/2002 as follows:

Particulars	(₹ in lakh)		
	2001-02	2002-03	2003-04
Depreciation	139.92	139.92	87.78
Return on Equity	286.96	286.96	286.96
O&M Expenses	245.52	260.25	275.86
Advance against Depreciation	34.47	34.47	0.00
Interest on Loan	13.02	3.21	0.00
Interest on Working Capital	23.61	24.27	23.43
<b>Total</b>	<b>743.49</b>	<b>749.08</b>	<b>674.04</b>

17. The Petitioner has claimed the following revised transmission charges in respect of the transmission asset for 2001-04 period in the instant petition:

Particulars	(₹ in lakh)		
	2001-02	2002-03	2003-04
Depreciation	139.92	139.92	87.78
Return on Equity	286.96	286.96	286.96
O&M Expenses	245.52	260.25	275.86
Advance against Depreciation	34.47	34.47	0.00
Interest on Loan	10.57	0.00	0.00
Interest on Working Capital	23.56	24.21	23.43
<b>Total</b>	<b>741.00</b>	<b>745.81</b>	<b>674.03</b>

18. We have considered the submissions of the Petitioner. The tariff is revised in respect of the transmission asset on the basis of following:

- a) Admitted capital cost of ₹5146.15 lakh as on 1.4.2001;



b) Weighted Average Rate of Interest (“WAROI”) on actual loan adopted vide order dated 30.6.2003 in Petition No. 9/2002; and

c) Weighted Average Rate of Depreciation (“WAROD”), Rate of Interest (“RoI”) for Working Capital and O&M Expenses as per order dated order dated 30.6.2003 in Petition No. 9/ 2002.

19. In view of the above, the revised transmission charges allowed in respect of the transmission asset for 2001-04 tariff period are as follows:

(₹ in lakh)			
Particulars	2001-02	2002-03	2003-04
Depreciation	139.92	139.92	87.78
Return on Equity	286.96	286.96	286.96
O&M Expenses	245.52	260.25	275.86
Advance against Depreciation	34.47	34.47	0.00
Interest on Loan	10.57	0.00	0.00
Interest on Working Capital	23.56	24.21	23.43
<b>Total</b>	<b>741.00</b>	<b>745.81</b>	<b>674.03</b>

20. The Annual Fixed Charges (“AFC”) allowed for 2001-04 tariff period vide order dated 30.6.2003 in Petition No. 9/2002 (and revised on account of FERV adjustment vide order dated 8.2.2008 in Petition No. 9/2002), revised AFC claimed in the instant petition and AFC allowed in the instant order are as follows:

(₹ in lakh)			
Particulars	2001-02	2002-03	2003-04
AFC approved vide order dated 30.6.2003 in Petition No. 9/ 2002 and revised on account of FERV adjustment vide order dated 8.2.2008 in Petition No. 9/ 2002.	743.49	749.08	674.04
AFC claimed by the Petitioner in the instant petition.	741.00	745.81	674.03
AFC allowed in the instant order.	741.00	745.81	674.03

### **2004-09 and 2009-14 Tariff Period**

21. Entire loan has been repaid during 2001-04 tariff period and as such there is no impact of the APTEL’s judgments dated 22.1.2007 in Appeal No. 81/2005 and batch matters and 13.6.2007 in Appeal No.139/2006 and batch cases on the tariff



as the same has already been allowed by the Commission in 2004-09 and 2009-14 tariff periods. Therefore, we have not revised the tariff for 2004-09 and 2009-14 tariff periods as it has already been granted.

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

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

<b>Particulars</b>	<b>(₹ in lakh)</b>				
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Depreciation	100.05	100.05	100.05	100.04	100.24
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	491.22	493.47	493.22	493.22	494.65
Interest on Working Capital	33.87	34.60	35.29	36.01	36.78
O&M Expenses	366.77	379.03	391.57	404.57	417.99
<b>Total</b>	<b>991.91</b>	<b>1007.15</b>	<b>1020.13</b>	<b>1033.84</b>	<b>1049.66</b>

