CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 104/TT/2020

Coram:

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

Date of Order: 31.03.2021

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, truing-up of transmission tariff of the 2014-19 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of the 2019-24 period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 of **Asset-I**: Combined Assets: One circuit of 400 kV D/C Dehradun-Bagpat line along with associated bays at both ends. Part of second circuit of 400 kV D/C Dehradun-Bagpat Transmission Line as 400 kV S/C Roorkee-Dehradun line from Dehradun end and partly as 400 kV S/C Saharanpur-Bagpat line from Bagpat end using part of one circuit of 400 kV D/C Roorkee-Saharanpur line (under-NRSS XXI) at intersection point along with associated bays at Dehradun and Bagpat end, **Asset-II**: 400/220 kV, 315 MVA ICT-I at Dehradun and associated bays with 1 no. 220 kV line bay, 400/220 kV, 315 MVA ICT-II at Dehradun and associated bays with 1 no. 220 kV line bay, and 80 MVAR bus reactor at Dehradun and associated bays and **Asset-III** : 04 Nos. 220 kV bays at Dehradun Sub-station under "Northern Region System Strengthening Scheme-XVIII" in Northern Region.

And in the matter of:

Power Grid Corporation of India Ltd.,
"Saudamini", Plot No. 2,
Sector 29, Gurgaon-122001
(Haryana) **….Petitioner**

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
   Vidyut Bhawan, Vidyut Marg,
   Jaipur – 302005 (Rajasthan).

2. Ajmer Vidyut Vitran Nigam Ltd.,
   132 kV, GSS RVPNL Sub-station Building,
   Caligiri Road, Malviya Nagar, Jaipur-302 017 (Rajasthan).

3. Jaipur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302 017 (Rajasthan).

4. Jodhpur Vidyut Vitran Nigam Ltd.,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302 017 (Rajasthan).

5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171004 (Himachal Pradesh).

6. Punjab State Electricity Board,
Thermal Shed Tia,
Near 22 Phatak,
Patiala-147001(Punjab).

7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula- 134109 (Haryana).

8. Power Development Department,
Government of Jammu & Kashmir,
Mini Secretariat, Jammu.

9. Uttar Pradesh Power Corporation Ltd.
Shakti Bhawan, 14, Ashok Marg,
Lucknow – 226 001.

10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi-110002.

11. BSES Yamuna Power Ltd.,
B-Block,Shakti Kiran, Bldg. (Near Karkadooma Court)
Karkadooma 2nd Floor,
New Delhi-110092.

12. BSES Rajdhani Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi-110019.

13. North Delhi Power Ltd.,
Power Trading & Load Dispatch group
Cennet Building, Adjacent to 66/11 kV Pitampura-3
Grid Building, Near PP Jewellers,
Pitampura, New Delhi-110034.

14. Chandigarh Administration,
Sector -9, Chandigarh.

15. Uttarakhand Power Corporation Ltd.,
Urja Bhawan,
Kanwali Road, Dehradun (Uttarakhand).

16. North Central Railway,
Allahabad (Uttar Pradesh).

17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110002.

18. Power Transmission Corporation of Uttarakhand Ltd.
"Vidyut Bhawan", Near ISBT Crossing,
Saharanpur Road, Majra,
Dehradun – 248 002 (Uttarakhand). …**Respondents**

For Petitioner : Shri V. P. Rastogi, PGCIL
Shri A. K. Verma, PGCIL

For Respondents : Shri R. B. Sharma, Advocate, BRPL & BYPL
Shri Anurag Sharma, Advocate, PTCUL
Shri S. P. Arya, PTCUL

ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Ltd., a deemed transmission licensee, for truing-up of transmission tariff of the period from COD to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations") and for determination of tariff from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "the 2019 Tariff Regulations") in respect of the following assets under "Northern Region System Strengthening Scheme – XVIII" in Northern Region (hereinafter referred to as "the transmission project"):

Asset-I: Combined Assets: One circuit of 400 kV D/C Dehradun-Bagpat line along with associated bays at both ends. Part of second circuit of 400 kV D/C Dehradun-Bagpat Transmission Line as 400 kV S/C Roorkee-Dehradun line from Dehradun end and partly as 400 kV S/C Saharanpur-Bagpat line from Bagpat end using part of one circuit of 400 kV D/C Roorkee-Saharanpur line (under-NRSS XXI) at intersection point along with associated bays at Dehradun and Bagpat end;

Asset-II: 400/220 kV, 315 MVA ICT-I at Dehradun and associated bays with 01 number 220 kV line bay, 400/220 kV, 315 MVA ICT-II at Dehradun and associated bays with 01 number 220 kV line bay, and 80 MVAR bus reactor at Dehradun and associated bays; and

Asset-III: 04 number 220 kV bays at Dehradun Sub-station.

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

"1) Approve the trued-up Transmission Tariff for 2014-19 block and transmission tariff for 2019-24 block for the assets covered under this petition, as per para 8 and 9 above.

2) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2014 and Tariff regulations 2019 as per para 8 and 9 above for respective block.

3) 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.

4) 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.

5) 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 respondents.

6) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 9.10 above.

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

8) Condone the delay in completion of Asset III on merit of the same being out of the control of Petitioner in line with CERC Regulations'2014 12(2)(i) "uncontrollable factors"

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

10) Allow the Petitioner to reimburse the annuity payment to be made by the Petitioner to the Forest Department for 35 years as per the Relief and Rehabilitation Policy of the Government of Uttar Pradesh.

