

**Central Electricity Regulatory Commission  
New Delhi**

**Petition No. 55/TT/2023**

**Coram:**

**Shri Jishnu Barua, Chairperson  
Shri Ram Babu V., Member  
Shri Harish Dudhani, Member**

**Date of Order: 12.11.2025**

**In the matter of:**

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for the determination of transmission tariff from the COD to 31.3.2024 for Asset-1: Navsari (PG) – Bhestan 220 kV D/C line (with minimum capacity of 400 MVA per circuit) and Asset-2: Conversion of 80 MVAR fixed line reactor at Boisar end of Aurangabad-Boisar 400 kV D/C line to switchable line reactors along with NGR bypass arrangement under the Western Region System Strengthening Scheme – WRSS XXII.

**And in the matter of:**

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

**... Petitioner**

**Vs.**

- 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,  
M.G. Road, Fort, Mumbai - 400 001
5. **Maharashtra State Electricity Transmission Co. Limited,**  
Prakashganga, 6th Floor, Plot No. C-19, E-Block,  
Bandra Kurla 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,**  
Govt. 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, 66kV Road, Near Secretariat Amla,  
Silvassa - 396 230
10. **Chhattisgarh State Power Transmission Co. Limited,**  
Office of the Executive Director (C&P)  
State Load Despatch Building,  
Dangania, Raipur - 492 013
11. **Chhattisgarh State Power Distribution Co. Limited,**  
P.O. Sunder Nagar, Dangania,  
Raipur- 492 013, Chhattisgarh

... Respondents

**Parties Present:** Shri Zafrul Hassan, PGCIL

### **ORDER**

The Petitioner, Power Grid Corporation of India Limited, has filed the instant Petition for the determination of transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as the '2019 Tariff



Regulations') from the date of commercial operation (COD) to 31.3.2024 for the following transmission assets (hereinafter referred to as the 'transmission assets') under the Western Region System Strengthening Scheme-WRSS XXII (hereinafter referred to as 'the transmission project'):

**Asset-1:** Navsari (PG) – Bhestan 220 kV D/C line (with minimum capacity of 400 MVA per circuit)

**Asset-2:** Conversion of 80 MVAR fixed line reactor at Boisar end of the Aurangabad-Boisar 400 kV D/C line to switchable line reactors along with NGR bypass arrangement

2. The Petitioner has made the following prayers:

- "1) Condone the delay in the commissioning of assets covered under this petition.*
  - 2) Approve the Transmission Tariff for the tariff block 2019-24 block for the assets covered under this petition, as per para –7.0 above.*
  - 3) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred / projected to be incurred.*
  - 4) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 as per para 8 above for respective block.*
  - 5) 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.*
  - 6) 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.*
  - 7) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the beneficiaries.*
  - 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.*
  - 9) Allow interim tariff in accordance with Regulation 10(3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.*
- and pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice."*



## **Background**

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

a. The Investment Approval (the IA) of the transmission project was accorded by the Competent Authority of the Petitioner on 20.5.2020 and communicated vide Memorandum Ref.: C/CP/PA 2021-02-0B-IA002 dated 21.5.2020, for an estimated cost of ₹5420.00 lakh, including an Interest During Construction (IDC) of ₹126.00 lakh based on the December 2019 price level.

b. The scope of work covered under the transmission project is as follows:

### **Part 1: Transmission Line:**

Navsari (PG) – Bhestan 220 kV D/C line (with minimum capacity of 400 MVA per circuit)\*-18.52 km.

*\*2 Nos. 220 kV line bays at Navsari 400/220 kV (PG) and 2 Nos. 220 kV bays at Bhestan/Popadiya (GETCO) 220 kV sub-station have already been implemented by the Petitioner and GETCO respectively.*

### **Part 2: Sub-station:**

#### **400 kV Boisar Sub-station Extension**

Conversion of 80 MVA fixed line reactor at Boisar end of the Aurangabad- Boisar 400 kV D/C line to a switchable line reactor along with NGR bypass arrangement.

c. The transmission project was discussed in the 2<sup>nd</sup> WR Standing Committee Meeting on Transmission (WRSCT) held on 21.5.2019 wherein it was decided to delink the line from the “Transmission System associated with DGEN TPS (1200 MW) of Torrent Power Ltd.” and take up the implementation of Navsari (PG) -Bhestan 220 kV D/C line as a separate scheme with the following scheme:

i. Navsari (PG)-Bhestan 220 kV D/C Line (with minimum capacity of 400 MVA per Circuit)



- ii. 2 Nos. 220 kV line bays at Navsari 400/220 kV (POWERGRID) Sub-station (already implemented by POWERGRID)
  - iii. 2 Nos. 220 kV Line bays at Bhestha/Popadiya (GETCO) 220 kV Sub-station (already implemented by GETCO)
- d. Further, the said scheme was discussed and recommended for implementation through the Regulated Tariff Mechanism (RTM) route in the 4<sup>th</sup> meeting of the National Committee on Transmission (NCT) held on 31.7.2019. Accordingly, based on the recommendation of the NCT, the Ministry of Power (MoP) vide Office Memorandum (OM) No. 15.3.2018-Trans Pt (2) dated 15.1.2020, approved the implementation of the transmission project by the Petitioner under RTM, with Asset-1 planned to be commissioned within 7 months.
- e. The Revised Cost Estimate (RCE) of the transmission project was approved by the competent authority of the Petitioner on 13.3.2022 and circulated vide Memorandum No. C/CP/PA2122-12-0AAR-RCE012 dated 14.3.2022 for an estimated cost of ₹10335.00 lakh, including an IDC of ₹313.00 lakh based on the September 2021 price level.
4. The Respondents, mainly the beneficiaries of the Western Region, are Distribution Licensees, Transmission Licensees, and Power Departments, which are procuring transmission services from the Petitioner.
5. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (the Act). No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. Madhya Pradesh Power Management Company Limited



(MPPMCL) and Maharashtra State Electricity Distribution Co. Limited (MSEDCL) have filed their replies vide affidavits dated 19.1.2024 and 15.1.2024, respectively. The Petitioner has submitted its rejoinder to the replies of MPPMCL and MSEDCL vide affidavits dated 29.1.2024. The issues raised by MPPMCL and MSEDCL, and the clarifications given thereto by the Petitioner, have been considered in the relevant portions of this order.

6. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavits dated 20.6.2022, 10.10.2023, 5.1.2024 and 15.3.2024, replies filed by MPPMCL and MSEDCL vide affidavits dated 19.1.2024 and 29.1.2024, respectively, and the Petitioner's rejoinder to the replies of MPPMCL and MSEDCL vide affidavits dated 29.1.2024, which have been dealt with in the succeeding paragraphs. The final hearing in this matter was held on 27.2.2024, and the order was reserved. However, the order could not be issued before Shri Arun Goyal, Member, demitted the office. Accordingly, the matter was re-listed for the hearing on 8.8.2024. During the course of the hearing, the representative of the Petitioner submitted that the pleadings had been completed in the matter and that arguments had been heard, and requested the Commission to issue an order on the basis of the information already on record. Considering the submissions of the Petitioner's representative, the Commission directed the parties to file their respective written submissions/notes of argument, if any, within a week's time, with a copy to the other side. However, no written submissions have been received from the parties.

7. Having heard the representatives for the Petitioner, learned counsel for MSEDCL and having perused the documents on record, we proceed to dispose of the Petition.



### **Determination of Annual Fixed Charges (AFC) for the 2019-24 Tariff Period**

8. The Petitioner has claimed the following transmission charges in respect of the transmission assets from its COD to 31.3.2024:

#### **Asset-1**

(₹ in lakh)

| S No | Particulars                 | 2021-22 (Pro-rata for 35 days) | 2022-23       | 2023-24        |
|------|-----------------------------|--------------------------------|---------------|----------------|
| 1    | Depreciation                | 22.90                          | 336.10        | 441.91         |
| 2    | Interest on Loan            | 17.93                          | 252.89        | 313.03         |
| 3    | Return on Equity            | 24.34                          | 357.49        | 470.16         |
| 4    | Interest on Working Capital | 0.88                           | 12.71         | 16.33          |
| 5    | O&M Expenses                | 0.72                           | 7.79          | 8.05           |
|      | <b>Total AFC</b>            | <b>66.77</b>                   | <b>966.98</b> | <b>1249.48</b> |

#### **Asset-2**

(₹ in lakh)

| S No | Particulars                 | 2022-23 (Pro-rata for 56 days) | 2023-24       |
|------|-----------------------------|--------------------------------|---------------|
| 1    | Depreciation                | 1.58                           | 16.91         |
| 2    | Interest on Loan            | 1.23                           | 16.16         |
| 3    | Return on Equity            | 1.27                           | 17.27         |
| 4    | Interest on Working Capital | 0.47                           | 3.46          |
| 5    | O&M Expenses                | 10.94                          | 73.82         |
|      | <b>Total AFC</b>            | <b>15.49</b>                   | <b>127.62</b> |

9. The Petitioner has claimed the following Interest on Working Capital (IWC) in respect of the transmission assets from their COD to 31.3.2024:

#### **Asset-1**

(₹ in lakh)

| Particulars                        | 2021-22 (Pro-rata for 35 days) | 2022-23       | 2023-24       |
|------------------------------------|--------------------------------|---------------|---------------|
| O&M Expenses                       | 0.63                           | 0.65          | 0.67          |
| Maintenance Spares                 | 1.13                           | 1.17          | 1.21          |
| Receivables                        | 85.85                          | 119.22        | 153.62        |
| <b>Total Working Capital</b>       | <b>87.61</b>                   | <b>121.04</b> | <b>155.50</b> |
| Rate of Interest (in %)            | 10.50                          | 10.50         | 10.50         |
| <b>Interest on Working Capital</b> | <b>0.88</b>                    | <b>12.71</b>  | <b>16.33</b>  |

#### **Asset-2**

(₹ in lakh)

| Particulars        | 2022-23 (Pro-rata for 56 days) | 2023-24 |
|--------------------|--------------------------------|---------|
| O&M Expenses       | 5.94                           | 6.15    |
| Maintenance Spares | 10.70                          | 11.07   |



| Particulars                        | 2022-23 (Pro-rata for 56 days) | 2023-24      |
|------------------------------------|--------------------------------|--------------|
| Receivables                        | 12.45                          | 15.69        |
| <b>Total Working Capital</b>       | <b>29.09</b>                   | <b>32.91</b> |
| Rate of Interest (in %)            | 10.50                          | 10.50        |
| <b>Interest on Working Capital</b> | <b>0.47</b>                    | <b>3.46</b>  |

### **Date of Commercial Operation (COD)**

10. As per the IA dated 21.5.2020, Asset-1 and Asset-2 were scheduled to be commissioned within 7 months and 34 months, respectively, from the date of the IA. As against the SCOD of 21.12.2020 and 21.3.2023, the Petitioner has claimed the COD for Asset-1 as 25.2.2022 and Asset-2 as 4.2.2023.

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

**“5. Date of Commercial Operation:** (1) The date of commercial operation of a generating station or unit thereof or a transmission system or element thereof and associated communication system shall be determined in accordance with the provisions of the Grid Code. (2) In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:

*Provided that the transmission licensee seeking the approval of the date of commercial operation under this clause shall give prior notice of at least one month, to the generating company or the other transmission licensee and the long term customers of its transmission system, as the case may be, regarding the date of commercial operation:*

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

- (a) Energisation certificate issued by the Regional Electrical Inspector under Central Electricity Authority;
- (b) Trial operation certificate issued by the concerned RLDC for charging element with or without electrical load;
- (c) Implementation Agreement, if any, executed by the parties;
- (d) Minutes of the coordination meetings or related correspondences regarding the monitoring of the progress of the generating station and transmission systems;
- (e) Notice issued by the transmission licensee as per the first proviso under this clause and the response;
- (f) Certificate of the CEO or MD of the company regarding the completion of the transmission system including associated communication system in all respects.



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

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

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

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

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

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

*Provided also that the generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation.”*

12. In support of COD of the Asset-1, the Petitioner has placed on record a copy of the Central Electricity Authority (CEA) Energisation Certificate dated 15.2.2022 issued under Regulation 43 of the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010, WRLDC Charging Certificate dated 6.5.2022 for successful completion of the trial operation on 24.2.2022, CMD Certificate dated 28.2.2022, and self-declaration COD letter.

13. Further, in support of COD of the Asset-2, the Petitioner has submitted a copy of the CEA Energisation Certificate dated 6.5.2022 under Regulation 43 of the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010, WRLDC Certificates dated 4.7.2022 and 9.3.2023 for the successful completion of the trial operation on 28.5.2022 and 3.2.2023 respectively, CMD Certificate dated 1.3.2023, and self-declaration COD letter.