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

<b>Particulars</b>	<b>(₹ in lakh)</b>				
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
O&M Expenses	30.56	31.59	32.63	33.71	34.83
Maintenance Spares	55.02	56.85	58.74	60.69	62.70
Receivables	165.32	167.86	170.02	172.31	174.95
<b>Total</b>	<b>250.90</b>	<b>256.30</b>	<b>261.39</b>	<b>266.71</b>	<b>272.48</b>
Rate of Interest (in %)	13.50	13.50	13.50	13.50	13.50
<b>Interest on Working Capital</b>	<b>33.87</b>	<b>34.60</b>	<b>35.29</b>	<b>36.01</b>	<b>36.78</b>

### **Capital Cost as on 1.4.2014**

24. The capital cost of the transmission asset has been calculated in accordance with Regulation 9(3) and Regulation 9(6) of the 2014 Tariff Regulations.

25. The Commission vide order dated 8.12.2015 in Petition No. 375/TT/2014 approved the transmission tariff in respect of the transmission asset for 2014-19 period based on admitted capital cost of ₹5451.04 lakh as on 31.3.2014. Therefore,



the admitted capital cost of ₹5451.04 lakh as on 31.3.2014 has been considered for working out the true up tariff for 2014-19 tariff period.

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

26. The Commission vide order dated 8.12.2015 in Petition No. 375/TT/2014 held as follows:

*“36. The petitioner has claimed additional capital expenditure amounting to ₹11.42 lakh during 2014-15 towards balance payments for the work towards tower strengthening work approved vide order dated 12.7.2011. However, as per Auditor’s certificate dated 13.9.2014, the balance expenditure has been indicated during 2013-14. We rely on the Auditor’s Certificate and considered that there is no additional capital expenditure during 2014-15 for the purpose of tariff. The petitioner is at the liberty to raise this issue at the time of true-up for 2014-19 tariff period. Hence, no additional capital expenditure during 2014-19 tariff period has been considered.”*

27. The Petitioner vide affidavit dated 14.7.2021 has submitted that ACE claimed during 2014-19 tariff period is beyond the cut-off date but it is covered under the original scope of work. The Petitioner has claimed balance payments for the works of tower strengthening due to change in wind zone under Regulation 14(3)(ix) of the 2014 Tariff Regulations. The Petitioner has submitted that claimed ACE of ₹3.43 lakh is within the projected ACE of ₹11.42 lakh for 2014-19 period and was claimed in Petition No. 375/TT/2014. However, due to inadvertent error, the expenditure of ₹11.42 lakh was mentioned as balance expenditure during 2013-14 instead of expenditure of 2014-15 period.

28. We have considered the submissions of Petitioner and have perused the record. The Commission, at paragraph 36 of order dated 8.12.2015 in Petition No. 375/TT/2014, while considering the Petitioner’s claim for ACE observed that the Petitioner has claimed ACE of ₹11.42 lakh during 2014-15 period towards balance payments for the work of tower strengthening. However, Auditor’s Certificate dated 13.9.2014 in Petition No. 375/TT/2014 indicated the amount towards balance





expenditure during 2013-14 period. Relying on the Auditor's certificate, the Commission vide order dated 8.12.2015 observed that there is no ACE during 2014-15 for the purpose of tariff and granted liberty to the petitioner to raise this issue at the time of truing up of tariff of 2014-19 period. On considering the submissions of the Petitioner, we allow ACE of ₹3.43 lakh claimed towards tower strengthening under Regulation 14(3)(ix) of the 2014 Tariff Regulations.

**Capital Cost considered for true up of tariff for 2014-19 tariff period**

29. The capital cost considered for truing up of tariff for 2014-19 period is as follows:

(₹ in lakh)		
Capital Cost as on 1.4.2014	ACE during 2014-19 Period	Capital Cost as on 31.3.2019
5451.04	3.43	5454.47

**Debt-Equity Ratio**

30. As per Regulation 19(3) of the 2014 Tariff Regulations, the admitted debt-equity ratio of 54.08:45.92 for the period ending on 31.3.2014 has been considered as opening debt-equity ratio as on 1.4.2014 for the purpose of truing up of tariff of 2014-19 period in respect of the transmission asset. The details of debt-equity ratio allowed in respect of the transmission asset as on 1.4.2014 and 31.3.2019 are as follows:

Particulars	Capital cost as on 1.4.2014 (₹ in lakh)	(in %)	Total cost as on 31.3.2019 (₹ in lakh)	(in %)
Debt	2948.02	54.08	2950.42	54.09
Equity	2503.02	45.92	2504.05	45.91
<b>Total</b>	<b>5451.04</b>	<b>100.00</b>	<b>5454.47</b>	<b>100.00</b>



## Depreciation

31. The Commission had approved weighted average life of 34 years as on 1.4.2001 and arrived at the balance useful life of 24 years vide order dated 30.6.2003 in Petition No. 9/2002. Further, since the transmission asset has already completed 12 years of useful life as on 1.1.2003, the remaining depreciable value has been spread over the balance useful life in accordance with Regulation 33(5) of the 2014 Tariff Regulations. Accordingly, depreciation allowed in respect of the transmission asset for 2014-19 tariff period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	5451.04	5451.04	5451.04	5451.04	5451.04
ACE	0.00	0.00	0.00	0.00	3.43
Closing Gross Block	5451.04	5451.04	5451.04	5451.04	5454.47
Average Gross Block	5451.04	5451.04	5451.04	5451.04	5452.76
Rate of Depreciation (in %)	2.00	2.00	2.00	2.00	2.01
Balance useful life (at the beginning of the year) (Year)	11.00	<b>10.00</b>	9.00	<b>8.00</b>	7.00
Aggregate Depreciable Value	4905.94	4905.94	4905.94	4905.94	4907.48
<b>Depreciation during the year</b>	<b>109.14</b>	<b>109.14</b>	<b>109.14</b>	<b>109.14</b>	<b>109.36</b>
Cumulative Aggregate Depreciation	3814.58	3923.71	4032.85	4141.98	4251.34
Remaining Aggregate Depreciable Value	1091.36	982.22	873.09	763.95	656.14

32. Accordingly, depreciation approved vide order dated 8.12.2015 in Petition No. 375/TT/2014, as claimed by the Petitioner in the instant petition and trued up depreciation in respect of the transmission asset in the instant order is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 8.12.2015 in Petition No. 375/TT/2014.	109.14	109.14	109.14	109.14	109.14
Claimed by the Petitioner in the instant petition.	100.05	100.05	100.05	100.04	100.24
Allowed after true-up in this order.	109.14	109.14	109.14	109.14	109.36



### **Interest on Loan (“IoL”)**

33. The Petitioner has not claimed any IoL for 2014-19 tariff period as the entire loan has already been repaid during 2001-04 period. Accordingly, IoL has been considered as ‘Nil’ for the purpose of tariff.

### **Return on Equity (“RoE”)**

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

<b>Year</b>	<b>Claimed effective tax rate (in %)</b>	<b>Grossed up RoE (in %) [(Base Rate)/(1-t)]</b>
2014-15	21.018	19.624
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

35. MPPMCL has submitted that the Petitioner has grossed up RoE on the basis of actual taxes paid during 2016-17 and 2017-18. MPPMCL has further submitted that for 2018-19, the Petitioner has grossed up RoE on the basis of applicable rate of MAT, surcharge and cess. MPPMCL has submitted that the Petitioner has not placed on record the assessment orders for 2016-17 and 2017-18. For 2018-19, the Petitioner has not claimed grossed up RoE on the basis of actual taxes paid. MPPMCL has further submitted that the Petitioner has neither submitted copy of assessment orders for 2014-15 and 2015-16 nor the audited accounts in respect of actual taxes paid during 2016-17 and 2017-18. In the absence of these essential documents, it is not possible to scrutinize the claim of the Petitioner properly.



36. In response, the Petitioner has submitted that income tax assessment orders have been issued by the Income Tax Department for 2014-15, 2015-16 and 2016-17 and that the Income Tax returns have been filed with the Income Tax Department for the years 2017-18 and 2018-19. The basis of year-wise effective tax rate has been mentioned in the petition and grossed up RoE has been trued up accordingly for 2014-19 tariff period. The Petitioner has further submitted that assessment orders of 2014-15, 2015-16 and 2016-17 have already been submitted in Petition No. 20/TT/2020 and a copy of the assessment order for year 2016-17 has also been submitted vide affidavit dated 7.9.2021.