11) Approve DOCO of Asset III: 04 Nos. of 220 kV bays at Dehradun sub-station as 4.2.2017 as per clause 4(3)(ii) of Tariff Regulations, 2014

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

Background

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

a) Investment Approval (IA) and expenditure sanction for the transmission project was accorded by the Board of Directors of the Petitioner vide letter dated 11.2.2009 at an estimated cost of ₹50966.00 lakh including an IDC of ₹3667.00 lakh based on 4th Quarter, 2008 price level. Subsequently, the Revised Estimate Cost (RCE) for the transmission project was approved by the Board of Directors of the Petitioner in its 339th meeting held on 29.3.2017 (conveyed vide Memorandum No. C/CP/NRSS-XVIII dated 31.3.2017) with an estimated cost of ₹84166 lakh including IDC of ₹17620 lakh based on October 2016 price level.

b) The transmission tariff from COD to 31.3.2019 for Asset-I and Asset-II was determined vide order dated 30.11.2017 in Petition No. 55/TT/2017. However, tariff for Asset-III was not allowed in that petition as the associated downstream transmission system under the scope of PTCUL was not ready and the Petitioner was directed to file a fresh petition matching with COD of the downstream transmission system of PTCUL.

c) Aggrieved with the order dated 30.11.2017 in Petition No. 55/TT/2017, with respect to non-approval of COD and tariff of Asset-III, the Petitioner filed Review Petition No. 8/RP/2018 for approval of COD of Asset-III in terms of proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations and for consideration of annuity payment to be made by the Petitioner to the Forest

Department for 35 years as per the the Relief and Rehabilitation Policy of the Government of Uttar Pradesh. The Commission, vide order dated 12.6.2018, rejected the prayer for approval of COD of Asset-III reiterating its earlier decision and directed the Petitioner to match COD of Asset-III with the downstream assets of PTCUL and directed to raise the issue of annuity at the time of filing of the tariff petition for Asset-III. The Petitioner was directed to file a fresh petition matching with the associated downstream transmission system.

d) The scope of the transmission project is as follows:

A. Transmission Lines:

i. Dehradun- Bagpat 400 kV D/C (Quad) line- 170 km

B. Sub-station Works:

i. New 2X315 MVA, 400/220 kV Dehradun Sub-station.

ii. Extension of Bagpat 400/220 kV Gas Insulated Sub-station.

C. Reactive Compensation:

S. No.	Item Description	Approx. line length (km)	Line Reactor – from Bus	Line Reactor – to Bus
1.	Dehradun-Bagpat 400 kV D/C Quad Line	170	50 MVAR on each circuit	NIL
2.	1X80 MVAR Bus Reactor at Dehradun			

e) The entire scope of the work of the transmission project, as per the Investment Approval is covered in the instant petition.

f) The details of commercial operation of the assets covered in the instant petition are as follows:

Asset	SCOD	COD	Time Over-run	Nomenclature in Order dated 30.11.2017 in Petition No. 55/TT/2017
Asset-I	10.11.2011	31.1.2017	62 months & 21 days	Asset-1(a)
Asset-II		3.2.2017	62 months and 24 days	Asset-1(b, c, d)
Asset-III		4.2.2017 (Claimed)	62 months & 25 days	Asset-2

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. General Notice dated 12.3.2020 directing the beneficiaries/ Respondents to file reply in the matter was also posted on the Commission's website. BSES Rajdhani Power Ltd. (BRPL) i.e. Respondent No. 12, has filed its reply vide affidavit dated 18.2.2020 and has raised issues like tariff of incomplete lines being claimed by the Petitioner, tariff of Asset-III, restriction of Additional Capital Expenditure (ACE) and accrual IDC, Initial Spares, Optical Ground Wire, Deferred Tax Liability and Effective Tax Rate. The Petitioner vide affidavit dated 16.3.2020 has filed its rejoinder to the reply filed by BRPL. Power Transmission Company of Uttarakhand Ltd. (PTCUL), i.e. Respondent No. 18, has also filed its reply vide affidavit dated 11.6.2020 and has raised issues like grant of COD and approval of tariff for Asset-III. The Petitioner vide affidavit dated 10.8.2020 has filed its rejoinder to the reply filed by PTCUL.

6. This order is issued considering the submissions made by the Petitioner vide affidavits dated 6.1.2020, 25.2.2020, 5.3.2020, 12.3.2020 and 8.6.2020, reply filed by BRPL and PTCUL and the Petitioner's rejoinders thereto.

7. The final hearing in this matter was held on 24.6.2020 through video conference and the order was reserved.

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

9. BRPL vide its reply has submitted that the Petitioner should disclose if it is using Optical Ground Wire (OPGW) in Asset-I as OPGW is being used by the Petitioner in all the newly constructed transmission lines as a policy besides replacing the earth wire with OPGW in the existing lines. BRPL has submitted that complete details of OPGW are required to be furnished by the Petitioner to facilitate the reduction of transmission charges. In response, the Petitioner has submitted that OPGW has not been used in the instant assets.

Date of Commercial Operation (COD) of Asset-III

10. The Petitioner has claimed the date of commercial operation of Asset-III as 4.2.2017 under proviso (ii) of clause (3) of Regulation 4 of the 2014 Tariff Regulations claiming that the downstream transmission system associated with Asset-III under the scope of PTCUL has not been completed. However, there was no specific prayer in the Petition to that effect and PTCUL was not initially arrayed as a Respondent by the Petitioner in the instant Petition. The Commission vide RoP of hearing dated 26.2.2020, directed the Petitioner to amend the petition by including a specific prayer for approval of COD of Asset-III and to serve the amended petition on the Respondents including PTCUL. Pursuant to the direction of the Commission, the Petitioner filed amended petition on 5.3.2020 seeking approval of COD of Asset-III, under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations.