14. Taking into consideration the CEA Energisation Certificate, WRLDC Charging Certificate, and CMD Certificate, the COD of the Asset-1 and Asset-2 is approved as 25.2.2022 and 4.2.2023, respectively.

### **Capital Cost**

15. Regulation 19 of the 2019 Tariff Regulations provides as under:

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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) Capitalised Initial Spares subject to the ceiling rates in accordance with these regulations;*
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) Adjustment of revenue earned by the transmission licensee by using the Asset-before the date of commercial operation;*
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway.*
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) Expenditure on account of change in law and force majeure events; and*
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

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



- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
- (c) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
- (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (4) The capital cost in case of existing or new hydro generating station shall also include:
- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
- (b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.
- (5) The following shall be excluded from the capital cost of the existing and new projects:
- (a) The Asset-forming part of the project, but not in use, as declared in the tariff petition;
- (b) De-capitalised Asset-after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:  
Provided that in case replacement of transmission Asset-is recommended by Regional Power Committee, such Asset-shall be decapitalised only after its redeployment;  
Provided further that unless shifting of an Asset-from one project to another is of permanent nature, there shall be no de-capitalization of the concerned asset.
- (c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
- (d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and
- (e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment."

16. The Petitioner has submitted the Auditor's Certificate and has claimed the following capital cost incurred as on the COD and Additional Capital Expenditure (ACE) projected to be incurred up to 2023-24:

| Asset   | Apportioned Approved Cost (as per FR) | Apportioned Approved Cost (as per RCE) | Cost as on COD | Projected ACE |         |         | Estimated Cost on 31.3.2024 |
|---------|---------------------------------------|----------------------------------------|----------------|---------------|---------|---------|-----------------------------|
|         |                                       |                                        |                | 2021-22       | 2022-23 | 2023-24 |                             |
| Asset-1 | 4955.45                               | 9579.00                                | 4431.70        | 147.33        | 3531.27 | 467.68  | 8577.98                     |
| Asset-2 | 464.69                                | 755.90                                 | 146.40         | 0.00          | 0.00    | 320.24  | 466.64                      |



17. The Petitioner has submitted that the estimated completion cost for both assets individually, as well as combined, is within the RCE. The Petitioner has further submitted that the cost variation between the apportioned approved cost as per the Feasibility Report (FR) and the estimated completion cost is mainly due to the following reasons:

**Asset-1: Transmission Line (increase of ₹4235 lakh)**

i. Against the apportioned approved cost of ₹4955.45 lakh as per the FR, the estimated completion cost as on 31.3.2025 is ₹8742.68 lakh. Therefore, the cost overrun of ₹3787.23 lakh with respect to the FR is explained as follows:

**Compensation for transmission line (Increase of ₹4655 lakh)**

ii. Compensation of ₹742 lakh for the transmission line was projected in the FR. However, the actual cost of the crop/tree compensation, railway crossings and compensation for the tower base and diminution of land value in the width of the Right of Way (RoW) corridor was projected to be ₹5397 lakh based on assessments of revenue authorities.

iii. Land rates in the Detailed Project Report (DPR) were considered on a normative basis at ₹15 lakh per acre for agricultural land and at ₹25 lakh per acre for urban/semi-urban land. The increase in cost is mainly attributable to higher land rates ranging from ₹49 lakh per acre to ₹505 lakh per acre as per the District Collector's orders for the urban/industrial area through which the transmission line passes.

iv. Further, there has been an increase in the estimate due to the revision in guidelines for the payment of land compensation in the construction of the transmission line by the Government of Gujarat vide Resolution No. GET-11-2015-GOI-199-K dated 31.12.2021.



### **Transmission line materials (Decrease of ₹420 lakh)**

v. The contracts for various packages under the transmission project were awarded to the lowest evaluated and responsive bidder, on the basis of competitive bidding adopted by the Petitioner, after publication of the Notice Inviting Tenders (NITs). Thus, the awarded prices represent the best possible lowest prices offered at the time of bidding for the various individual packages.

vi. The various types of towers and foundations in the approved DPR were estimated on the basis of a walk-over/preliminary survey. The same was envisaged on the basis of a detailed survey and the executed/ likely to be executed quantities of the transmission project.

### **Decrease in IDC (Decrease of ₹82 lakh)**

vii. Decrease in IDC was attributable to variation in the rate of interest considered in FR as against actuals, decrease in overall capital cost with respect to the FR and deployment of funds based on actuals.

viii. In the FR, the IDC was calculated assuming that the loans would be available from domestic sources. In the FR, the interest rate on loans was considered at 10.5% of domestic loans subject to actuals. However, the actual Weighted Average Rate of Interest (WAROI) is 5.95%. The actual IDC accrued up to the COD has been considered in the Auditor's Certificate.

### **Decrease in IEDC and Contingency (Decrease of ₹364 lakh)**

ix. In the IA, 10.75% and 3% of the equipment cost and civil works were considered for the IEDC and contingency, respectively, whereas based on the actual expenditure under the subject head, the IEDC has been considered in the Auditor's Certificate.



**Asset-2: Sub-station (Increase of ₹102.26 lakh)**

18. The Petitioner vide affidavit dated 10.10.2023 has submitted the following reasons for the cost overrun of Asset-2:

**Preliminary works, land, and civil works (Increase of ₹38.93 lakh)**

i. The cost overrun of ₹38.93 lakh has occurred under this head as per the actual site conditions.

**Sub-station equipment (increase of ₹63.33 lakh)**

ii. For procurement, an open competitive bidding route was followed by providing an equal opportunity to all eligible firms. In the procurement process, the lowest possible market prices for the required products/services were obtained, and contracts were awarded based on the lowest evaluated eligible bidder. The best competitive bid prices against tenders may happen to be lower or higher than the cost estimate, depending on prevailing market conditions.

iii. As regards variation in the cost of individual items in sub-station packages, the packages under the scope of works comprise a large number of items, which were awarded through open competitive bidding. In the said bidding process, the bids were received from multiple parties, each quoting different rates for various BOQ items under the said package. Further, the lowest bidder was to be arrived at/ evaluated on an overall basis only. Hence, item-wise unit prices in contracts and their variation over the unit rate considered in FR estimates were beyond the control of the Petitioner.



**Decrease in IEDC (Decrease of ₹38.59 lakh)**

iv. In the IA, 10.75% and 3% of the equipment cost and civil works were considered for the IEDC and contingency, respectively. Whereas, based on the actual expenditure under the subject head, the IEDC has been considered in the Auditor's Certificate.

**Decrease in IDC (Decrease of ₹29.33 lakh)**

v. The decrease of ₹29.33 lakh in IDC was attributable to variation in the rate of interest considered in the FR as against the actuals and deployment of funds based on actuals.

**Comparison of the Revised Cost Estimate with the Approved Cost**

19. The Petitioner has submitted that the comparison of RCE of ₹10335 lakh is carried out against the approved cost of ₹5420 lakh as under:

| Sr. No. | Variation on account of:                                                                                   | Variation      |                 |
|---------|------------------------------------------------------------------------------------------------------------|----------------|-----------------|
|         |                                                                                                            | (₹ in lakh)    | (in %)          |
| (i)     | <b>Price Variation</b>                                                                                     |                |                 |
| a       | DPR to LOA for approved scope<br>(on competitive bidding while awarding)                                   | (-) 262        | (-) 4.83        |
| b       | Provision presently envisaged as per the contract price variation clause.<br>(based on applicable indices) | 98             | 1.81            |
|         | <b>Sub-Total (PV)</b>                                                                                      | <b>(-) 164</b> | <b>(-) 3.02</b> |
| (ii)    | <b>Variation in quantities of approved Items</b>                                                           | <b>90</b>      | <b>1.66</b>     |
| (iii)   | <b>Deletion of Item</b>                                                                                    | <b>(-) 60</b>  | <b>(-) 1.11</b> |
| (iv)    | <b>Compensation for Transmission lines</b>                                                                 | <b>4587</b>    | <b>84.64</b>    |
|         | <b>Sub-Total (i to iv)</b>                                                                                 | <b>4454</b>    | <b>82.17</b>    |
| (v)     | <b>Other Reasons (IEDC and IDC)</b>                                                                        |                |                 |
| a       | IEDC (incl. Contingencies)                                                                                 | 274            | 5.06            |
| b       | IDC                                                                                                        | 187            | 3.45            |
|         | <b>Sub- Total (IEDC and IDC)</b>                                                                           | <b>461</b>     | <b>8.51</b>     |
|         | <b>GRAND TOTAL</b>                                                                                         | <b>4915</b>    | <b>90.68</b>    |

20. There is a variation of ₹4915 lakh (i.e. 90.68%) from the approved cost of ₹5420 lakh.

The head-wise variation in the approved cost is explained as follows:



**Price Variation (PV) (Net decrease of ₹164 lakh: (-) 3.02%)**

21. There has been a decrease in the cost of the transmission project by ₹164 lakh on account of the price variation, which works out to be (-) 3.02% of the approved cost.

22. The Petitioner has submitted that out of a total price variation, a negative variation of ₹262 lakh was incurred from the time of approval of the transmission project till the award of various contracts (DPR to LOA) for the approved scope based on the prices received as per the transparent competitive bidding. A positive price variation of ₹98 lakh is likely to be incurred based on the estimated amount envisaged.

23. The contracts for various packages under the transmission project were awarded to the lowest evaluated and responsive bidder, on the basis of the competitive bidding conducted by the Petitioner, after publication of NITs. Thus, the awarded prices represent the best possible lowest prices offered at the time of bidding for the various individual packages. In addition to the above, as per the DPR, the estimated cost for the construction of the open store yard at Boisar Sub-station increased from ₹150 lakh to ₹205 lakh based on the site assessment. Further, a provision of ₹98 lakh has been tentatively kept in the RCE under the head of price variation based on the estimated amount envisaged.

**Variation in quantity of approved items (Net increase of ₹90 lakh: 1.66%)**

24. The transmission line length, type of various towers and foundations in the DPR were estimated on the basis of a walk-over/preliminary survey. However, during the commissioning of the transmission project, there was a minor increase in the transmission line length of “Navsari- Bhestan 220 kV D/C line” from 16.52 km to 16.59 km and, therefore, the quantities of tower steel, foundation, etc., were considered as per the design and actual site conditions.



25. In the DPR, the requirement of pole structures was envisaged in the transmission line. However, as per the actual site requirements, the pole structure was not envisaged.

26. The major net variation is summarised as follows:

- Tower Steel (Supply and erection) : ₹152 lakh
- Conductor, Insulators and H/W fittings : ₹10 lakh
- Concreting and Reinforcement : (-) ₹119 lakh
- Excavation : (-) ₹045 lakh

27. In addition to the above, the cost of automation of main bays and the construction of the retaining wall in Boisar Sub-station is now included in the RCE as per the actual site requirement, and the same was not envisaged during the preparation of DPR.

**Deletion of item (Net decrease of ₹60 lakh: (-) 1.11%)**

28. There is a decrease in the transmission project cost by ₹60 lakh due to the deletion of works pertaining to the “Administrative Building Extension” at Navsari Sub-station.

**Compensation for transmission lines (Net increase of ₹4587 lakh: 84.64%)**

29. Based on the approved cost, there was a provision of ₹737 lakh as a compensation amount. However, based on the actual expenditure incurred and the balance anticipated expenditure, an amount of ₹5324 lakh is incurred/likely to be incurred under the head, resulting in an increase of ₹4587 lakh in the cost of the transmission project. The details of the increase in cost under the head are explained as follows:

| (₹ in lakh)                                        |            |            |                                                                                                                          |
|----------------------------------------------------|------------|------------|--------------------------------------------------------------------------------------------------------------------------|
| Description                                        | As per DPR | As per RCE | Remarks                                                                                                                  |
| i) Compensation towards Crop, Tree, Hut, PTCC etc. | 502        | 493        | Based on actual/ anticipated payment.<br>There is a minor change with respect to the Crop and Tree compensation amounts. |
| ii) Payment for Railway                            | 00         | 207        | Based on actual/ anticipated payment for the following:                                                                  |



| Description                                                                                   | As per DPR | As per RCE  | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------|------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Crossings, NHAI, NHRCL and DGVCL                                                              |            |             | Way leave access to Railway, NHRCL, NHAI, etc. 107                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                               |            |             | Police protection 100                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| iii) Compensation towards forest                                                              | 13         | 16          | Based on the actual payment for 0.945 ha of forest area encountered.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| iv) Compensation towards Tower Base and diminution of land value in the width of RoW corridor | 222        | 4609        | Based on actual/ anticipated payment.<br><br>Land rates in DPR were considered on a normative basis @ ₹15 lakh per acre for agricultural land and ₹25 lakh per acre for urban/semi-urban land. Increase in cost is mainly attributable to higher land rates ranging from ₹49 lakh per acre to ₹505 lakh per acre as per DC orders for urban/industrial area through which the line is passing. Further, there has been an increase in the estimate due to a revision in guidelines for payment of Land Compensation in the construction of the Transmission Line by the Govt. of Gujarat vide Resolution No. GET-11-2015-GOI-199-K dated 31.12.2021. |
| <b>TOTAL</b>                                                                                  | <b>737</b> | <b>5325</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

#### Variation in IDC and IEDC (Net increase of ₹461 lakh: 8.51%)

30. Total IDC and IEDC under the transmission project have increased by ₹461 lakh in comparison to the approved cost, which works out to be 8.51% as per the following break-up:

#### Increase in IEDC

31. In the proposed RCE, IEDC has been considered as per the actuals up to FY 2020-21, IEDC including contingencies @ 13.75% (10.75%+3%) on the element-wise amount up to commissioning (March, 2023) and contingency @ 3% on balance envisaged expenditure of the transmission project for the FY 2021-22, FY 2022-23 and FY 2023-24.