37. The Petitioner has further submitted that during 2014-19 period, the Commission has allowed tariff in several petitions wherein effective tax rate for 2014-19 tariff period based on notified MAT rates has been considered for grossing-up of rate of RoE.

38. The Petitioner has prayed to allow its claim for differential tariff on account of the trued-up RoE based on effective tax rate calculated on completion of income-tax assessment/ re-assessment for 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 on receipt of the respective assessment orders.

39. We have considered the submissions of the Petitioner and MPPMCL. The Commission vide order dated 2.2.2021 in Petition No. 312/TT/2020 has already dealt with the issues raised by MPPMCL. In terms of our findings in order dated 2.2.2021 in Petition No. 312/TT/2020, we do not find any merits in the submissions of MPPMCL. Accordingly, the submissions of MPPMCL are rejected.



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

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

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

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

42. The details of trued up RoE allowed in respect of the transmission asset is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	2503.02	2503.02	2503.02	2503.02	2503.02
Addition due to ACE	0.00	0.00	0.00	0.00	1.03
Closing Equity	2503.02	2503.02	2503.02	2503.02	2504.05
Average Equity	2503.02	2503.02	2503.02	2503.02	2503.53
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
Tax Rate applicable (in %)	20.961	21.342	21.342	21.342	21.549
Applicable ROE Rate (in %)	19.610	19.705	19.705	19.705	19.758
<b>Return on Equity for the year</b>	<b>490.84</b>	<b>493.22</b>	<b>493.22</b>	<b>493.22</b>	<b>494.65</b>



43. Accordingly, RoE approved vide order dated 8.12.2015 in Petition No. 375/TT/2014, as claimed in the instant petition and trued up in respect of the transmission asset in the instant order is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 8.12.2015 in Petition No. 375/TT/2014.	490.85	490.85	490.85	490.85	490.85
Claimed by the Petitioner in the instant petition.	491.22	493.47	493.22	493.22	494.65
Allowed after true-up in this order.	490.84	493.22	493.22	493.22	494.65

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

44. O&M Expenses as claimed by the Petitioner in respect of the transmission asset are within the norms specified under the 2014 Tariff Regulations. The allowable O&M Expenses are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
<b>AC Transmission Lines</b>					
Twin D/C Ramagundam- Chandrapur I & II (km)	177.605	177.605	177.605	177.605	177.605
Norms (₹ lakh/km)					
D/C Twin/Triple Conductor	0.71	0.73	0.76	0.78	0.81
<b>O&amp;M Expenses Transmission Line</b>	<b>125.57</b>	<b>129.83</b>	<b>134.09</b>	<b>138.53</b>	<b>143.15</b>
<b>Sub-station</b>					
400 kV Ramagundam -Chandrapur-I	1	1	1	1	1
400 kV Ramagundam- Chandrapur-II	1	1	1	1	1
400 V Chandrapur- Ramagundam-I	1	1	1	1	1
400 V Chandrapur- Ramagundam-II	1	1	1	1	1
<b>Norms (₹ lakh/Bay)</b>					
400 kV	60.30	62.30	64.37	66.51	68.71
<b>O&amp;M Expenses Sub-station</b>	<b>241.20</b>	<b>249.20</b>	<b>257.48</b>	<b>266.04</b>	<b>274.84</b>
<b>Total O&amp;M Expenses (₹ in lakh)</b>	<b>366.77</b>	<b>379.03</b>	<b>391.57</b>	<b>404.57</b>	<b>417.99</b>

45. Accordingly, O&M Expenses approved vide order dated 8.12.2015 in Petition No. 375/TT/2014, as claimed in the instant petition and trued up in respect of the transmission asset in the instant order are as follows:



(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 8.12.2015 in Petition No. 375/TT/2014.	366.77	379.03	391.57	404.57	417.99
Claimed by the Petitioner in the instant petition.	366.77	379.03	391.57	404.57	417.99
Allowed after true-up in this order.	366.77	379.03	391.57	404.57	417.99