11. The Petitioner claimed tariff for 04 Nos. 220 kV bays at Dehradun sub-station under the transmission project in Petition No.55/TT/2017 (Asset-II therein). The Commission in order dated 30.11.2017 in Petition No. 55/TT/2017 observed that the

asset was not put to regular service due to non-availability of downstream assets under PTCUL and directed the Petitioner to match the transmission assets with the downstream assets of PTCUL. The relevant portion of order dated 30.11.2017 is as under:

> *"23. It is observed that Asset-II is not in regular service due to non-availability of associated downstream transmission system under the scope of PTCUL and therefore, the COD of Asset-II is not considered in the instant order. The petitioner is directed to file fresh petition matching with the associated downstream transmission system."*

12. The Petitioner filed Petition No. 8/RP/2018 against the order dated 30.11.2017 on the issue of non-approval of COD and tariff of the Asset. The Commission vide order dated 12.6.2018 in Review Petition No. 8/RP/2018 while reiterating the directions in order dated 30.11.2017 directed the Petitioner to match Asset-III with the downstream assets under the scope of PTCUL. The relevant portion of the order dated 12.6.2018 is as under:

> *"6. In the instant case, the Asset-II could not put into use as the downstream assets under the scope of PTCUL were not ready. Hence COD of Asset-II was not approved and the Review Petitioner was directed to file a fresh petition matching with the commissioning of the downstream assets of PTCUL.*
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> *7. Therefore, the Commission has made a conscious decision while disallowing the deemed CoD of Asset-II. The main plank of the arguments of the Review Petitioner is that the interpretation of the proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations in the impugned order is not correct and it should be interpreted in a different manner. In our view, this falls within the scope of appeal. It has been held by the Hon'ble Supreme Court in a catena of judgements that review cannot be treated as an appeal in disguise. We are of the view that there is no error apparent in the order on account of not allowing CoD of the Asset-II and accordingly, review on this account is rejected."*

13. The Petitioner has submitted that Asset III (four bays at Dehradun sub-station), was ready for regular service after successful charging and was put into commercial operation from 4.2.2017. In support of COD of Asset-III, the Petitioner has submitted self-declaration COD letter along with RLDC charging certificate dated 3.5.2017 and trial operation certificate dated 3.5.2017. The Petitioner, vide affidavit dated 25.2.2020, has submitted that though the Asset-III achieved COD on 4.2.2017, the

downstream transmission lines at Dehradun sub-station under the scope of PTCUL are yet to be executed. The Petitioner has submitted that the issue of associated downstream transmission system under the scope of PTCUL was discussed at various meetings of the NRPC. In the 43rd NRPC meeting, PTCUL had submitted that lines associated with the downstream system will be completed in November 2021.

14. The Petitioner has submitted copy of letters written by it to PTCUL and discussions held in various NRPC meetings vide affidavit dated 25.2.2020. The Petitioner has submitted that as per the discussion in the 43rd meeting of NRPC held on 30.10.2018, PTCUL informed that 1 number of 220 kV Dehradun-Naugaon Transmission Line and 220 kV Dehradun-Selakui Transmission Line are anticipated to be put into commercial operation by November 2021.

15. In response, PTCUL has submitted that in the 23rd Standing Committee Meeting on Power System Planning of Northern Region held on 16.2.2008, standard norms were adopted regarding the number of bays to be erected for each sub-station of different capacities. Accordingly, 6 number of 220 kV line bays were to be built by the Petitioner at Dehradun sub-station and these would also facilitate power evacuation from Kotlibhel HEP of NHPC. PTCUL has submitted that these 6 number of 200 kV line bays were decided to be built as per the use and requirement of the Petitioner and not as per the request/ requirement of PTCUL. PTCUL has further submitted that there was no firm proposal for the use of these bays and the bays were not erected to cater to any specific requirement of PTCUL. Thus, there is no obligation upon PTCUL to utilize the bays as has been wrongly suggested by the Petitioner and, hence, the elements being built by PTCUL were not linked to the

transmission project being constructed by the Petitioner. Hence, the question of there being any downstream transmission network associated with Asset-III does not arise.

16. PTCUL has submitted that the Dehradun sub-station was put into commercial operation in February 2017 and only thereafter, the Petitioner made correspondences with PTCUL regarding the utilization of these bays. PTCUL has submitted that the Petitioner, for the first time, vide letter dated 20.3.2017, after the COD of the Dehradun sub-station in the first week of February 2017, wrote to PTCUL requesting for the plan for utilization of the remaining 4 number of 220 kV line bays. The Petitioner intimated that 4 line bays are unutilized and requested PTCUL to give them a plan for utilization of the same. The Petitioner’s letter dated 20.3.2017 asked PTCUL for a schedule plan, which clearly shows that Petitioner only wanted to be intimated about the plan for utilizing those bays and that there were no fixed deadlines or commitment. PTCUL has submitted that there was also no obligation either statutory or contractual to make provisions for utilizing the same and that only possible efforts could be made so that the available spare bays could be utilized, for which PTCUL always made sincere efforts.

17. PTCUL has submitted that vide letter dated 30.6.2017, for the first time, it contemplated the proposal by which the remaining unutilized bays could possibly be put to use in the future subject to contingencies and RoW issues. At that time (i.e. in June 2017) there was an internal discussion for constructing 220 kV D/C Mori-Naugaon-Dehradun line and another D/C line from 220 kV Sub-station at Selaqui. However, the said proposal was only conceptual and not firm, considering the various possible contingencies and issues, which could have obstructed the future of these projects. However, this internal discussion could not attain finality for various

unavoidable and unforeseeable situations. PTCUL has submitted that even if, there were any correspondences made by PTCUL in reply to the letters written by the Petitioner as alleged by the Petitioner, the same did not create any legal obligation or establish any right of responsibility between the parties as portrayed by the Petitioner.