32. As per the IA, the IEDC, including contingencies for the transmission project, was estimated at ₹633 lakh on a normative basis (i.e. IEDC @ 10.75% and contingency @ 3% were considered on the total COD cost). Whereas in the RCE, the same was considered on the basis of actual/ anticipated expenditure incurred/ likely to be incurred, which works out to be ₹907 lakh, resulting in an increase of ₹274 lakh.



## **Increase in IDC**

33. IDC for the transmission project as per the approved DPR cost was estimated at ₹126 lakh, whereas based on the actual and envisaged funds flow, the IDC for the transmission project in the RCE works out to be ₹313 lakh. Thus, there is an increase of ₹187 lakh in IDC.

34. MPPMCL, vide affidavit dated 19.1.2024, has submitted that in the FR, the compensation of the transmission line was projected at ₹742 lakh. However, the actual cost of crop/tree compensation, railway crossing, and compensation towards tower base and diminution of land value in the width of RoW has been projected as ₹5397 lakh based on the revenue authorities, which is more than 627% of the projected cost. This is due to the lack of prudent calculation by the Petitioner in the assessment of the projected compensation rates.

35. MSEDCL, vide affidavit dated 15.1.2024, has mainly submitted as under:

### **Asset-1 (Increase of ₹4655 lakh)**

#### **Compensation for transmission line (Increase of ₹4655 lakh)**

(a) The Petitioner did not elucidate the rationale behind the market increase of 628.38% in the compensation rates. The Petitioner's lackadaisical approach compromises the intended priority status of the transmission project. The Petitioner's delay in implementing the transmission project has increased the cost of RoW compensation. MSEDCL has also submitted that the Petitioner has asserted an increase in land compensation due to the Government of Gujarat's land compensation policy, but has not explained its impact on the transmission project. This compensation policy has changed after its promulgation in December 2021, i.e., a year after the SCOD of Asset-1. Therefore, the increase in compensation resulting from the change in the policy is the responsibility of the Petitioner.



**Asset-2 (increase of ₹36 lakh)**

**Preliminary works, land and civil works (increase of ₹39 lakh)**

(b) In terms of the NCT, OM, and DPR, there was no necessity for additional land.

**Sub-station equipment (increase of ₹63 lakh)**

(c) The Petitioner's own delay in conducting the bidding process contributed to the escalation in the rates of sub-station equipment. The Petitioner's lackadaisical approach should absolve ISTS beneficiaries from bearing the additional cost burden related to the increase in sub-station equipment prices.

**Reasons for variation in cost estimate (Approved Cost as against Revised Cost)**

**Variation in the quantity of approved items (Net increase of ₹90 lakh: 1.66%)**

(d) The cost indicated in the Detailed Feasibility Report (DFR) was based on the price levels of September 2019. Consequently, it was imperative for the Petitioner to conduct a market study before determining the estimated cost. Further, there is an increase in the distance of the transmission lines from 16.52 km to 16.59 km, i.e. 70 meters only. The Petitioner has not given any justification regarding the increase of ₹152 lakh in tower steel, except for the increase in prices due to the delay on the part of the Petitioner.

**Variation in IDC and IEDC (Net increase of ₹461 lakh)**

(e) The condonation of delay on account of the RoW issues is not permissible as per the settled rules of law. Hence, there cannot be any liability on the beneficiary towards the IDC and IEDC for the period beyond the SCOD till the transmission assets become ready to be utilised. Regulation 21(5) of the 2019 Tariff Regulations provides that if there has been a delay in achieving the COD on the part of the transmission licensee, the



IDC and IEDC ought to be disallowed post the scheduled commissioning date, and liquidated damages are liable to be recovered from the said transmission licensee. Since the Petitioner has made out no case before the Commission to allow the additional cost of ₹6.51 lakh for initial spares, the Petitioner's contention regarding IDC and IEDC ought to be rejected.

36. In response, the Petitioner has submitted that in the approved FR, a provision of ₹742 lakh was kept towards the compensation based on the land rates at the rate of ₹15 lakh per acre for agriculture land and ₹25 lakh per acre for urban/semi-urban land for the compensation towards tower base and diminution of land value in the width of RoW corridor. The Petitioner has further submitted that during the commissioning of the transmission assets, on account of crop/tree compensation, railway crossings and compensation towards tower base, and diminution of land value, RoW issues based on the assessment of revenue authorities, the actual/anticipated expenditure is ₹5397 lakh. The increase in cost is mainly attributable to higher land rates ranging from ₹49 lakh per acre to ₹505 lakh per acre, as per the District Collector's orders for the urban/industrial area through which the transmission line is passing. Further, there has been an increase in the estimate due to a revision in the guidelines for the payment of land compensation in the construction of a transmission line by the Government of Gujarat vide Resolution No. GET-11-2015-GOI-199-K dated 31.12.2021. The Petitioner has also mentioned the item-wise reasons for the increase in the cost of the transmission assets, which are mainly attributable to RoW issues, site conditions, variations between assumed values, and the actual expenses incurred.

37. We have considered the submissions of the Petitioner, MSEDCL and MPPMCL. As compared to the FR cost of ₹4955.45 lakh, the estimated completion cost of Asset-1 is at



variance of about ₹3787.23 lakh. Perusal of the submissions of the Petitioner reveals that the capital cost of Asset-1 is at variance due to the enhanced compensation paid towards transmission line which increased by an amount of ₹4655 lakh, an amount of ₹422 lakh is reduced towards transmission line materials, an amount of ₹82 lakh is reduced under the IDC, and an amount of ₹364 lakh is reduced under the IEDC.

38. The Petitioner in the abstract cost estimate has submitted the following cost of compensation for transmission lines:

| <b>ABSTRACT COST ESTIMATE</b>                                   |                                                        |                             |
|-----------------------------------------------------------------|--------------------------------------------------------|-----------------------------|
| <b>“WESTERN REGION SYSTEM STRENGTHENING SCHEME (WRSS) - 22”</b> |                                                        |                             |
| <b>(DECEMBER 2019 price level)</b>                              |                                                        |                             |
| <b>Sl. No.</b>                                                  | <b>DESCRIPTION</b>                                     | <b>AMOUNT (Rs. in Crs.)</b> |
| <b>A</b>                                                        | Preliminary Survey & Soil Investigation                | 0.05                        |
| <b>B</b>                                                        | Land Acquisition for Substation and R & R Compensation | 0.00                        |
| <b>C</b>                                                        | Cost of Compensation for Transmission Lines            |                             |
|                                                                 | i) Compensation towards Crop, Tree & PTCC and land     | 7.24                        |
|                                                                 | ii) Compensation towards Forest                        | 0.13                        |

39. The Petitioner has submitted revised cost estimate wherein the following cost of compensation for transmission lines is indicated:



| <b>ABSTRACT OF REVISED COST ESTIMATE</b>                        |                                                                                                          |                                   |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------|
| <b>WESTERN REGION SYSTEM STRENGTHENING SCHEME (WRSS) – XXII</b> |                                                                                                          |                                   |
| <b>September 2021 Price Level</b>                               |                                                                                                          |                                   |
| <b>Sl. No.</b>                                                  | <b>Description</b>                                                                                       | <b>Amount<br/>( in Rs. crore)</b> |
| <b>A</b>                                                        | Preliminary Survey & Soil Investigation                                                                  | 0.05                              |
| <b>B</b>                                                        | Cost of Compensation for Transmission Lines                                                              |                                   |
| i)                                                              | Compensation towards Crop, Tree, PTCC, Railway, NHAI & Others                                            | 7.00                              |
| ii)                                                             | Compensation towards Forest                                                                              | 0.16                              |
| iii)                                                            | Compensation towards Tower Base and diminution of land value in the width of Right of Way (RoW) Corridor | 46.09                             |

40. On perusal of the Abstract Cost Estimate and the revised Abstract Cost Estimate, it is observed that a new component of cost, i.e. compensation towards tower base and diminution of land value in the width of RoW corridor of ₹46.09 crore, has been added. The Petitioner has submitted that it is on account of the Government of Gujarat resolution dated 31.12.2021, which has revised the guidelines for payment of land compensation in the construction of the transmission line. The extract of the said resolution dated 31.12.2021 is as follows:



Matters of revision of guidelines for compensation of Losses of Land/Crop/Fruit/Trees while erecting a transmission line / transmission tower

**Government of Gujarat**

Department of Energy and Petrochemicals  
Resolution No.: GET-11-2015-GOI-199-K  
Sachivalay, Gandhinagar,  
Date: 31st December 2021

**Read:-** Resolution No.: GET-11-2015-GOI-199-K dated 14-08-2017 of Department of Energy and Petrochemicals

**Introduction:**

Guidelines for compensation of Losses of Land/Crop/Fruit/Trees while erecting a transmission line / transmission tower was published by this department vide resolution no.: GET-11-2015-GOI-199K dated 14-08-2017. In which the fixed compensation is relatively less and in some cases more compensation is demanded by the farmers. Due to this, it delays in establishing the network required for power transmission in such places. Therefore, the matter of revising such compensation rates was under consideration of the Government.

Following to it, with the intention of conducting necessary review of the compensation paid to the farmer/landholders for the loss of crops-trees-fruits on the land while constructing transmission lines and maintaining and repairing existing transmission lines, the following committee was constituted under the chairmanship of Principal Secretary, Energy and Petrochemicals vide G.R. No.: GET-11-2015-GOI-199-K dated 20-09-2021.

- (1) Principal Secretary, Department of Energy and Petrochemicals
- (2) Secretary (Land Reforms), Revenue Department
- (3) Managing Director, Gujarat Energy Development Corporation Limited
- (4) Managing Director, Gujarat Energy Transmission Corporation Ltd.
- (5) Directorate of Agriculture, Gandhinagar
- (6) Financial Advisor, Department of Energy and Petrochemicals

After detailed discussion and consideration over the main issues related to the matter of improving the compensation as indicated in the guideline dated 14-08-2017 of Gujarat Government, the decisions/recommendations taken by the committee were submitted to the Government for approval.

**Revised Resolution:**

At the end of the required deliberation regarding the partial revision in the resolution no.: GET-11-2015-GOI-199-K dated 14-08-2017 of the guideline on compensation for loss of land/crop/fruit/tree while erecting transmission line/transmission tower, the provisions of sr. no. (2) and (3) of the aforesaid resolution are cancelled and the following provisions shall apply: -

✓ **Provision No.: (2):-**

- ✓ "In context to the compensation for the reduction in land value due to the RoW Corridor (the width of the transmission line lines), for the RoW Corridor, regardless of the width and length of the flow lines passing through the land holder's land subdivision, 15% of



the value of the land will have to be paid as compensation for loss due to loss of land value. In addition, the RoW Corridor of the following swinging power lines should be taken into consideration:-

| S.No. | Transmission Voltage                  | Width of Right of Way |
|-------|---------------------------------------|-----------------------|
| 1     | 66 KV                                 | 18 Mtrs.              |
| 2     | 110 KV                                | 22 Mtrs.              |
| 3     | 132 KV                                | 27 Mtrs.              |
| 4     | 220 KV                                | 35 Mtrs.              |
| 5     | 400 KV                                | 46 Mtrs.              |
| 6     | +/- 500 KV HVDC                       | 52 Mtrs.              |
| 7     | 765 KV S/C (with delta configuration) | 64 Mtrs.              |
| 8     | 765 KV D/C                            | 67 Mtrs.              |
| 9     | +/- 800 KV HVDC                       | 69 Mtrs.              |
| 10    | 1200 KV                               | 80 Mtrs.              |

✓ **Provision No. (3):-**

"While paying compensation for loss of fruit trees and other trees, the compensation will have to be paid as per the circular number L.A.Q./22/2018/1550/Gh dated 12-01-2021 (Appendix-A) issued by the Revenue Department as well as the revised circular from time to time thereafter.