### Interest on Working Capital (“IWC”)

46. The Petitioner is entitled to IWC as per Regulation 28 of the 2014 Tariff Regulations.

47. IWC is worked out as per the methodology provided in Regulation 28 of the 2014 Tariff Regulations and the same is allowed in respect of the transmission asset as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Working Capital for O&M Expenses (O&M Expenses for one month)	30.56	31.59	32.63	33.71	34.83
Working Capital for Maintenance Spares (15% of O&M Expenses)	55.02	56.85	58.74	60.69	62.70
Working Capital for Receivables (Equivalent to two months of annual fixed cost / annual transmission charges)	166.80	169.36	171.57	173.86	176.50
<b>Total</b>	<b>252.38</b>	<b>257.80</b>	<b>262.94</b>	<b>268.26</b>	<b>274.03</b>
Rate of Interest on Working Capital (in %)	13.50	13.50	13.50	13.50	13.50
<b>Interest of Working Capital</b>	<b>34.07</b>	<b>34.80</b>	<b>35.50</b>	<b>36.21</b>	<b>36.99</b>

48. Accordingly, IWC approved vide order dated 8.12.2015 in Petition No. 375/TT/2014, as claimed in the instant petition and trued up IWC in respect of the transmission asset in the instant order are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 8.12.2015 in Petition No. 375/TT/2014	34.07	34.75	35.44	36.16	36.90
Claimed by the Petitioner in the instant petition	33.87	34.60	35.29	36.01	36.78
Allowed after true-up in this order	34.07	34.80	35.50	36.21	36.99



### **Approved Annual Fixed Charges for 2014-19 Tariff Period**

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

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	109.14	109.14	109.14	109.14	109.36
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	490.84	493.22	493.22	493.22	494.65
O&M Expenses	366.77	379.03	391.57	404.57	417.99
Interest on Working Capital	34.07	34.80	35.50	36.21	36.99
<b>Total</b>	<b>1000.82</b>	<b>1016.19</b>	<b>1029.42</b>	<b>1043.14</b>	<b>1058.99</b>

50. Accordingly, the details of the Annual Transmission Charges approved vide order dated 8.12.2015 in Petition No. 375/TT/2014, as claimed by the Petitioner in the instant petition and as approved after truing up in the instant order are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 8.12.2015 in Petition No. 375/TT/2014	1000.83	1013.77	1027.00	1040.72	1054.88
Claimed by the Petitioner in the instant petition	991.91	1007.15	1020.13	1033.84	1049.66
Allowed after true-up in this order	1000.82	1016.19	1029.42	1043.14	1058.99

### **DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD**

51. The Petitioner has claimed the following transmission charges for 2019-24 tariff period:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	100.45	100.46	100.45	100.46	100.45
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	494.75	494.75	494.75	494.75	494.75
Interest on Working Capital	21.40	21.87	22.33	22.79	23.24
O&M Expenses	285.65	295.68	306.04	316.74	327.78
<b>Total</b>	<b>902.25</b>	<b>912.76</b>	<b>923.57</b>	<b>934.74</b>	<b>946.22</b>





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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	23.80	24.64	25.50	26.40	27.32
Maintenance Spares	42.85	44.35	45.91	47.51	49.17
Receivables	110.93	112.53	113.86	115.24	116.34
<b>Total</b>	<b>177.58</b>	<b>181.52</b>	<b>185.27</b>	<b>189.15</b>	<b>192.83</b>
Rate of Interest (in %)	12.05	12.05	12.05	12.05	12.05
<b>Interest on Working Capital</b>	<b>21.40</b>	<b>21.87</b>	<b>22.33</b>	<b>22.79</b>	<b>23.24</b>

### **Capital Cost**

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

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) *Adjustment of revenue earned by the transmission licensee by using the asset before the date of commercial operation;*
- (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*



(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;  
(m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;  
(n) Expenditure on account of change in law and force majeure events; and  
(o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

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

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

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

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

(a) The asset forming part of the project, but not in use, as declared in the tariff petition;  
(b) De-capitalised Asset after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:  
Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be decapitalised only after its redeployment;  
Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned asset.



(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;  
(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and  
(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”

54. The Petitioner has claimed capital cost of ₹5454.47 lakh in respect of the transmission asset as on 31.3.2019, which is the same as worked out by the Commission. Accordingly, the capital cost of ₹5454.47 lakh in respect of the transmission asset has been considered as on 1.4.2019 for determination of tariff in accordance with Regulation 19 of the 2019 Tariff Regulations.