18. PTCUL has submitted that during the pendency of Petition No. 55/TT/2017 and Petition No. 8/RP/2018, LTA for Naitwar-Mori 60 MW HEP of SJVNL was discussed in various meetings including Standing Committee Meetings of Northern Region and Connectivity/LTA Meetings of Northern Region. Based on the same, LTA intimation was issued by CTU to SJVNL for 60 MW Naitwar-Mori HEP on 20.12.2018 wherein under heading "Transmission system required for LTA for Naitwar Mori HEP", the 220 kV D/C Mori-Dehradun line is to be implemented by PTCUL along with 220 kV Bays at Dehradun sub-station of the Petitioner. Accordingly, tripartite LTA agreement was signed on 31.1.2020 between PTCUL, the Petitioner and SJVNL for implementation of the said line and bays. LTA intimation is part of the tripartite LTA agreement. Hence, based on the LTA agreement, of which the Petitioner is also a party, PTCUL has to implement 220 kV bays for termination of the 220 kV D/C Mori-Dehradun Transmission Line, which is contrary to claim of the Petitioner that its 220 kV Bays could not be utilized because PTCUL has failed to implement the said line till date.

19. PTCUL has further submitted that in 2018, it planned the 220 kV Selaqui Sub-station for its load growth, thereby contemplating use of 02 nos. 220 kV bays at 400/220 kV Sherpur (PGCIL) Sub-station. However, due to several Right of Way issues and corridor constraint between Selaqui and 400/220 kV Sherpur (PGCIL) Sub-station, the plan for construction of 220 kV D/C line from 400 kV Sherpur (PGCIL) Sub-station to proposed 220 kV Selaqui Sub-station could not be

implemented. PTCUL has further submitted that the Petitioner has not disclosed the basis on which it is asserting that the downstream transmission network under the scope of PTCUL is not ready.

20. In response to the reply of PTCUL, the Petitioner has mainly reiterated the submissions made in the petition. The Petitioner has additionally submitted that to meet the increasing demand and power supply requirement from regional grid to the State of Uttarakhand, implementation of 400/220 kV, 2x315 MVA Dehradun sub-station along with Dehradun-Bagpat 400 kV (Quad) D/C line was agreed as part of Northern Region System Strengthening Scheme-XVIII during the 23rd meeting of the Standing Committee on Power System Planning of Northern Region (SCPSPNR) held on 16.2.2008, wherein PTCUL representatives were also present. Further, in view of increasing demand, the following norm of providing 220 kV bays with 400/220 kV transformers were also agreed during the same meeting:

- For 2x315 MVA - 6 number of line bays
- For 3rd 315 MVA transformer - 2 line bays
- For 500 MVA transformer - 4 number of line bays

21. The Petitioner has submitted that accordingly, 6 number of 220 kV bays at Dehradun sub-station were implemented by the Petitioner. PTCUL was required to develop downstream network with such approved 220 kV bays to cater to the growing power demand of State. As regards contention of PTCUL that 6 bays of Asset-III were neither constructed on demand nor as per their requirement, the Petitioner has submitted that as per the Minutes of the meeting, these bays are meant for drawl requirement of PTCUL and it is the responsibility of PTCUL to effectively utilize these bays.

22. The Petitioner has further contended that PTCUL has mentioned in the reply that during the aforesaid Standing Committee Meeting, it was decided that the 220 kV bays will also facilitate power evacuation from Kotlibhel-1A (195 MW), Kotlibhel-1B (320 MW) and Kotlibhel-2 (530 MW) HEPs of NHPC in Uttarakhand. However, the power evacuation from the above generation projects was not planned using these 220 kV bays and there is no specific mention in the minutes of meeting that out of 6 number of 220 kV bays, certain number of bays would be utilized for evacuation of power of NHPC. If the NHPC generation projects were commissioned, additional 220 kV bays would have been required to be implemented at Dehradun sub-station. However, Kotlibhel HEP was delayed indefinitely and the corresponding evacuation plan was not taken up.

23. The Petitioner also submitted that PTCUL has never raised the issue that these 220 kV bays are not required by them, including various meetings of the Standing Committee of the Northern Region. During 34th NR Standing Committee Meeting, PTCUL has stated that its 220 kV system from Dehradun sub-station would be available by March 2015 matching with COD of the Dehradun sub-station. In addition to this, during the 32nd Standing Committee meeting of NR, POSOCO stated that execution of Dehradun sub-station may be expedited.

24. As regards PTCUL's contention that 6 number of bays were constructed as per the use and requirement of the Petitioner, the Petitioner has submitted that at present, planning of transmission system is done by CEA and CTU along with all stakeholders mainly considering the long-term power transfer requirements of the customers and system stability requirements. Further, these projects are discussed and agreed upon in appropriate committees like Standing Committee for power

system planning, Regional Power Committee etc. where representatives from CEA, CTU, POSOCO, STUs, Discoms, generators etc. are present and only thereafter a project is taken up for implementation. Transmission licensees including the Petitioner only implement projects as agreed upon under prevailing planning and regulatory framework. Further, any transmission system built by transmission licensees is meant for use by the DICs and the transmission licensees including the Petitioner are not the users of the transmission elements. Therefore, the allegation of PTCUL that 6 bays of Asset-III were decided to be built as per the use and requirement of the Petitioner is neither factually correct nor possible under prevailing planning philosophy. Further, the subject 6 number of 220 kV bays at Dehradun sub-station were constructed as per the norms decided and agreed in the 23rd Standing Committee Meeting held on 16.2.2008 and also in the 8th NRPC meeting held on 25.4.2008. Both these meetings were attended by the representatives of PTCUL and no disagreement with the recording of the minutes was registered by them. It is evident from the correspondence dated 11.11.2013 that the correspondences were being made with PTCUL from much before than has been admitted by PTCUL.

25. We have considered the submissions of the Petitioner and PTCUL with respect to the planning, execution, COD and liability of PTCUL towards Asset-III, i.e. 4 number of line bays at Dehradun sub-station. In Petition No.55/TT/2017, the Petitioner sought approval of COD of Asset-III (along with Assets-I and II) under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations claiming that the associated downstream transmission lines under the scope of PTCUL were not complete and also sought tariff of Asset-III from its claimed COD, i.e. 3.2.2017 to 31.3.2019. As pointed out in paragraph 12 above, the Commission neither approved COD of Asset-III nor granted its tariff in that petition and vide order dated 30.11.2017,

directed the Petitioner to match COD of Asset-III with the associated downstream assets under the scope of PTCUL and to file a fresh petition. The same was reiterated by the Commission vide order dated 12.6.2018 in Review Petition No. 8/RP/2018 filed by the Petitioner. The Petitioner has again sought approval of COD of Asset-III in the instant petition, under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations claiming that it has been prevented from putting the asset into commercial operation on account of delay in completion of associated downstream transmission lines under the scope of PTCUL.