While paying compensation for crop loss the rates set by the Agriculture Produce Market Committee (APMC) will be applicable for evaluation of compensation and the value of crop compensation should be certified by the concerned Sarpanch / Talati / Mamlatada or the concerned Revenue Officer."

**2. In addition, instead of condition number (2) and (3) of paragraph no. 2 of the resolution dated 14-08-2017, the following new condition no. (2) and condition no. (3) are added:-**

- (2) The provisions of this resolution shall apply to the work of the new transmission line and all the transmission lines which are in progress. But, the provisions of this resolution will not apply in cases where the amount of compensation has been fixed.



- (3) To assess the value of land, the calculation of compensation will have to be finalized by considering the current, jantri rates of the government of that time and place as a maximum increase of 10% per annum (compounding).
3. Other conditions and provisions of the resolution dated 14-08-2017 of Gujarat Government will remain the same.
  4. This resolution will come into force from the date of its publication.
  5. The aforesaid resolution is published with the permission obtained on a note on dated 23-11-2021 of Department of Agriculture and Co-operation, and of the Department of Revenue on dated 25-11-2021 and of Department of Finance on dated 01-12-2021.

By order of the Governor of Gujarat and in his name,

Signature

(J.S. Joshi)

Officers on Special Duty

Department of Energy and Petrochemicals

Copy to: for necessary action

41. The Petitioner has submitted Form-5 wherein particulars about tree/crop compensation and the same is as follows;

|                        |   |        |        |   |         |         |          |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------|---|--------|--------|---|---------|---------|----------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tree/Crop compensation | 1 | 741.71 | 741.71 | 1 | 5396.55 | 1605.38 | 3,791.17 | 4,654.84 | Compensation of ₹7.42 Crores was projected in FR. However, the actual cost of crop/tree compensation, railway crossings and compensation towards tower base and diminution of land value in the width of Right of Way (RoW) Corridor has been projected as ₹53.97 Crores based on the assessment of revenue authorities. Land rates in DPR were considered on normative basis @ Rs. 15 lakhs per acre for agriculture land and Rs. 25 lakhs per acre for urban/semi-urban land. Increase in cost is mainly attributable to higher land rates ranging from 49 lakhs per acre to 505 lakhs per acre as per DC orders for urban/industrial area through which the line passes. Further, there has been an increase in estimate due to revision in guidelines for payment of Land Compensation in construction of Transmission Line by Govt. of Gujarat vide resolution No GET-11-2015-GOI-199-K, dated 31.12.2021. |
|------------------------|---|--------|--------|---|---------|---------|----------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

42. As regards the huge increase in actual compensation paid in respect of transmission line, the Petitioner has submitted that the increase in compensation cost is mainly attributable to higher land rates ranging from ₹49 lakh per acre to ₹505 lakh per acre paid as per DC orders and due to revision in guidelines for payment of Land Compensation in construction of Transmission Line by Govt. of Gujarat vide Resolution No. GET-11-2015-GOI-199-K dated 31.12.2021.



43. We have considered the submission of the Petitioner. It is not clear from the submission of the Petitioner whether the Petitioner has paid compensation based on the orders of the Government of Gujarat or the orders of the District Magistrate. Therefore, the Petitioner is directed to clarify/ furnish the following at the time of truing up for review:

- (a) The procedure/ policy of the Petitioner for payment of compensation towards of the transmission line.
- (b) The basis of consideration of ₹15 lakh per acre for agriculture land and ₹25 lakh per acre for urban/semi-urban land initially in the DPR/ FR.
- (c) The agriculture land compensation rate is increased from ₹15 lakh per acre to ₹49 lakh per acre, in case of urban/semi-urban land, the compensation rate is increased from ₹25 lakh per acre to ₹505 lakh per acre. Justification for the same with valid documentary evidence.
- (d) The details in the below-mentioned format, along with documentary proof .

| Description                                                                                                 | As per DPR | As per RCE | Whether the compensation is paid as per the provisions of the Telegraph Act or the Government of Gujarat order |
|-------------------------------------------------------------------------------------------------------------|------------|------------|----------------------------------------------------------------------------------------------------------------|
| i) Compensation towards crop, Tree, Hut, PTCC etc                                                           |            |            |                                                                                                                |
| ii) Compensation towards the Tower base and diminution of land value in the width of the Right of Way (RoW) |            |            |                                                                                                                |

- (e) The district-wise information with respect to the RoW compensation claimed by the Petitioner for different pieces of land



| Description   | Area of land (Sq. mtr.) | Jantri Rates (per Sq. mtr.)* | Whether Resolution 2021 is applicable | Actual Amount of compensation paid | Date of disbursement |
|---------------|-------------------------|------------------------------|---------------------------------------|------------------------------------|----------------------|
| Tower Footing |                         |                              |                                       |                                    |                      |
| RoW Corridor  |                         |                              |                                       |                                    |                      |

(f) The actual RoW Compensation for Tower Base and actual RoW Compensation for Line Corridor, along with supporting documents and the RoW Compensation paid towards 220 kV D/C Navasari(PG)-Bhestan(Popda-GETCO) Transmission Line.

(g) Clarification whether the compensation paid to the affected landowners for erection of the transmission line and towers has been determined and disbursed in accordance with the provisions of Section 10 of the Indian Telegraph Act, 1885 (as extended under Section 164 of the Electricity Act, 2003), and whether the same covers both (i) crop/tree compensation and (ii) compensation towards diminution of land value at tower locations along with supporting documents such as assessment orders issued by the District Magistrate/Collector and proof of payments made.

44. We provisionally allow the compensation of ₹742.00 lakh, out of the total projected amount of ₹5397.00 lakh claimed by the Petitioner. The balance amount of ₹4655.00 lakh is not allowed at this stage, and the same will be reviewed at the time of truing up of the tariff of the 2019-24 tariff period based on the submission of the information as sought in the paragraph above.

45. Further, as compared to the FR cost of ₹464.69 lakh, the estimated completion cost of Asset-2 is at variance of about ₹2.05 lakh. According to the Petitioner, the capital cost of Asset-2 varies on account of an increase of an amount of ₹3.89 lakh towards preliminary works, land

and civil works, and ₹6.333 lakh towards sub-station equipment and a reduction of IEDC and IDC by ₹3.859 lakh and ₹2.933 lakh respectively.

46. The apportioned approved cost as per the RCE is ₹10335.00 lakh, while the estimated completion cost of the transmission project is ₹9241.70 lakh. Since the estimated completion cost of the transmission assets is within the revised cost estimate, there is no cost overrun in the case of the transmission assets. However, there is a cost variation with respect to the FR cost in both transmission assets. The RoW compensation would be reviewed at the time of truing up after considering the comparative RoW calculation based on the assumptions made in the DPR, based on applicable jantri rates and based on the Government of Gujarat orders for RoW width and the tower base

#### **Time overrun**

47. The Petitioner has submitted that, as per the IA dated 21.5.2020, the SCOD of Asset-1 and Asset-2 were 21.12.2020 and 21.3.2023, respectively, against which Asset-1 and Asset-2 were put into commercial operation on 25.2.2022 and 4.2.2023, respectively. The details of the time overrun claimed by the Petitioner are as follows:

| Asset   | SCOD       | COD       | Delay    |
|---------|------------|-----------|----------|
| Asset-1 | 21.12.2020 | 25.2.2022 | 431 days |
| Asset-2 | 21.3.2023  | 4.2.2023  | Nil      |

#### **Delay due to RoW issues**

48. The Petitioner has submitted that during construction, severe RoW issues were encountered due to the farmer's agitation demanding higher land de-valuation compensation. Accordingly, the Petitioner requested the district administration to conduct an assessment of the compensation towards RoW as well as provide necessary support and police protection to resolve the RoW issues. The Petitioner has further submitted that the progress of



commissioning of Asset-1 was also affected due to the non-finalisation of the land rate by the District Administration for the purposes of compensation disbursement. The land rate by the District Administration was finalised very late, i.e. on 1.2.2021 and 18.2.2021 for Surat and on 9.6.2021 for Navsari. Even after the finalisation of land rate at a higher value by the District Administration, farmers did not cooperate and created RoW issues. The Petitioner has submitted that the severe RoW issues were prevailing due to the demand for higher compensation for stringing work since farmers were not accepting the land compensation in the corridor of 7.5% of the land value and demanded compensation as per the Central Government guidelines. The Government of Gujarat's Resolution dated 31.12.2021 increased the land compensation in the corridor from 7.5% to 15% of the land value. Even after the Government of Gujarat's Resolution dated 31.12.2021, the farmers at some locations did not cooperate and obstructed the construction activities. The Petitioner submitted that due to the prevailing situation, the work had to be carried out under police protection.

#### **Delay due to the COVID-19 pandemic**

49. The Petitioner has submitted that the COVID-19 1<sup>st</sup> wave hit the country in March 2020, and at that time, the severity of the pandemic was unknown. The nation and State-wise lockdowns and restrictions were imposed due to the ongoing pandemic. In the meantime, the IA was issued on 21.5.2020 mandating the commissioning of the Asset-1 by December 2020. Since the supply chain was disrupted due to the factory lockdown, the difficulty in procurement of the raw materials, availability of labour and transportation were severely affected between May 2020 and September 2020. Further, the civil works and other erection activities were also badly affected during the same period due to local as well as nationwide lockdowns, non-



availability of skilled manpower, difficulties in transportation, non-availability of construction materials, and delays in construction activities at the site as well.

50. The Petitioner has submitted that Asset-1 was under construction when the 2<sup>nd</sup> wave of COVID-19 hit the country. During the months of April to June 2021, due to the imposition of restrictions by the Government of Gujarat on account of the 2<sup>nd</sup> wave of Covid-19, the timeline of the commissioning of Asset-1 was further hampered.

51. A chronology of events resulting in the delayed commissioning of Asset-1 submitted by the Petitioner is as under:

| Sr. No. | Description                                                                                                                                                                                                   | Date          |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 1       | Letter to Collector and District Magistrate, Surat for Palsana and Chouryasi Taluka regarding request for assessment of compensation towards damage in RoW and clearance of RoW issues.                       | 9.6.2020      |
| 2       | Letter to Collector and District Magistrate, Navsari District for Jalapore Taluka regarding request for assessment of compensation towards damage in RoW and clearance of RoW issues.                         | 9.6.2020      |
| 3       | Letter to Collector and District Magistrate, Surat regarding request for police protection.                                                                                                                   | 14.9.2020     |
| 4       | Letter to Collector and District Magistrate, Surat regarding intervention and necessary support for resolving the RoW issues.                                                                                 | 16.9.2020     |
| 5       | Letter from Mamlatdar, Palsana to the Petitioner regarding providing factual information about the farmers and in addition, the affected farmers are requested to take necessary action in this regard.       | 4.10.2020     |
| 6       | Letter from farmers to Mamlatdar, Palsana regarding infiltration of people in the name of the Petitioner without permission.                                                                                  | 4.10.2020     |
| 7       | Letter to Mamlatdar, Palsana regarding request for kind intervention in RoW/Obstruction by farmers/villagers for EHV Transmission Line.                                                                       | 19.10.2020    |
| 8       | Letter from Collector, Surat to Superintendent of Police, Surat (Rural) approving the request of Police Protection from the Petitioner.                                                                       | 21.10.2020    |
| 9       | Letter from Collector, Surat to SDM, Kamrej (Surat) regarding non co-operation of farmers at Surat and obstruction in the construction of 220kV Navsari-Bhestan Transmission Line.                            | 21.10.2020    |
| 10      | Letter from Mamlatdar, Palsana to the Petitioner regarding holding consultation meeting on 5.11.2020 regarding obstruction by farmers/villagers for construction of 220kV Navsari-Bhestan Transmission Line.  | 3.11.2020     |
| 11      | Letter from Mamlatdar, Palsana to the Petitioner regarding holding consultation meeting on 21.11.2020 regarding obstruction by farmers/villagers for construction of 220kV Navsari-Bhestan Transmission Line. | 20.11.2020    |
| 12      | Minutes of meeting issued by Mamlatdar, Palsana of meeting dated 21.11.2020                                                                                                                                   | 21.11.2020    |
| 13      | Letter from SP, Surat (Rural) regarding denial of Police protection in the wake of severe farmer's agitation.                                                                                                 | December 2020 |