55. The Petitioner has not claimed any ACE for 2019-24 tariff period in respect of the transmission asset.

### **Debt-Equity Ratio**

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

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

*Provided that:*

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

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



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

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

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

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

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

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

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

57. The details of debt-equity ratio considered for the purpose of tariff of 2019-24 tariff period are as follows:

Particulars	Capital cost as on 1.4.2019 (₹ in lakh)	(in %)	Total cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	2950.42	54.09	2950.42	54.09
Equity	2504.05	45.91	2504.05	45.91
<b>Total</b>	<b>5454.47</b>	<b>100.00</b>	<b>5454.47</b>	<b>100.00</b>



## **Depreciation**

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

- a) twenty five years, in case the generating station or unit thereof is in operation or fifteen years or less as on the date of operation of the emission control system; or*
- b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or*
- c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life.”*

59. The transmission asset has already completed more than 12 years before 1.4.2019. Accordingly, depreciation has been calculated based on the remaining depreciable value (up to 90% of existing gross block of assets) to be recovered over the balance useful life. Depreciation worked out in respect of the transmission asset is as follows:



(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	5454.47	5454.47	5454.47	5454.47	5454.47
Addition during 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	5454.47	5454.47	5454.47	5454.47	5454.47
Average Gross Block	5454.47	5454.47	5454.47	5454.47	5454.47
Balance useful life at the beginning of the year (Year)	6.00	5.00	4.00	3.00	2.00
Depreciable Value	4909.02	4909.02	4909.02	4909.02	4909.02
Rate of Depreciation (in %)	2.01	2.01	2.01	2.01	2.01
<b>Depreciation during the year</b>	<b>109.61</b>	<b>109.61</b>	<b>109.61</b>	<b>109.61</b>	<b>109.61</b>
Cumulative Aggregate Depreciation	4360.95	4470.57	4580.18	4689.80	4799.41
Remaining Aggregate Depreciable Value	548.07	438.46	328.84	219.23	109.61

### **Interest on Loan (“IoL”)**

60. The Petitioner has not claimed any IoL for 2019-24 tariff period as the entire loan has already been repaid during 2001-04 period. Accordingly, IoL has been considered as ‘Nil’ for the purpose of tariff.

### **Return on Equity (“RoE”)**

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

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

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

*Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope, excluding additional capitalization on account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to ceiling of 14%.*



Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

ii. in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;

iii. in case of a thermal generating station, with effect from 1.4.2020:

a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;

b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:

Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.

(3) The return on equity in respect of additional capitalization on account of emission

control system shall be computed at the base rate of one year marginal cost of ending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of operation (ODe) occurs plus 350 basis point, subject to ceiling of 14%.”

**“31. Tax on Return on Equity:** (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

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

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

Where “t” is the effective tax rate in accordance with clause (1) of this Regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as





the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.

**Illustration-**

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

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

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

(a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;

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

(c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore / Rs 1000 Crore = 24%;

(d) Rate of return on equity =  $15.50 / (1 - 0.24) = 20.395\%$

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on year to year basis.”

62. The Petitioner has submitted that MAT rate is applicable to it. We have considered the submissions of the Petitioner. Accordingly, MAT rate applicable in 2019-20 has been considered for the purpose of RoE which shall be trued up with actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations.

RoE allowed in respect of the transmission asset is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	2504.05	2504.05	2504.05	2504.05	2504.05
Additions due to ACE	0.00	0.00	0.00	0.00	0.00
Closing Equity	2504.05	2504.05	2504.05	2504.05	2504.05
Average Equity	2504.05	2504.05	2504.05	2504.05	2504.05
Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
<b>Return on Equity</b>	<b>470.31</b>	<b>470.31</b>	<b>470.31</b>	<b>470.31</b>	<b>470.31</b>



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

63. The norms specified under Regulation 35(3)(a) of the 2019 Tariff Regulations are as follows:

### **“35. Operation and Maintenance Expenses:**

...