26. It may be pointed out here that PTCUL was not made a party to the proceedings by the Petitioner in Petition No.55/TT/2017 nor in the subsequent Review Petition No. 8/RP/2018 filed by the Petitioner. Therefore, based on the submissions of the Petitioner, the Commission directed the Petitioner to match COD of Asset-III with the downstream transmission lines of PTCUL. However, as PTCUL was not made a party to these proceedings by the Petitioner, the Commission did not have the opportunity to hear PTCUL either in the Petition No.55/TT/2017 (order dated 30.11.2017) or in the subsequent Review Petition No. 8/RP/2018 (order dated 12.6.2018) filed by the Petitioner. In fact, the Petitioner had not impleaded PTCUL even in the present proceedings, even if the claim of the Petitioner is against PTCUL. It is the Commission which considered it appropriate to implead PTCUL as it was the necessary as well as the proper party in the petition. Accordingly, the Petitioner was directed to amend the instant petition and to implead PTCUL. The Petitioner has filed the amended petition vide affidavit dated 5.3.2020 impleading PTCUL as a Respondent.

27. PTCUL has submitted its response to the Petitioner's contention that PTCUL is responsible for the delay in declaring COD of Asset-III. We now examine the Petitioner's prayer for approval of COD of Asset-III under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations.

28. The Petitioner has submitted that the associated downstream transmission lines under the scope of PTCUL had not been completed and due to that the Petitioner was unable to achieve COD of Asset-III. The Petitioner has submitted that PTCUL in the 43rd NRPC meeting held on 30.10.2018 informed that one 220 kV Dehradun-Naugaon Transmission Line and the two 220 kV Dehradun-Selakui Transmission Line are anticipated to be put into commercial operation in November 2021. The Petitioner has claimed that it has made several correspondences with PTCUL to ascertain the timeline and status of the downstream transmission lines. The Petitioner has submitted the correspondences made by it with PTCUL and we have gone through them. It is observed that the Petitioner has submitted various letters written by it to PTCUL, but it has not submitted the response received from PTCUL. The Petitioner has been rather selective in submission of the information. We would like to refer to letter dated 27.12.2017 written by PTCUL in response to the Petitioner's letter, wherein the reply sent by PTCUL earlier was stated to have been enclosed. However, the Petitioner has not submitted the enclosed letter. We are of the view that the Petitioner should have submitted all the related information which would enable the Commission to arrive at a considered decision. Further, we refer to another letter dated 30.6.2017 of PTCUL submitted by the Petitioner, which is written by Superintending Engineer (Costing & Funding DPR) of PTCUL to Director (Projects) of PTCUL wherein it was stated that out of the 6 bays in Dehradun Sub-station, two bays are used for Jhara-Dehradun line and the remaining four bays are

proposed to be utilized for Mori-Naugaon-Dehradun line and the Selaqui-Dehradun line. In this regard, PTCUL has submitted that the letter dated 30.6.2017 has been generated for its internal purpose and that the above-stated two transmission lines were only in conceptual stage and they did not materialize due to unforeseeable reasons. All other correspondences submitted by the Petitioner are letters written by it to PTCUL and they do not assist us in arriving at any decision.

29. As regards the claim of the Petitioner that the 4 bays in Dehradun sub-station were constructed for PTCUL's use, the Petitioner has submitted that to meet the increasing demand and power supply requirement of Uttarakhand, it was agreed in the 23rd Standing Committee Meeting on Power System Planning of Northern Region held on 16.2.2008 to construct 6 line bays in Dehradun Sub-station. The Petitioner submitted that the bays were constructed for use and requirement of the Petitioner. The Petitioner has also submitted that PTCUL was represented in the meeting of 23rd SCM held on 16.2.2008 and it did not show its disagreement for the proposed construction of the bays at Dehradun sub-station. In response, PTCUL has submitted that in the 23rd SCM held on 16.2.2008, it was decided to construct 6 line bays in Dehradun Sub-station and these bays would also facilitate power evacuation from Kotlibhel HEP of NHPC. PTCUL has further stated that the bays were constructed as per the norms agreed upon and they were neither constructed on PTCUL's demand nor for PTCUL's requirement and, therefore, there is no statutory or contractual obligation on PTCUL to use the bays. Both the Petitioner and PTCUL relied on the minutes of the 23rd SCM held on 16.2.2008 to advance their case. Relevant portion of the minutes is extracted hereunder:

"6.*0 Region System Strengthening Scheme – New Proposal*

6.1 It was also discussed and agreed that in view of increasing demand density the norm of providing 220 kV bays with 400/200 kV transformers would be revised as following:

- *For 2x315 MVA - 6 nos. of line bays*
- *For 3rd 315 MVA transformer - 2 line bays*
- *For 500 MVA transformer - 4 nos. of line bays*

6.2 It was discussed and agreed that for meeting the increasing demands and increasing quantum of power supply required to be delivered from regional grid to state grids, there was need for providing new regional grid 400 kV sub-stations at Manesar in Haryana, Kotputli and Neemrana in Rajasthan, Hapur and Bagpat in U.P, Hamirpur in H.P, Dehradun in Uttrakhand (this would also facilitate power evacuation from Kotlibhel HEP), New Wanpoh and one s/s for Jammu in J&K and S/S capacity augmentation at Patiala and Malerkotla in Punjab. Of these, s/s at Manesar and Bagpat would be GIS and s/s at Neemrana, Hapur, Hamirpur, Dehradun and other places could be GIS or open yard depending on availability of space."