| Sr. No. | Description                                                                                                                                                                                                                                                                                                                                                                                                                                            | Date       |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 14      | Letter to Mamlatdar, Palsana regarding fixation of land value for the construction of 220 kV D/C Navsari (PG)- Bhestan Transmission Line passing through the different villages of Palsana Taluka.                                                                                                                                                                                                                                                     | 4.12.2020  |
| 15      | Letter to Secretary, Energy and Petrochemical Department, GoG, Gandhinagar requesting for finalization of Land De-valuation Compensation and provision of necessary on payment police protection.                                                                                                                                                                                                                                                      | 28.12.2020 |
| 16      | Letter to Collector, Surat, regarding the request for finalisation of the land compensation order.                                                                                                                                                                                                                                                                                                                                                     | 7.1.2021   |
| 17      | Letter to Collector and District Magistrate, Surat regarding request for Police Protection for namely 06 nos. locations AP 1/0, AP 3/0, AP 4/0, 4/1, AP 5/0 and 8/1 due to non-cooperation and obstructing execution of work of national importance in-spite of various efforts                                                                                                                                                                        | 11.1.2021  |
| 18      | Letter from Police Commissioner, Surat to Police Inspector, Surat for providing on payment police protection for construction of 220kV Navsari-Bhestan Transmission Line.                                                                                                                                                                                                                                                                              | 21.1.2021  |
| 19      | Revised Land Rate order issued from Office of the Collector and District Magistrate, Surat for Palsana Taluka.                                                                                                                                                                                                                                                                                                                                         | 1.2.2021   |
| 20      | Letter to Collector, Surat regarding request for approval of on-payment Police Bandobast for 60 days for villages namely Taraj, Intalva, Makhinja, Kanav, Bhutpore, Tundi, Bagumra, Kareli and Dastan of Palsana Taluka since the farmers in the said villages are not cooperating and obstructing the construction of 220 kV D/C Navsari (PG)- Bhestan Transmission Line.                                                                             | 15.2.2021  |
| 21      | Letter to Collector and District Magistrate, Navsari District regarding fixation and approval of Land Value for payment of Compensation towards Land de-valuation.                                                                                                                                                                                                                                                                                     | 17.2.2021  |
| 22      | Letter to Deputy Collector, Navsari District, regarding request for prevalent Jantri rates for fixation of land de-valuation compensation.                                                                                                                                                                                                                                                                                                             | 17.2.2021  |
| 23      | Revised land rate order issued from the Office of the Collector and District Magistrate, Surat, for Choryasi Taluka.                                                                                                                                                                                                                                                                                                                                   | 18.2.2021  |
| 24      | Letter from Collector, Surat to Police Commissioner, Surat and Superintendent of Police, Surat (Rural) ordering for providing on-payment police protection for construction of 220 kV Navsari-Bhestan Transmission Line.                                                                                                                                                                                                                               | 18.2.2021  |
| 25      | Letter to SP, Surat regarding request for approval of on-payment Police Bandobast for 60 days for villages namely Taraj, Intalva, Makhinja, Kanav, Bhutpore, Tundi, Bagumra, Kareli and Dastan of Palsana Taluka and for 30 days for villages namely Popda, Bhatia and Kachholi of Chouryasi Taluka since the farmers in the said villages are not cooperating and obstructing the construction of 220 kV D/C Navsari (PG)- Bhestan Transmission Line. | 20.2.2021  |
| 26      | Letter to Commissioner of Police, Surat regarding request for grant of on-payment Police Bandobast for 30 days for villages namely Popda, Bhatia and Kachholi of Chouryasi Taluka since the farmers in the said villages are not cooperating and obstructing the construction of 220 kV D/C Navsari (PG)- Bhestan Transmission Line                                                                                                                    | 20.2.2021  |
| 27      | Letter to District Development Officer, Surat regarding request for kind intervention and necessary support at Block No. 65 of Makhinja Village, Palsana Taluka which lies between Loc No. 13/1 and 14/0 of 220 kV D/C Navsari-Bhestan Transmission Line in order to complete the project of State interest ad National interest at large.                                                                                                             | 23.2.2021  |



| Sr. No. | Description                                                                                                                                                                                                                                                                                                                                                                                                  | Date      |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 28      | Letter from Police Commissioner, Surat to Police Inspector, Surat for providing on payment police protection for construction of 220 kV Navsari-Bhestan Transmission Line                                                                                                                                                                                                                                    | 2.3.2021  |
| 29      | Letter to Collector, Surat regarding request for kind intervention and necessary support at villages namely Taraj, Intalva, Makhinja, Kanav, Bhutpore, Tundi, Bagumra, Kareli and Dastan of Palsana Taluka Popda, Bhatia and Kachholi of Chouryasi Taluka since the farmers in the said villages are not cooperating and obstructing the construction of 220 kV D/C Navsari (PG)- Bhestan Transmission Line. | 12.3.2021 |
| 30      | Letter from Mamlatdar, Palsana to Collector, Surat regarding application received from farmers regarding low compensation.                                                                                                                                                                                                                                                                                   | 22.3.2021 |
| 31      | Letter from Collector, Surat to the Petitioner approving the request of Police Protection from the Petitioner.                                                                                                                                                                                                                                                                                               | 8.4.2021  |
| 32      | Office Order from Superintendent of Police regarding on-payment police protection for the construction of 220 kV Navsari-Bhestan Transmission Line.                                                                                                                                                                                                                                                          | 12.4.2021 |
| 33      | Letter to Chief Secretary, GoG, Gandhinagar regarding support in resolving RoW issues.                                                                                                                                                                                                                                                                                                                       | 27.4.2021 |
| 34      | Letter to Additional District Magistrate, Surat regarding non-cooperation of farmer in the construction of the transmission line and requirement of police protection if delay in construction due to obstruction continues.                                                                                                                                                                                 | 13.5.2021 |
| 35      | Letter from Additional Chief Secretary, Energy and Petrochemical Department, GoG to District Collector, Surat to expedite the matter for resolving RoW issues faced by project developer (the Petitioner) for construction of the transmission line and grievances of the farmer may be avoided.                                                                                                             | 3.6.2021  |
| 36      | Letter from ED, WR-II POWERGRID to Chief Secretary, GoG, Gandhinagar regarding support in resolving RoW issues                                                                                                                                                                                                                                                                                               | 3.6.2021  |
| 37      | Reminder Letter to Collector and District Magistrate, Surat regarding request for fixation and approval of Land Value for payment of compensation towards land de-valuation.                                                                                                                                                                                                                                 | 7.6.2021  |
| 38      | Land rate order issued from Office of the Collector and District Magistrate, Navsari.                                                                                                                                                                                                                                                                                                                        | 9.6.2021  |
| 39      | Police Bandobast Fees Calculation received from Palsana Police Station, Surat (Rural) for on-payment police protection order dated 12.4.2021.                                                                                                                                                                                                                                                                | 17.6.2021 |
| 40      | Letter from the Petitioner to Police Sub-Inspector, Palsana regarding submission of DD along with GST challan on dated 23.6.2021 (DD) and 29.6.2021 (GST challan) for grant of on-payment Police Bandobast.                                                                                                                                                                                                  | 30.6.2021 |
| 41      | Letter to Police Sub-Inspector, Palsana regarding Police Bandobast for construction work of 220kV D/C Navsari-Bhestan Transmission Line.                                                                                                                                                                                                                                                                     | 5.7.2021  |
| 42      | Letter to Police Inspector, Sachin regarding submission of DD along with GST challan for grant of on-payment Police Bandobast.                                                                                                                                                                                                                                                                               | 7.7.2021  |
| 43      | Letter from Collector, Surat to Police Commissioner, Surat and Superintendent of Police, Surat (Rural) ordering for providing on-payment police protection for construction of 220kV Navsari-Bhestan Transmission Line.                                                                                                                                                                                      | 12.7.2021 |
| 44      | Letter to Police Sub-Inspector, Palsana regarding Police Bandobast for construction work of 220kV D/C Navsari-Bhestan Transmission Line.                                                                                                                                                                                                                                                                     | 16.7.2021 |
| 45      | Request for extending support for timely completion of the project.                                                                                                                                                                                                                                                                                                                                          | 28.9.2021 |
| 46      | Forwarding the representation given by farmers for land compensation 15% and requested for the disposal of the same in line with GoG guideline.                                                                                                                                                                                                                                                              | 2.11.2021 |



| Sr. No. | Description                                                                                                                                                                          | Date      |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 47      | Denial by the Petitioner to change transmission line route between AP 15-AP17 as the matter was discussed between joint meeting with farmers, the Petitioner and District Collector. | 9.11.2021 |
| 48      | Request for police protection for Survey Nos. 142 and 256 for Popda and Bhatia village respectively to Commissioner of Police, Surat                                                 | 27.1.2022 |

52. MPPMCL, vide affidavit dated 19.1.2024, has submitted that since the IA was granted in the middle of the 1<sup>st</sup> wave of COVID-19 in May 2020, the SCOD must have envisaged all aspects of COVID-19. Further, since the 2<sup>nd</sup> wave of Covid-19 occurred between the months of April and June 2021, i.e. after 4 months from the SCOD, therefore the 1<sup>st</sup> and 2<sup>nd</sup> waves of Covid-19 cannot be construed as a valid reason for the delay in the commissioning of Asset-1.

53. MPPMCL has further submitted that RoW is a part and parcel of the implementation of a transmission project. Therefore, the Petitioner, being the most experienced transmission utility in the country, should have dealt with the RoW issues more professionally. MPPMCL has also claimed that the Government of Gujarat's Resolution dated 31.12.2021, which increased the land compensation in the RoW corridor from 7.5% to 15% of the land value, was passed after one year of the SCOD of the transmission project. Hence, it is the Petitioner's inefficiency in resolving the RoW issues which led to the delay in achieving the SCOD of Asset-1.

54. MSEDCL, vide affidavit dated 15.1.2024, has submitted that the Petitioner issued the Letter of Award (LOA) after a lapse of 39 days from the date of issuance of the IA and after a lapse of 167 days from the date of the OM issued by the Ministry of Power. MSEDCL has further submitted that a lackadaisical approach adopted by the Petitioner during the issuance of the IA, resulted in a subsequent delay in issuing the LOA. Moreover, although the SCOD for Asset-1 was 21.12.2020, the Petitioner was able to complete the construction of only 15



towers by the end of December 2020. According to the RoW guidelines, the responsibility to address the RoW issues lies with the Petitioner. MSEDCL has further submitted that the Commission, in its order dated 23.6.2023 in Petition No. 470/MP/2019, observed that the RoW issues are not something which can be anticipated by a transmission licensee and hence cannot be considered for any relief against the delay caused in the implementation of a transmission project. Hence, mere communication with the Government Authorities to resolve the RoW issues cannot be termed as an uncontrollable factor under Regulation 22(2)(a) of the 2019 Tariff Regulations and as such, activities were required to be anticipated by the licensee during the implementation of a transmission project.

55. In response, the Petitioner has reiterated its submission made in the instant petition and further submitted that COVID-19 was acknowledged as a global pandemic by the World Health Organisation (WHO) and considered as a *force majeure* event impacting all industries. Taking into consideration these challenges and nationwide lockdown restrictions, the MoP, through letters dated 27.7.2020 and 12.6.2021, granted the SCOD extensions for 5 months and 3 months, respectively. Finally, with the help of the local administration and the police protection, Asset-1 was charged on 25.2.2022 against its COD of 04.2.2023. The Petitioner has further submitted the complete details of the delay in commissioning of the transmission project, as discussed above, which were beyond the control of the Petitioner and qualify as an uncontrollable factor in terms of Regulation 22 of the 2019 Tariff Regulations.

56. The Petitioner has submitted that as per the status of the transmission project on 25.3.2020 and on 1.4.2021, DPR preparation and the LoA tendering works were in progress as on 25.3.2020 and foundation, tower erection, and stringing work were in progress as on 1.4.2021.



## **Analysis and Decision on Time Overrun**

### **Delay due to RoW issues:**

57. We have considered the submissions of the Petitioner, MSEDCL and MPPMCL and have perused the record. As per the IA dated 21.5.2020, Asset-1 and Asset-2 were scheduled to be commissioned within 7 months and 34 months from the date of the IA, i.e., by 21.12.2020 and 21.3.2023, respectively. Against this Asset-1 was put into commercial operation on 25.2.2022 with a time overrun of 431 days, while Asset-2 was put into commercial operation on 4.2.2023 with no time overrun.

58. With respect to Asset-1, the Petitioner has submitted that the Navsari (PG)-Bhestan/Popada (GETCO) 220 kV D/C line is passing through the industrial corridor of Surat district, thereby causing severe RoW as well as compensation issues for which land owners sought compensation at market rates. The Petitioner had to follow up on the matter with the local authorities and the Gujarat Government for finalisation of the land compensation rates, which further delayed the matter.