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

<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Norms for sub-station Bays (₹ Lakh per bay)</b>					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<b>Norms for Transformers (₹ Lakh per MVA)</b>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<b>Norms for AC and HVDC lines (₹ Lakh per km)</b>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
<b>Norms for HVDC stations</b>					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834



<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563	2,653	2,746	2,842	2,942

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

*Provided further that:*

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;*
- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
- iii. the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*
- iv. the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;*
- v. the O&M expenses of ±800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme; and*
- vi. the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.*

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

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

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

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



64. The Petitioner has claimed the following O&M Expenses for 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>AC Transmission Lines</b>					
Twin D/C AC Ramagundam-Chandrapur I & II (km)	177.605	177.605	177.605	177.605	177.605
Norms (₹ lakh/km)					
D/C Twin/Triple Conductor	0.88	0.91	0.94	0.98	1.01
<b>O&amp;M Expenses Transmission Line</b>	<b>156.47</b>	<b>161.98</b>	<b>167.66</b>	<b>173.52</b>	<b>179.56</b>
<b>Sub-station</b>					
400 kV Ramagundam Chandrapur-I	1	1	1	1	1
400 kV Ramagundam Chandrapur-II	1	1	1	1	1
400 V Chandrapur- Ramagundam-I	1	1	1	1	1
400 V Chandrapur- Ramagundam-II	1	1	1	1	1
<b>Norms (₹ lakh/Bay)</b>					
400 kV	32.15	33.28	34.45	35.66	36.91
<b>O&amp;M Expenses Sub-station</b>	<b>128.60</b>	<b>133.12</b>	<b>137.80</b>	<b>142.64</b>	<b>147.64</b>
<b>Communication System (PLCC)</b>					
Project Cost (₹ in lakh)	28.89	28.89	28.89	28.89	28.89
Norm (in %)	2.00	2.00	2.00	2.00	2.00
O&M Expenses PLCC	0.58	0.58	0.58	0.58	0.58
<b>Total O&amp;M Expenses (₹ in lakh)</b>	<b>285.65</b>	<b>295.67</b>	<b>306.04</b>	<b>316.74</b>	<b>327.78</b>

65. We have considered the submissions of the Petitioner. The Petitioner has claimed O&M Expenses separately for PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. The Petitioner has made similar claim in other petitions as well. Though PLCC is a communication system, it has been considered as part of the Sub-station in the 2014 Tariff Regulations and the 2019 Tariff Regulations and the norms for Sub-station have been specified accordingly. Accordingly, the Commission vide order dated 24.1.2021 in Petition No. 126/TT/2020 has already concluded that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system. Therefore, the Petitioner's claim for separate O&M Expenses for PLCC @2% is not allowed.



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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>AC Transmission Lines</b>					
Twin D/C AC Ramagundam-Chandrapur I & II	177.605	177.605	177.605	177.605	177.605
Norms (₹ lakh/km)					
D/C Twin/Triple Conductor	0.88	0.91	0.94	0.98	1.01
<b>O&amp;M Expenses Transmission Line</b>	<b>156.47</b>	<b>161.98</b>	<b>167.66</b>	<b>173.52</b>	<b>179.56</b>
<b>Sub-station</b>					
400 kV Ramagundam Chandrapur-I	1	1	1	1	1
400 kV Ramagundam Chandrapur-II	1	1	1	1	1
400 V Chandrapur- Ramagundam-I	1	1	1	1	1
400 V Chandrapur- Ramagundam-II	1	1	1	1	1
<b>Norms (₹ lakh/Bay)</b>					
400 kV	32.15	33.28	34.45	35.66	36.91
<b>O&amp;M Expenses Sub-station</b>	<b>128.60</b>	<b>133.12</b>	<b>137.80</b>	<b>142.64</b>	<b>147.64</b>
<b>Total O&amp;M Expenses (₹ in lakh)</b>	<b>285.07</b>	<b>295.10</b>	<b>305.46</b>	<b>316.16</b>	<b>327.20</b>

### **Interest on Working Capital (“IWC”)**

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

#### **“34. Interest on Working Capital**

(1)...

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

- i. Receivables equivalent to 45 days of fixed cost;
- ii. Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and
- iii. Operation and maintenance expenses, including security expenses for one month”

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

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

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



*“3. Definitions ...*

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

68. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of interest on working capital as 12.05%.

69. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, RoI for 2020-21 onwards has been considered as 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points), whereas RoI for 2021-22 onwards has been considered as 10.50% (SBI 1 year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points). The components of the working capital and interest allowed thereon in respect of the transmission asset are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M expenses for one month)	23.76	24.59	25.45	26.35	27.27
Working Capital for Maintenance Spares (15% of O&M Expenses)	42.76	44.26	45.82	47.42	49.08
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	108.95	110.36	111.52	112.89	113.99
<b>Total</b>	<b>175.47</b>	<b>179.22</b>	<b>182.80</b>	<b>186.66</b>	<b>190.34</b>
Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
<b>Interest on working capital</b>	<b>21.14</b>	<b>20.16</b>	<b>19.19</b>	<b>19.60</b>	<b>19.99</b>



### **Annual Fixed Charges for 2019-24 Tariff Period**

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	109.61	109.61	109.61	109.61	109.61
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	470.31	470.31	470.31	470.31	470.31
O&M Expenses	285.07	295.10	305.46	316.16	327.20
Interest on Working Capital	21.14	20.16	19.19	19.60	19.99
<b>Total</b>	<b>886.14</b>	<b>895.18</b>	<b>904.58</b>	<b>915.68</b>	<b>927.11</b>

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

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

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

### **Licence Fee and RLDC Fees**

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

### **Goods and Services Tax (“GST”)**

74. The Petitioner has submitted that, if GST is levied at any rate and at any point of time in future on charges of transmission of electricity, the same shall be



borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be charged and billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Government/ Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

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

### **Security Expenses**

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

77. We have considered the above submissions of Petitioner. The Petitioner has claimed consolidated security expenses for all the transmission asset owned by it on projected basis for 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The said petition has already been disposed of by the Commission vide order dated 3.8.2021. Therefore, security expenses will be shared in terms of the order dated 3.8.2021 in Petition No. 260/MP/2021. Accordingly, the Petitioner's prayer in the instant petition for allowing it to file a separate petition for claiming the overall security expenses and consequential IWC has become infructuous.





### **Capital Spares**

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

### **Sharing of Transmission Charges**

79. TANGEDCO has submitted that there is need to split the capital cost including ACE as well as YTC (yearly transmission charges) based on 2010 Sharing Regulations and 2020 Sharing Regulations i.e. upto 31.12.2020 and from 1.1.2021 onwards. This will give correct allocation of the transmission charges as per the 2010 Sharing Regulations and 2020 Sharing Regulations as envisaged under Regulation 43 of the 2014 Tariff Regulations and Regulation 57 of the 2019 Tariff Regulations.

80. In response, the Petitioner has submitted that after truing up and determination of transmission tariff, sharing of transmission charges for 2014-19 period and 2019-24 period upto 31.10.2020 shall be done as per the 2010 Sharing Regulations and thereafter from 1.11.2020 onwards, it shall be done as per the 2020 Sharing Regulations. The Petitioner has further submitted that tariff determination and sharing of transmission charges are two independent activities and the same cannot be interlinked. After determination of tariff of the transmission asset, the aspect of YTC bifurcation as contended by TANGEDCO shall be taken care of by CTU at the time of billing.

81. We have considered the submissions of the Petitioner and TANGEDCO. During 2001-04 and 2009-14 tariff periods (up to 30.6.2011), the transmission



charges for inter-State transmission systems were being shared in accordance with the Tariff Regulations for the respective tariff periods. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010 Sharing Regulations), sharing of transmission charges is governed by the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and Sharing Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2) (b) of the 2020 Sharing Regulations. Billing, collection and disbursement of the transmission charges for subsequent period shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

82. To summarise:

a) The revised AFC allowed in respect of the transmission asset for 2001-04 tariff periods is as follows:

(₹ in lakh)			
Particulars	2001-02	2002-03	2003-04
AFC	741.00	745.81	674.03

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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	1000.82	1016.19	1029.42	1043.14	1058.99

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	886.14	895.18	904.58	915.68	927.11



83. This order disposes of Petition No. 89/TT/2020 in terms of the above discussions and findings.

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

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

sd/-  
**(P. K. Pujari)**  
**Chairperson**