*"**NRSS-XVIII***

1. Dehradun-Bagpat 400 kV quad D/C
2. Dehradun 400 kV 2x315 MVA 400/2220kv"

"All the above schemes were agreed."

30. We have perused the minutes of the 23rd SCM held on 16.2.2008. As pointed out by the Petitioner, the proposal for construction of the instant line bays at Dehradun sub-station was discussed and agreed in the meeting. Though the details of the parties present were not found enclosed along with the minutes submitted by PTCUL, but the Petitioner has submitted that PTCUL was represented in the meeting and it has not been contested by PTCUL and as such it is presumed that PTCUL was represented and was party to the decision taken in the 23rd SCM held on 16.2.2008. We also note that PTCUL has not raised the issue of these bays in any other subsequent meeting stating that these were not required for PTCUL.

31. In view of the above, PTCUL not having constructed the downstream asset, we consider it appropriate to approve COD of Asset-III under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations. Therefore, COD of Asset-III is approved as 4.2.2017 taking into consideration the self-declaration COD letter along with RLDC

charging certificate dated 3.5.2017 and trial operation certificate dated 3.5.2017. PTCUL shall bear the yearly transmission charges for the asset from COD (4.2.2017) of Asset-III up to COD of its downstream asset. At the same time, the Petitioner is directed to explore the possibilities for putting the 4 unutilised 220 kV bays (Asset-III) in Dehradun sub-station to use at the earliest. In this connection, it is observed from the submissions of PTCUL that it is constructing a 220 kV D/C Mori-Dehradun Transmission Line along with 220 kV line bays at Dehradun sub-station of the Petitioner and a tripartite LTA agreement has been entered into between PTCUL, PGCIL and SJVNL for implementation of the said transmission line and bays. We do not see any reason for construction of new bays when 4 line bays are lying unutilised in Dehradun Sub-station. Therefore, the Petitioner and PTCUL are directed to explore possibility to use the existing unutilised bays for the 220 kV D/C Mori-Dehradun Transmission Line with suitable modifications, if required, rather than constructing new bays. Once the Asset-III is put to use for the 220 kV D/C Mori-Dehradun Transmission Line or for any other purpose, the tariff for the asset will be recovered from the PoC pool. The Petitioner shall submit an affidavit about status of utilization of bays at Dehradun sub-station when it files petition for truing up for 2019-24 period.

Annual Lease Rent paid to State Forest Authorities

32. The Petitioner has submitted that it is required to pay an annual lease rent of ₹88,92,456 to the State Forest Authorities in respect of the forest land through which the 400 kV D/C Dehradun-Bagpat Line passes. The Petitioner had raised the issue of annuity payment in Petition No. 55/TT/2017, wherein the same had inadvertently not been considered by the Commission.

33. The Petitioner had filed review Petition No. 8/RP/2018 seeking review and modification of the order dated 30.11.2017 in Petition No. 55/TT/2017 for allowing the annuity payment. The relevant portion of the order dated 12.6.2018 in Review Petition No. 8/RP/2018 are as under:

"*8. On the issue of disallowance of annuity payment to land owners, the Review Petitioner has submitted that the Forest Authorities issued demand notices dated 1.4.2014, 12.1.2015 and 27.6.2016 requiring the Review Petitioner to pay an annual lease rent of ₹88,92,456/- to the State Forest Authorities in respect of the forest land through which the 400 kV D/C Dehradun-Bagpat line has passed. The Review Petitioner has submitted that the annual rent paid towards annuity during the construction period and upto COD has been booked in the capital cost and the balance annuity for the remaining 32 years was not booked in the capital cost and as such the Review Petitioner is entitled to recover the same from the beneficiaries in the annual transmission charges. The Review Petitioner has submitted that the annual lease rent of ₹88,92,456/- plus service tax as per the prevailing rate for the respective years was paid to the Forest Department and accordingly the Review Petitioner, vide affidavit dated 8.5.2017 requested the Commission to allow the same in addition to the transmission tariff claimed. However, the Commission did not return any finding in its order dated 24.3.2015 despite specific prayer made for the same. The Review Petitioner has submitted that the Commission in a similar case in order dated 16.7.2007 in Review Petition No.73/2007 allowed annuity payment for Dhauliganga Transmission System.*

9. We have considered the above submissions of the Review Petitioner on the issue of annuity payment and have also scrutinized the documents on record. We find that the Review Petitioner vide affidavit dated 8.5.2017 in Petition No. 55/TT/2017 submitted that an additional amount of annual lease rent of ₹88,92,456/- plus service tax as per the prevailing rate has been paid to the Forest Department for three years and the same lease rent has to be paid for another 32 years. Relevant documentary evidence to this effect was also filed on record by the Review Petitioner but the same could not be considered inadvertently in the impugned order. Since we have not approved the CoD and the annual transmission charges, the Review Petitioner is directed to raise the issue of annuity at the time of filing of the tariff petition for Asset II matching with the COD of the PTCUL system."

34. The Petitioner has submitted detailed calculation of the annuity payment vide affidavit dated 6.1.2020.

35. We have considered the submissions of the Petitioner and noted that in order dated 12.6.2018 in Review Petition 8/RP/2018, the Commission had directed the Petitioner to raise the issue of annuity at the time of truing up. The Petitioner vide

affidavit dated 8.5.2017 in Petition No. 55/TT/2017, had submitted that the lease rent for UP forest land is payable at 10% of land cost w.e.f. 2014 for a period of 35 years.