59. The Petitioner has submitted that the Navsari (PG) – Bhestan/Popada (GETCO) 220 kV D/C line was planned as a part of the transmission scheme “Transmission System associated with DGEN TPS (1200 MW) of Torrent Power Ltd.” through the TBCB route. The implementation schedule of the scheme was 38 months, i.e. May 2018. However, DGEN TPL did not take up the implementation of the scheme, and the Commission vide its order dated 11.6.2019 cancelled the licence granted to the transmission licensee. In the 2nd WRSCT meeting held on 21.5.2019, it was decided to delink the line from the Transmission System associated with the DGEN TPS (1200 MW) of Torrent Power Ltd. and take up the implementation of Navsari (PG) – Bhestan 220 kV D/C line as a separate ISTS scheme.



60. The Petitioner has further submitted that during the construction, severe RoW issues were encountered due to the farmer's agitation demanding higher land de-valuation compensation. Severe RoW obstructions were prevailing due to the demand for higher compensation in stringing work since farmers were not accepting the land compensation in the corridor at 7.5% of the land value and demanded the compensation as per the Central Government Guidelines. The Government of Gujarat Resolution dated 31.12.2021, increasing the land compensation in corridor from 7.5% to 15% of the land value was passed after detailed deliberations and consideration of the farmers requests on improving the compensation as indicated in the guidelines dated 14.8.2017 of the Gujarat Government. Even after the Government of Gujarat Resolution dated 31.12.2021, farmers at some locations were not cooperating and obstructed the construction activities and, therefore, the work was carried out under police protection. MSEDCL has contended that as regards the delay due to the RoW issues, the Petitioner cannot be granted the relief in view of the principle settled by the Commission in its order dated 23.6.2023 in the Petition No. 470/MP/2019 holding that the delay due to RoW issues is not something which cannot be anticipated by a transmission licensee and hence cannot be considered for any relief.

61. It is noticed that the Petitioner faced severe RoW issues in the commissioning of Asset-1 due to the farmer's agitation demanding higher land compensation. After the approval of the IA dated 21.5.2020, the Petitioner, vide letter dated 9.6.2020, informed the District Administration of Navsari and Surat districts of the assessment of compensation towards the land. Additionally, the Petitioner also made correspondence regarding the RoW issues and requested fixing the land rate vide letters dated 16.9.2020, 7.1.2021, 7.2.2021, 12.3.2021 and 7.6.2021 to the respective authorities. Moreover, the Petitioner also took up the matter for



police protection with the local administration and the police authorities vide letters dated 14.9.2020, 11.1.2021, and 15.2.2021. Furthermore, the matter regarding RoW issues, stoppage of work due to agitation by the farmers and providing police protection was also taken up by the Petitioner with the higher authorities. After perusing all the documentary evidence, we acknowledge that the Petitioner consistently raised the concerns of severe RoW issues at various local and higher administrative levels, in an effort to expedite the transmission project completion. It is evident that the challenges faced due to the aforementioned RoW issues encountered by the Petitioner in the commissioning of Asset-1 were beyond its control, and thus, we condone the time overrun of 431 days.

**Delay due to Covid-19 1<sup>st</sup> and 2<sup>nd</sup> wave**

62. The Petitioner has submitted that the execution of work was also affected due to Covid-19 1<sup>st</sup> and 2<sup>nd</sup> waves. Since the supply chain was disrupted due to the factory lockdown, the procurement of RoW materials, availability of labour, and transportation were badly affected between May and September 2020. Also, the civil works and other construction activities were affected due to the local and nationwide lockdowns, non-availability of skilled manpower, etc. During the months of April to June 2021, due to the 2nd wave of COVID-19, the night curfew was imposed in the State of Gujarat. It has been further submitted that as per the status of the transmission project on 25.3.2020 and 1.4.2021, DPR preparation and the LoA tendering works were in progress as on 25.3.2020 and foundation, tower erection, and stringing work were also in progress as on 1.4.2021. Further, the Petitioner has submitted that considering the nation-wide restrictions for containment of the spread of the Covid-19 pandemic, the MoP vide letters 27.7.2020 and 12.6.2021 granted the extension in SCOD for 5 months and 3 months respectively.



63. As we have already dealt with the delay on account of RoW issues and condoned the delay of 431 days, delay on account of covid-19 is not dealt with separately.

64. The summary of the time overrun condoned and not condoned is as under:

| Asset   | Asset name                                                                                                                                              | SCOD       | COD       | Time overrun claimed | Time overrun condoned | Time overrun not condoned |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|----------------------|-----------------------|---------------------------|
| Asset-1 | Navsari (PG) – Bhestan 220 kV D/C line (with minimum capacity of 400 MVA per circuit),                                                                  | 21.12.2020 | 25.2.2022 | 431 days             | 431 days              | Nil                       |
| Asset-2 | Conversion of 80 MVA fixed line reactor at Boisar end of Aurangabad-Boisar 400 kV D/C line to switchable line reactor along with NGR bypass arrangement | 21.3.2023  | 4.2.2023  | Nil                  | Nil                   | Nil                       |

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

65. The Petitioner has claimed the following capital cost in respect of Asset-1:

| Asset   | Cost as on COD | Projected ACE |         |         | Estimated Cost on 31.3.2024 |
|---------|----------------|---------------|---------|---------|-----------------------------|
|         |                | 2021-22       | 2022-23 | 2023-24 |                             |
| Asset-1 | 4431.70        | 147.33        | 3531.27 | 467.68  | 8577.98                     |

66. As discussed above, an amount of ₹4655.00 towards land compensation in respect of Asset-1 is not allowed is exceeding the capital cost claimed as on COD in respect of Asset-1. Accordingly, the capital cost in respect of Asset-1 is restricted to ₹4087.68 lakh (₹8577.98 - ₹4655.00) as on COD. Therefore, IDC, IEDC, initial spares and projected ACE in respect of Asset-1 have not been dealt with further. The same shall be reviewed at the time of truing up subject to the submission of information by the Petitioner as sought in the Paragraph above.



67. The Petitioner has claimed ₹4.03 lakh as IDC and ₹13.41 lakh as IEDC for Asset-2. Based on the information available on records, the IDC and IEDC allowed in respect of Asset-2 are as under:

| (₹ in lakh) |             |             |              |              |
|-------------|-------------|-------------|--------------|--------------|
| Asset       | IDC claimed | IDC allowed | IEDC claimed | IEDC allowed |
| Asset-2     | 4.03        | 4.03        | 13.41        | 13.41        |

### **Initial Spares**

68. Regulation 23(d) of the 2019 Tariff Regulations provides that the initial spares shall be capitalized as a percentage of plant and machinery cost up to the cut-off date, subject to the following ceiling norms:

|                                                            |                |
|------------------------------------------------------------|----------------|
| <i>“(d) Transmission System</i>                            |                |
| <i>(i) Transmission line:</i>                              | <i>1.00%</i>   |
| <i>(ii) Transmission sub-station</i>                       |                |
| <i>- (Green Field):</i>                                    | <i>4.00%</i>   |
| <i>- (Brown Field):</i>                                    | <i>6.00%</i>   |
| <i>(iii) Series Compensation devices and HVDC Station:</i> | <i>4.00%</i>   |
| <i>(iv) GIS Insulated Sub-station</i>                      |                |
| <i>- (Green Field):</i>                                    | <i>5.00%</i>   |
| <i>- (Brown Field):</i>                                    | <i>7.00%</i>   |
| <i>(v) Communication System:</i>                           | <i>3.50%</i>   |
| <i>(vi) Static Synchronous Compensator:</i>                | <i>6.00%</i> ” |

69. The Petitioner has submitted that the scope of works under Asset-2 consists of the conversion of the existing fixed line reactors to switchable line reactors only. Hence, the plant and machinery costs are low as compared to the initial spares limit prescribed. Consequently, the cost of initial spares required for such a scope of work has increased marginally with respect to the ceiling of the initial spares as a percentage of the plant and machinery cost. Therefore, the Petitioner has prayed to allow the initial spares claimed in the instant Petition by exercising the power to relax the existing provisions under Regulation 76 (Power to Relax), read with Regulation 77 (Power to Remove Difficulty) of the 2019 Tariff Regulations. The initial spares claimed by the Petitioner in respect of the transmission assets are as follows:



(₹ in lakh)

| Asset   | Components of the Asset | Plant and Machinery cost (As on cut-off date) | Initial Spares Claimed |
|---------|-------------------------|-----------------------------------------------|------------------------|
| Asset-2 | Sub-station             | 232.66                                        | 20.08                  |

70. The Respondent, MSEDCL, has submitted that in terms of Regulation 23 of the 2019 Tariff Regulations, the cost of initial spares cannot exceed 6% in the case of the transmission sub-station, i.e. Asset-2, in the instant Petition. Therefore, the Petitioner cannot claim over and above the ceiling of 6% towards the initial spares for Asset-2, which turns out to be ₹13.57 lakh. MSEDCL has further submitted that the Petitioner has made a vague statement comparing the low plant and machinery cost with reference to initial spares without going into any details of initial spares. MSEDCL has further submitted that the power to relax provisions of the 2019 Tariff Regulations is discretionary and the Commission ought to exercise such discretionary powers only in rare situations when the implementation of the 2019 Tariff Regulations becomes difficult.

71. We have considered the submissions of the Petitioner and MSEDCL. The initial spares claimed by the Petitioner in respect of Asset-2 are in excess of the ceiling of 6% as per the 2019 Tariff Regulations (i.e. ₹6.51 lakh). Asset-2, which is an existing fixed line reactor, is converted to a switchable line reactor; hence, the Initial Spares have already been considered for the existing line reactors. Therefore, we are not inclined to allow Initial Spares with respect to the Asset-2 in excess of its prescribed ceiling by exercising the power to relax under Regulation 76 of the 2019 Tariff Regulations. The initial spares allowed in respect of the transmission assets are as follows:



(₹ in lakh)

| Asset   | Components of the Asset | Plant and Machinery cost (As on cut-off date) | Initial Spares Claimed | Ceiling as per Regulations (in %) | Initial Spares worked out (₹ in lakh) | Excess Disallowed | Initial Spares Allowed |
|---------|-------------------------|-----------------------------------------------|------------------------|-----------------------------------|---------------------------------------|-------------------|------------------------|
|         |                         | A                                             | B                      | C                                 | $D = (A-B) * C / (100-C)$             | E=B-D             | D                      |
| Asset-2 | Sub-station             | 232.66                                        | 20.08                  | 6                                 | 13.57                                 | 6.51              | 13.57                  |

### **Capital Cost allowed as on COD**

72. Accordingly, the capital cost allowed in respect of the transmission assets as on COD, excluding the Capital Cost Disallowed, undischarged IDC and excess capital spares disallowed, are as follows:

(₹ in lakh)

| Asset   | Capital Cost allowed as on COD |
|---------|--------------------------------|
| Asset-1 | 4087.68                        |

(₹ in lakh)

| Asset   | Capital Cost claimed as on COD | Less: IDC Undischarged as on COD | Less: Excess Capital Spares disallowed | Capital Cost as on COD |
|---------|--------------------------------|----------------------------------|----------------------------------------|------------------------|
| Asset-2 | 146.40                         | 0.07                             | 6.51                                   | 139.82                 |

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

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

#### **“24. Additional Capitalization**

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

- Un discharged liabilities recognized to be payable at a future date;
- Works deferred for execution;
- Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;
- Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law; and
- Change in law or compliance of any existing law: and
- Force Majeure events:



*Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.*

*(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.*

**25. Additional Capitalisation within the original scope and after the cut-off date:**

*(1) The ACE incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cutoff date may be admitted by the Commission, subject to prudence check:*

- a. Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;*
- b. Change in law or compliance of any existing law;*
- c. Deferred works relating to ash pond or ash handling system in the original scope of work;*
- d. Liability for works executed prior to the cut-off date;*
- e. Force Majeure events;*
- f. Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and g) Raising of ash dyke as a part of ash disposal system.*

*(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*

- a. The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations.*
- b. The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*
- c. The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- d. The replacement of such asset or equipment has otherwise been allowed by the Commission.”*

74. The Petitioner has submitted that the admissibility of the ACE incurred after COD is to be dealt with in accordance with the provisions of Regulation 24 of the 2019 Tariff Regulations. The Petitioner vide Auditor's Certificate dated 5.5.2022 has submitted ACE for the 2019-24 tariff period and estimated ACE for the FY 2024-25 in respect of the Asset-2, and the same is as under:

| Particulars | ACE claimed |         |         |         |
|-------------|-------------|---------|---------|---------|
|             | 2021-22     | 2022-23 | 2023-24 | 2024-25 |
| Asset-2     | 0.00        | 0.07    | 320.24  | 32.38   |

(₹ in lakh)



75. The package-wise and vendor-wise ACE details submitted by the Petitioner are as follows:

#### Asset-2

| (₹ in lakh)                  |               |                   |                   |
|------------------------------|---------------|-------------------|-------------------|
| Head wise/ party wise        | Particulars   | Projected 2023-24 | Projected 2024-25 |
| Shinjitsu India Pvt. Limited | Civil work    | 234.81            | 8.00              |
|                              | Sub-station   | 76.91             | 7.20              |
|                              | PLCC/OPGW     | -                 | -                 |
|                              | I.T Equipment | 8.52              | 2.19              |
| Shinjitsu India Pvt. Limited | Civil work    | -                 | 6.12              |
|                              | Sub-station   | -                 | 2.80              |
|                              | PLCC/OPGW     | -                 | -                 |
|                              | I.T Equipment | -                 | 6.08              |
| <b>Total</b>                 |               | <b>320.24</b>     | <b>32.39</b>      |

76. The ACE claimed by the petitioner towards Asset-2 is on account of the balance and retention payments and it is allowed under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations. The summary of the ACE allowed in respect of the transmission assets for the 2019-24 tariff period is as under:

| (₹ in lakh)    |             |         |         |
|----------------|-------------|---------|---------|
| Particulars    | ACE allowed |         |         |
|                | 2021-22     | 2022-23 | 2023-24 |
| <b>Asset-2</b> | 0.00        | 0.07    | 320.24  |

77. The Petitioner has projected an ACE of ₹32.39 lakh in case of Asset-2 for the FY 2024-25 and the same will be dealt with as per the Commission's 2024 Tariff Regulations. Accordingly, the capital cost allowed as on 31.3.2024 is as under:

| (₹ in lakh) |                        |             |         |         |                              |
|-------------|------------------------|-------------|---------|---------|------------------------------|
| Asset       | Capital cost as on COD | Allowed ACE |         |         | Capital cost as on 31.3.2024 |
|             |                        | 2021-22     | 2022-23 | 2023-24 |                              |
| Asset-1     | 4087.68                | 0.00        | 0.00    | 0.00    | 4087.68                      |
| Asset-2     | 139.82                 | 0.00        | 0.07    | 320.24  | 460.13                       |

#### Debt-Equity Ratio

78. 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.”

79. The debt-equity ratio of 70:30 has been considered in accordance with Regulation 18 of the 2019 Tariff Regulations. The details of the debt-equity ratio as on COD and as on 31.3.2024 in respect of the transmission assets are as follows:



### Asset-1

| Funding | Cost as on COD (₹ in lakh) | (in %) | Cost as on 31.3.2024 (₹ in lakh) | (in %) |
|---------|----------------------------|--------|----------------------------------|--------|
| Debt    | 2861.38                    | 70     | 2861.38                          | 70     |
| Equity  | 1226.30                    | 30     | 1226.30                          | 30     |
| Total   | 4087.68                    | 100    | 4087.68                          | 100    |

### Asset-2

| Funding | Cost as on COD (₹ in lakh) | (in %) | Cost as on 31.3.2024 (₹ in lakh) | (in %) |
|---------|----------------------------|--------|----------------------------------|--------|
| Debt    | 97.87                      | 70     | 322.09                           | 70     |
| Equity  | 41.95                      | 30     | 138.04                           | 30     |
| Total   | 139.82                     | 100    | 460.13                           | 100    |

### Depreciation

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

*a) twenty-five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or*

*b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or*

*c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life.”*

81. The depreciation has been worked out considering the admitted capital expenditure as on the COD and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) provided in the Annexure to this order has been worked out for the transmission assets as per the depreciation rates specified in the 2019 Tariff Regulations. The depreciation allowed in respect of the transmission assets for the 2019-24 tariff period is as follows:



**Asset-1**

(₹ in lakh)

|   | Particulars                                                     | 2021-22<br>(Pro rata for<br>35 days) | 2022-23       | 2023-24       |
|---|-----------------------------------------------------------------|--------------------------------------|---------------|---------------|
| A | Opening Gross Block                                             | 4087.68                              | 4087.68       | 4087.68       |
| B | Addition during the year 2019-24 due to projected ACE           | 0.00                                 | 0.00          | 0.00          |
| C | Closing Gross Block (A+B)                                       | 4087.68                              | 4087.68       | 4087.68       |
| D | Average Gross Block (A+C)/2                                     | 4087.68                              | 4087.68       | 4087.68       |
| E | Average Gross Block (90% depreciable assets)                    | 4087.68                              | 4087.68       | 4087.68       |
| F | Average Gross Block (100% depreciable assets)                   | 0.00                                 | 0.00          | 0.00          |
| G | Depreciable value (excluding IT equipment and software) (E*90%) | 3678.91                              | 3678.91       | 3678.91       |
| H | Depreciable value of IT equipment and software (F*100%)         | 0.00                                 | 0.00          | 0.00          |
| I | Total Depreciable Value (G+H)                                   | 3678.91                              | 3678.91       | 3678.91       |
| J | Weighted Average Rate of Depreciation (WAROD) (in %)            | 5.30                                 | 5.30          | 5.30          |
| K | Lapsed useful life at the beginning of the year (Year)          | 0                                    | 0             | 1             |
| L | Balance useful life at the beginning of the year (Year)         | 35                                   | 35            | 34            |
| M | <b>Depreciation during the year (D*J)</b>                       | <b>20.78</b>                         | <b>216.69</b> | <b>216.69</b> |
| N | Cumulative Depreciation at the end of the year                  | 20.78                                | 237.47        | 454.16        |
| O | Remaining Aggregate Depreciable Value at the end of the year    | 3658.13                              | 3441.44       | 3224.75       |

**Asset-2**

(₹ in lakh)

|   | Particulars                                                     | 2022-23 (Pro<br>rata for 56 days) | 2023-24      |
|---|-----------------------------------------------------------------|-----------------------------------|--------------|
| A | Opening Gross Block                                             | 139.82                            | 139.89       |
| B | Addition during the year 2019-24 due to projected ACE           | 0.07                              | 320.24       |
| C | Closing Gross Block (A+B)                                       | 139.89                            | 460.13       |
| D | Average Gross Block (A+C)/2                                     | 139.85                            | 300.01       |
| E | Average Gross Block (90% depreciable assets)                    | 113.25                            | 269.15       |
| F | Average Gross Block (100% depreciable assets)                   | 26.60                             | 30.86        |
| G | Depreciable value (excluding IT equipment and software) (E*90%) | 101.93                            | 242.24       |
| H | Depreciable value of IT equipment and software (F*100%)         | 26.60                             | 30.86        |
| I | Total Depreciable Value (G+H)                                   | 128.53                            | 273.09       |
| J | Weighted Average Rate of Depreciation (WAROD) (in %)            | 7.13                              | 5.52         |
| K | Lapsed useful life at the beginning of the year (Year)          | 0                                 | 0            |
| L | Balance useful life at the beginning of the year (Year)         | 35                                | 35           |
| M | <b>Depreciation during the year (D*J)</b>                       | <b>1.53</b>                       | <b>16.56</b> |
| N | Cumulative Depreciation at the end of the year                  | 1.53                              | 18.09        |
| O | Remaining Aggregate Depreciable Value at the end of the year    | 127.00                            | 255.00       |

**Interest on Loan (IoL)**

82. Regulation 32 of the 2019 Tariff Regulations provides as follows:



**“32. Interest on loan capital:** (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of decapitalization of asset, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

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

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

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

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

(5a) The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered.

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

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

83. The Weighted Average Rate of Interest on Loan as claimed by the Petitioner has been considered in this order. The Petitioner has prayed that the change in the interest rate due to the floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted.

84. MSEDCL has submitted that financial implications arising out of cost over-run and delay in completing the transmission assets may be disallowed in order to protect the interest of the beneficiary and the end consumers.

85. We have considered the submissions of the Petitioner and MSEDCL. The submission of MSEDCL with respect to financial implication of the project has been considered while



condoning the delay and approving the IDC. Accordingly, the floating rate of interest, if any, will be considered at the time of truing-up. IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations in respect of the transmission assets as under:

#### Asset-1

(₹ in lakh)

|   | Particulars                                      | 2021-22 (Pro rata for 35 days) | 2022-23       | 2023-24       |
|---|--------------------------------------------------|--------------------------------|---------------|---------------|
| A | Gross Normative Loan                             | 2861.38                        | 2861.38       | 2861.38       |
| B | Cumulative Repayments up to Previous Year        | 0.00                           | 20.78         | 237.47        |
| C | Net Loan-Opening (A-B)                           | 2861.38                        | 2840.60       | 2623.91       |
| D | Addition due to ACE                              | 0.00                           | 0.00          | 0.00          |
| E | Repayment during the year                        | 20.78                          | 216.69        | 216.69        |
| F | Net Loan-Closing (C+D-E)                         | 2840.60                        | 2623.91       | 2407.21       |
| G | Average Loan (C+F)/2                             | 2850.99                        | 2732.25       | 2515.56       |
| H | Weighted Average Rate of Interest on Loan (in %) | 5.95                           | 5.95          | 5.95          |
| I | <b>Interest on Loan (G*H)</b>                    | <b>16.27</b>                   | <b>162.57</b> | <b>149.68</b> |

#### Asset-2

(₹ in lakh)

|   | Particulars                                      | 2022-23 (Pro rata for 56 days) | 2023-24      |
|---|--------------------------------------------------|--------------------------------|--------------|
| A | Gross Normative Loan                             | 97.87                          | 97.92        |
| B | Cumulative Repayments up to Previous Year        | 0.00                           | 1.53         |
| C | Net Loan-Opening (A-B)                           | 97.87                          | 96.39        |
| D | Addition due to ACE                              | 0.05                           | 224.17       |
| E | Repayment during the year                        | 1.53                           | 16.56        |
| F | Net Loan-Closing (C+D-E)                         | 96.39                          | 304.00       |
| G | Average Loan (C+F)/2                             | 97.13                          | 200.20       |
| H | Weighted Average Rate of Interest on Loan (in %) | 7.90                           | 7.90         |
| I | <b>Interest on Loan (G*H)</b>                    | <b>1.18</b>                    | <b>15.82</b> |

#### Return on Equity (RoE)

86. Regulations 30 and 31 of the 2019 Tariff Regulations provide as under:

**“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 cutoff date beyond the original scope excluding Additional Capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating



company or the transmission licensee, as the case may be, as a whole shall be considered, subject to ceiling of 14%.

Provided further that:

- i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;
- ii. in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;
- iii. in case of a thermal generating station, with effect from 1.4.2020:
  - a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;
  - b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%: Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.

(3) The return on equity in respect of additional capitalization on account of emission control system shall be computed at the base rate of one year marginal cost of lending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of operation (ODE) occurs plus 350 basis point, subject to ceiling of 14%;

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

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

Rate of pre-tax return on equity = Base rate / (1-t)

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

**Illustration-**

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

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

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



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

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

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

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

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

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

#### Asset-1

| (₹ in lakh) |                                           |                                |               |               |
|-------------|-------------------------------------------|--------------------------------|---------------|---------------|
|             | Particulars                               | 2021-22 (Pro rata for 35 days) | 2022-23       | 2023-24       |
| A           | Opening Equity                            | 1226.30                        | 1226.30       | 1226.30       |
| B           | Addition due to ACE                       | 0.00                           | 0.00          | 0.00          |
| C           | Closing Equity (A+B)                      | 1226.30                        | 1226.30       | 1226.30       |
| D           | Average Equity (A+C)/2                    | 1226.30                        | 1226.30       | 1226.30       |
| E           | Return on Equity (Base Rate) (in %)       | 15.50                          | 15.50         | 15.50         |
| F           | Tax Rate applicable (in %)                | 17.472                         | 17.472        | 17.472        |
| G           | Rate of Return on Equity (Pre-tax) (in %) | 18.782                         | 18.782        | 18.782        |
| H           | <b>Return on Equity (Pre-tax) (D*G)</b>   | <b>22.09</b>                   | <b>230.32</b> | <b>230.32</b> |

#### Asset-2

| (₹ in lakh) |                                           |                                |              |
|-------------|-------------------------------------------|--------------------------------|--------------|
|             | Particulars                               | 2022-23 (Pro rata for 56 days) | 2023-24      |
| A           | Opening Equity                            | 41.95                          | 41.97        |
| B           | Addition due to ACE                       | 0.02                           | 96.07        |
| C           | Closing Equity (A+B)                      | 41.97                          | 138.04       |
| D           | Average Equity (A+C)/2                    | 41.96                          | 90.00        |
| E           | Return on Equity (Base Rate) (in %)       | 15.50                          | 15.50        |
| F           | Tax Rate applicable (in %)                | 17.472                         | 17.472       |
| G           | Rate of Return on Equity (Pre-tax) (in %) | 18.782                         | 18.782       |
| H           | <b>Return on Equity (Pre-tax) (D*G)</b>   | <b>1.21</b>                    | <b>16.90</b> |