36. In a similar matter, the Commission in order dated 16.7.2007 in Review Petition No. 73/2007 had allowed annuity payment for Dhaulinganga Transmission System to be recovered from respondents. The relevant extract from the order is as follows:

> *"12. We are satisfied that the petitioner is to pay lease rent to the State Government on annual basis @ Rs. 230.67 lakh. The amount of lease rent paid for the first year has already been capitalized. We direct that the amount payable during the next 29 years will be recovered by the petitioner from the respondent on monthly basis for the remaining lease period, that is, 29 years, while raising the bills for the transmission charges for the transmission line approved by the Commission. The amount recovered shall be regularized on production of evidence for payment of the lease rent by the petitioner to the State Government."*

37. In the instant petition, the Petitioner has submitted that lease rent for years 2014-15, 2015-16 and 2016-17 has already been paid and the lease amount for remaining 32 years is payable to the forest authorities. The Petitioner is entitled to recover the annual lease rent from the Respondents on monthly basis for the remaining lease period of 32 years, along with the transmission charges approved for the transmission assets. The lease rent shall be recovered on producing the evidence for payment of the lease rent by the Petitioner.

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

38. BRPL has contended that the Petitioner has claimed tariff of part of the three un-completed transmission lines along with their respective bays and that the Petitioner can claim transmission tariff of these transmission lines only after they have been completed in accordance with the Regulation 6(1) of the 2014 Tariff Regulations.

39. In response, the Petitioner has submitted that Assets-I and II are complete in all aspects for which Trial Run Certificate/ RLDC certificate has been furnished.

Further, the Commission vide order dated 30.11.2017 in Petition No. 55/TT/2017 has already approved their COD and determined tariff of the said assets.

40. We have considered the submissions of the Petitioner and BRPL. COD of Assets-I and II have already been approved vide order dated 30.11.2017 in Petition No. 55/TT/2017 while COD of Asset-III has been approved in the instant order. Therefore, we proceed to determine tariff of the transmission assets.

41. The details of the trued-up transmission charges claimed by the Petitioner in respect of the transmission assets are as under:

(₹ in lakh)

Particulars	Asset-I			Asset-II		
	2016-17 (Pro-rata for 60 days)	2017-18	2018-19	2016-17 Pro-rata for 57 days)	2017-18	2018-19
Depreciation	513.70	3237.40	3303.17	57.75	391.33	403.53
Interest on Loan	621.45	3705.55	3472.09	61.96	393.74	368.87
Return on Equity	611.29	3844.46	3928.47	62.55	424.60	439.32
Interest on working capital	40.93	253.14	251.91	7.02	46.55	47.26
O & M Expenses	54.71	343.89	355.31	58.29	385.73	398.53
Total	**1842.08**	**11384.44**	**11310.95**	**247.57**	**1641.95**	**1657.51**

(₹ in lakh)

Particulars	Asset-III		
	2016-17 (Pro-rata for 56 days)	2017-18	2018-19
Depreciation	10.85	75.55	76.40
Interest on Loan	11.60	76.10	69.80
Return on Equity	11.33	79.08	80.18
Interest on working capital	2.18	14.77	15.00
O & M Expenses	27.65	186.20	192.40
Total	**63.61**	**431.70**	**433.78**

42. The details of trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission assets are as under:

(₹ in lakh)

Particulars	Asset-I			Asset-II		
	2016-17 (Pro-rata for 60 days)	2017-18	2018-19	2016-17 Pro-rata for 57 days)	2017-18	2018-19
O & M Expenses	27.74	28.66	29.61	31.11	32.14	33.21
Maintenance Spares	49.92	51.58	53.30	56.00	57.86	59.78
Receivables	1867.67	1897.41	1885.16	264.24	273.66	276.25
Total Working Capital	1945.33	1977.65	1968.07	351.35	363.66	369.24
Rate of Interest (%)	12.80	12.80	12.80	12.80	12.80	12.80
Interest on Working Capital	**40.93**	**253.14**	**251.91**	**7.02**	**46.55**	**47.26**

(₹ in lakh)

Particulars	Asset-III		
	2016-17 (Pro-rata for 56 days)	2017-18	2018-19
O & M Expenses	15.02	15.52	16.03
Maintenance Spares	27.04	27.93	28.86
Receivables	69.11	71.95	72.30
Total	111.17	115.40	117.19
Rate of Interest (%)	12.80	12.80	12.80
Interest on Working Capital	**2.18**	**14.77**	**15.00**

Capital Cost

43. The Commission vide order dated 30.11.2017 in Petition No. 55/TT/2017 allowed capital cost as on COD and ACE in respect of Assets-I and II as under:

(₹ in lakh)

Asset	Apportioned approved cost as per FR	Apportioned approved capital cost as per RCE	Expenditure up to COD (as admitted)	Additional capitalisation (Admitted)			Total capital cost as on 31.3.2019 (Allowed)
				2016-17	2017-18	2018-19	
Asset-I		73806.00	61568.52	2675.84	7052.21	1450.58	72747.15
Asset-II	49752.15	8807.00	6495.31	559.94	1066.27	251.08	8372.60
Total		82614.00	68063.83	3235.78	8118.48	1701.66	8119.75

44. The details of apportioned approved capital cost, capital cost as on COD and ACE up to 31.3.2019 claimed by the Petitioner for the transmission assets are as under:

(₹ in lakh)

Asset	Approved Capital Cost (Apportioned) as per FR	Apportioned Capital Cost as per RCE	Capital cost as on COD	Additional capitalisation (claimed)			Total capital cost as on 31.3.2019 (claimed)
				2016-17	2017-18	2018-19	
Asset-I	49752.15	73806.00	63195.02	2298.23	329.41	907.56	66730.22
Asset-II		8807.00	6677.63	440.66	190.47	205.95	7514.71
Asset-III	1214.00	1553.00	1213.90	125.26	7.54	11.97	1358.67
Total	**50966.15**	**84166.00**	**71086.55**	**2864.15**	**527.42**	**1125.48**	**75603.60**

45. The Commission, vide order dated 30.11.2017 in Petition No 55/TT/2017, directed the Petitioner to submit the reasons for the cost variation in respect of Assets-I and II. The relevant portion of the order dated 30.11.2017 is as under:

"41. We have considered the submissions of the petitioner and respondents. As compared with apportioned approved cost of ₹49752.15 lakh, the estimated completion cost is ₹72747.15 lakh. Hence there is 46.21% (₹22995 lakh) variation in capital cost claimed by the petitioner. With regard to huge cost variation, the petitioner has submitted that the capital cost has increased mainly due to compensation, land cost and higher awarded price….