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

88. The O&M Expenses claimed by the Petitioner for the transmission assets for the 2019-24 tariff period are as follows:

### **Asset-1**

| <b>(₹ in lakh)</b>                                       |                                       |                |                |
|----------------------------------------------------------|---------------------------------------|----------------|----------------|
| <b>Particulars</b>                                       | <b>2021-22 (Pro rata for 35 days)</b> | <b>2022-23</b> | <b>2023-24</b> |
| <b>Transmission Line</b>                                 |                                       |                |                |
| 220 kV Navsari- Bhestan transmission line (length in Km) | 18.60                                 | 18.60          | 18.60          |
| <b>Norms</b>                                             |                                       |                |                |
| 220 kV Single Circuit                                    | 0.40                                  | 0.42           | 0.43           |
| <b>Total O&amp;M of Transmission Line</b>                | <b>0.72</b>                           | <b>7.79</b>    | <b>8.05</b>    |

### **Asset-2**

| <b>(₹ in lakh)</b>                          |                                       |                |
|---------------------------------------------|---------------------------------------|----------------|
| <b>Particulars</b>                          | <b>2022-23 (Pro rata for 56 days)</b> | <b>2023-24</b> |
| <b>Bays</b>                                 |                                       |                |
| 2 no of 400 kV Switchable Line Reactor Bays | 2.00                                  | 2.00           |
| <b>Norms</b>                                |                                       |                |
| 400 kV Conventional                         | 35.66                                 | 36.91          |
| <b>Total Sub-station</b>                    | <b>10.94</b>                          | <b>73.82</b>   |

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

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



| <b>Particulars</b>                                                    | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|-----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Single Circuit (Single Conductor)                                     | 0.252          | 0.26           | 0.27           | 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          |
| ±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)          | 1,696          | 1,756          | 1,817          | 1,881          | 1,947          |
| ±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)       | 2,563          | 2,653          | 2,746          | 2,842          | 2,942          |

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

Provided further that:

- 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;
- the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;
- 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);
- 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;
- 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
- 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.”*

90. We have considered the submissions of the Petitioner. The O&M Expenses are allowed as per the norms specified in the 2019 Tariff Regulations in respect of the transmission assets, and the same are as follows:

| (₹ in lakh)                                                                 |         |         |         |
|-----------------------------------------------------------------------------|---------|---------|---------|
| O&M Expenses                                                                | 2021-22 | 2022-23 | 2023-24 |
| Asset-1<br>220 kV Navsari- Bhestan transmission line (18.60 Km)             | 0.72*   | 7.79    | 8.05    |
| Asset-2<br>2 Nos. 400 kV Switchable Line Reactor Bays at Boisar Sub-station | 0.00    | 10.94^  | 73.82   |

\* pro-rata for 35 days

^ pro-rata for 56 days

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

91. Regulations 34(1)(c), 34(3), 34(4) and 3(7) of the 2019 Tariff Regulations provides as under:

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

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

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

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

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

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

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



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

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

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

92. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 and 1.4.2022 of 7.00% plus 350 basis points) for FY 2021-22 and FY 2022-23, and 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24. The components of the working capital and interest allowed thereon in respect of the transmission assets are as under:

#### Asset-1

| (₹ in lakh)                                                                                               |                                |              |              |
|-----------------------------------------------------------------------------------------------------------|--------------------------------|--------------|--------------|
| Particulars                                                                                               | 2021-22 (Pro rata for 35 days) | 2022-23      | 2023-24      |
| Working Capital for O&M Expenses (O&M Expenses for one month)                                             | 0.63                           | 0.65         | 0.67         |
| Working Capital for Maintenance Spares (15% of O&M Expenses)                                              | 1.13                           | 1.17         | 1.21         |
| Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 77.98                          | 77.14        | 75.50        |
| Total Working Capital                                                                                     | <b>79.93</b>                   | <b>78.96</b> | <b>77.37</b> |
| Rate of Interest for working capital (in %)                                                               | 10.50                          | 10.50        | 12.00        |
| <b>Interest on working capital</b>                                                                        | <b>0.80</b>                    | <b>8.29</b>  | <b>9.28</b>  |

#### Asset-2

| (₹ in lakh)                                                                                               |                                |              |
|-----------------------------------------------------------------------------------------------------------|--------------------------------|--------------|
| Particulars                                                                                               | 2022-23 (Pro rata for 56 days) | 2023-24      |
| Working Capital for O&M Expenses (O&M Expenses for one month)                                             | 5.94                           | 6.15         |
| Working Capital for Maintenance Spares (15% of O&M Expenses)                                              | 10.70                          | 11.07        |
| Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 12.31                          | 15.62        |
| Total Working Capital                                                                                     | <b>28.95</b>                   | <b>32.84</b> |
| Rate of Interest for working capital (in %)                                                               | 10.50                          | 12.00        |
| <b>Interest on working capital</b>                                                                        | <b>0.47</b>                    | <b>3.94</b>  |



### **Annual Fixed Charges (AFC) for the 2019-24 Tariff Period**

93. The transmission charges allowed for the transmission assets for the 2019-24 tariff period are as under:

#### **Asset-1**

| (₹ in lakh)                      |                                |               |               |
|----------------------------------|--------------------------------|---------------|---------------|
| Particulars                      | 2021-22 (Pro rata for 35 days) | 2022-23       | 2023-24       |
| Depreciation                     | 20.78                          | 216.69        | 216.69        |
| Interest on Loan                 | 16.27                          | 162.57        | 149.68        |
| Return on Equity                 | 22.09                          | 230.32        | 230.32        |
| Operation & Maintenance Expenses | 0.72                           | 7.79          | 8.05          |
| Interest on Working Capital      | 0.80                           | 8.29          | 9.28          |
| <b>Total</b>                     | <b>60.66</b>                   | <b>625.66</b> | <b>614.02</b> |

#### **Asset-2**

| (₹ in lakh)                      |                                |               |
|----------------------------------|--------------------------------|---------------|
| Particulars                      | 2022-23 (Pro rata for 56 days) | 2023-24       |
| Depreciation                     | 1.53                           | 16.56         |
| Interest on Loan                 | 1.18                           | 15.82         |
| Return on Equity                 | 1.21                           | 16.90         |
| Operation & Maintenance Expenses | 10.94                          | 73.82         |
| Interest on Working Capital      | 0.47                           | 3.94          |
| <b>Total</b>                     | <b>15.33</b>                   | <b>127.04</b> |

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

94. The Petitioner has sought reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner shall be entitled to reimbursement of the filing fees and publication expenses in connection with the instant Petition directly from the beneficiaries on a pro-rata basis in terms of Regulation 70(1) of the 2019 Tariff Regulations.

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

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



shall also be entitled to the recovery of RLDC fees and charges in terms of Regulation 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

### **Goods and Services Tax**

96. 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, any additional taxes, if any, are to be paid by the Petitioner on account of the demand from the Government/ Statutory authorities, and the same may be allowed to be recovered from the beneficiaries.

97. MPPMCL and MSEDCL have submitted that the demand of the Petitioner qua GST is premature and need not be considered at this juncture, as the same is not applicable to the transmission of electricity. In response, the Petitioner has reiterated its submissions as made in the Petition.

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

### **Security Expenses**

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

100. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses on a projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in FY 2018-19 in Petition No. 260/MP/2020. The



Commission, vide its order dated 3.8.2021 in Petition No. 260/MP/2020, has approved the security expenses from 1.4.2019 to 31.3.2024. Therefore, the Petitioner's prayer in the instant Petition for allowing it to file a separate Petition for claiming the overall security expenses and consequential IWC has become infructuous.

### **Capital Spares**

101. The Petitioner has sought reimbursement of the capital spares at the end of the 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**

102. The COD of Asset-1 and Asset-2 is approved as 25.2.2022 and 4.2.2023 respectively. Accordingly, the billing, collection, and disbursement of transmission charges shall be recovered in terms of provisions of the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses), Regulations, 2020 as provided in Regulation 57 of the 2019 Tariff Regulations.

### **Interim Tariff**

103. The Petitioner has prayed to allow an interim tariff in accordance with Regulation 10(3) of the 2019 Tariff Regulations for the purpose of inclusion in the point of connection charges. We have considered the Petitioner's submission. Since we have determined the transmission tariff in respect of the transmission assets in this order, the prayer for the allowance of the interim tariff becomes redundant. Therefore, we have not considered the same in this order.

104. To summarise, Annual Fixed Charges claimed and allowed in respect of the transmission assets for the 2019-24 tariff period are as under:

(₹ in lakh)

| Asset-1     | 2021-22 (Pro rata for 35 days) | 2022-23 | 2023-24 |
|-------------|--------------------------------|---------|---------|
| AFC Claimed | 66.77                          | 966.98  | 1249.48 |
| AFC Allowed | 60.66                          | 625.66  | 614.02  |

(₹ in lakh)

| Asset-2     | 2022-23 (Pro rata for 56 days) | 2023-24 |
|-------------|--------------------------------|---------|
| AFC Claimed | 15.49                          | 127.62  |
| AFC Allowed | 15.33                          | 127.04  |

105. Annexure to this order forms a part of the order.

106. This order disposes of Petition No. 55/TT/2023 in terms of the above findings and discussions.

sd/-  
(Harish Dudhani)  
Member

sd/-  
(Ramesh Babu V.)  
Member

sd/-  
(Jishnu Barua)  
Chairperson



## Asset-1

(₹ in lakh)

| Capital Expenditure        | Capital Cost as on COD | Projected ACE |             |             | Capital Cost as on 31.3.2024 | Depreciation Rate | Annual Depreciation |                |                |
|----------------------------|------------------------|---------------|-------------|-------------|------------------------------|-------------------|---------------------|----------------|----------------|
|                            |                        | 2021-22       | 2022-23     | 2023-24     |                              |                   | 2021-22             | 2022-23        | 2023-24        |
| Building                   | 0.00                   | 0.00          | 0.00        | 0.00        | 0.00                         | 3.34%             | 0.00                | 0.00           | 0.00           |
| Transmission Line          | 4005.52                | 0.00          | 0.00        | 0.00        | 4005.52                      | 5.28%             | 211.49              | 211.49         | 211.49         |
| Sub-station                | 0.00                   | 0.00          | 0.00        | 0.00        | 0.00                         | 5.28%             | 0.00                | 0.00           | 0.00           |
| PLCC                       | 82.16                  | 0.00          | 0.00        | 0.00        | 82.16                        | 6.33%             | 5.20                | 5.20           | 5.20           |
| IT Equipment               | 0.00                   | 0.00          | 0.00        | 0.00        | 0.00                         | 15.00%            | 0.00                | 0.00           | 0.00           |
| <b>Total</b>               | <b>4087.68</b>         | <b>0.00</b>   | <b>0.00</b> | <b>0.00</b> | <b>4087.68</b>               |                   | <b>216.69</b>       | <b>216.69</b>  | <b>216.69</b>  |
| <b>Average Gross Block</b> |                        |               |             |             |                              |                   | <b>4087.68</b>      | <b>4087.68</b> | <b>4087.68</b> |
| <b>WAROD</b>               |                        |               |             |             |                              |                   | <b>5.30%</b>        | <b>5.30%</b>   | <b>5.30%</b>   |

## Asset-2

(₹ in lakh)

| Capital Expenditure        | Capital Cost as on COD | Projected ACE |               | Capital Cost as on 31.3.2024 | Depreciation Rate | Annual Depreciation |               |
|----------------------------|------------------------|---------------|---------------|------------------------------|-------------------|---------------------|---------------|
|                            |                        | 2022-23       | 2023-24       |                              |                   | 2022-23             | 2023-24       |
| Building                   | 0.00                   | 0.00          | 234.81        | 234.81                       | 3.34%             | 0.00                | 3.92          |
| Transmission Line          | 0.00                   | 0.00          | 0.00          | 0.00                         | 5.28%             | 0.00                | 0.00          |
| Sub-station                | 113.23                 | 0.06          | 76.92         | 190.21                       | 5.28%             | 5.98                | 8.01          |
| PLCC                       | 0.00                   | 0.00          | 0.00          | 0.00                         | 6.33%             | 0.00                | 0.00          |
| IT Equipment               | 26.59                  | 0.01          | 8.51          | 35.11                        | 15.00%            | 3.99                | 4.63          |
| <b>Total</b>               | <b>139.82</b>          | <b>0.07</b>   | <b>320.24</b> | <b>460.13</b>                |                   | <b>9.97</b>         | <b>16.56</b>  |
| <b>Average Gross Block</b> |                        |               |               |                              |                   | <b>139.85</b>       | <b>300.01</b> |
| <b>WAROD</b>               |                        |               |               |                              |                   | <b>7.13%</b>        | <b>5.52%</b>  |