42. The petitioner has submitted RCE. The approved apportioned cost as per RCE is ₹73806 lakh for Asset-1(a) and ₹8807 Lakhs for Asset-1(b, c, d). The estimated completion cost is within the apportioned approved cost as per RCE. Therefore, the variation in the capital cost is allowed in the instant petition. However, the petitioner is directed to submit the detailed explanation for the cost variation along with the break-up of each item, rates paid etc. at the time of truing up."

46. The Petitioner has submitted Form 5, vide affidavit dated 8.6.2020, wherein the reasons for cost variation in case of the transmission assets is given. The reasons for variation in FR and RCE cost as submitted in Form 5 are as under:

Asset-I	
Equipment/Element	***Reason for variation in cost***
Transmission Line	
Preliminary investigation, Right of Way, forest clearance, PTCC, general civil works etc.	*Actual cost paid to Govt. authorities. The major variation is due to the compensation paid against crop, tree and forest. The envisaged cost considered in FR is Rs. 11.55 Crs however, the actual cost incurred is Rs 102 Cr (Compensation Afforestation: Rs 1475.90 lakhs, Crop compensation Rs. 1333.19 lakhs; Forest Land: Rs 1014.62 lakhs; Railway Crossing: Rs 105.12 lakhs; Tree Compensation/ Tree Cutting: Rs 6272.13 lakhs)* *During route alignment it is speculated that the expenditure against crop compensation would be given to a considerable extent looking after the season of crop and development in the stretch from where the line passes. The ROW maintained to the maximum possible extent, however, compensation depends upon the factors and*

	conditions at the time of actual execution and type of crop as per the season and their market price decided by the Govt. during that time.
Insulators	*The string of insulators depends upon the type of tower used. Some towers required single string (B type) and some required double strings (C & D type) which depends upon the actual site conditions and the angle of deviation. The higher class of tower requires the double type of insulators strings, hence as per site requirement, the no. of insulators increased.*
Hardware fittings, conductors & Earth wire accessories, Erection, Stringing and Civil Works including foundation	*Due to high award price received and price variation*
Sub-station	
Land	*Actual cost paid to Govt. authorities. The land cost envisaged in the FR is Rs.7.5 Crs. However, the cost of land as demanded by the competent authority is Rs 37.94 Cr.*
Switchgear	*Due to high award price received and price variation*
Control, relay & protection panel	*Due to low bid price received*
PLCC	*Due to low bid price received*
Bus-bar/Conductors/ Insulators	*Due to low bid price received*
Outdoor cables	
Power & control cables	*Due to low bid price received*

Asset-II	
Equipment/Element	***Reason for variation in cost***
Sub-station	
Civil Works: Control Room & Office Building including HVAC	*High bid price received in actual award.*
Township & Colony	*Low bid price received in actual award*
Transformers	*Due to high award price received and price variation*
Compensating equipment (Reactor, SVCs)	*Due to high bid price received*
Control, Relay & Protection Panel	*Due to high bid price received*
Bus-bar/Conductors/ Insulators	*Due to high bid price received*
Outdoor lighting	*Due to high bid price received*
Structure for switchyard	*Due to high bid price received*

Asset-III	
Equipment/Element	***Reason for variation in cost***
Sub-station	
Switchgear (CT, PT, Circuit Breaker, Isolator etc.)	*Low bid price received in actual award, overall cost is reduced*
Control, Relay & Protection Panel	*Low bid price received in actual award, overall cost is reduced*
Bus-bar/Conductors/ Insulators	*Price included in the main equipment*
Outdoor lighting	*Low bid price received in actual award, overall cost is reduced*
Power & Control cables	*Low bid price received in actual award, overall cost is reduced*
Structure for switchyard	*Due to high bid price received*

47. We have considered the submissions of the Petitioner. The completion cost including ACE is within the RCE apportioned approved capital cost.

Time Over-run

48. As per the IA, the transmission assets were scheduled to be executed within 33 months of the investment approval i.e. by 20.11.2011, against which Assets-I and II were put into commercial operation on 31.1.2017 and 3.2.2017 respectively. Thus, there was time over-run of 62 months 21 days and 62 months 24 days in respect of Assets-I and II. The Commission, vide order dated 30.11.2017 in Petition No 55/TT/2017 has already condoned the time over-run in respect of Assets-I and II. The relevant portion of the order dated 30.11.2017 is as under:

> *"33. The petitioner in the petition has submitted details of other events in chronological order in respect of other RoW issues at various locations. The petitioner has claimed that RoW problems persisted almost till January, 2017. The petitioner has further submitted that in spite of such inordinate delays, which started since beginning i.e. 18.10.2010, the assets were commissioned in January, 2017 by resolving the RoW issues at various locations. The petitioner has also submitted that all the efforts were made by it to resolve the various RoW issues and complete the said transmission line at the earliest.*
>
> *34. From the submissions of the petitioner, it is observed that the petitioner has faced continuous RoW Problem at various locations on the route of the instant transmission line and has faced severe agitation from the local villagers and continuous obstruction caused by the land owners and local villagers. The petitioner has submitted chronology of events from which it can be seen that it took almost 75 months to resolve RoW issue. We have gone through the submissions of the petitioner and are of the view that the time over-run of 62 months 21 days and 62 months 24 days is mainly attributable to RoW issues faced during construction of the transmission line. The chronology of events and supporting documents submitted by the petitioner clearly reveals that there were severe RoW issues faced by the petitioner. The issue was not resolved at the DM level and the petitioner has also approached MoP, GoI to resolve the matter. We are of the view that delay due to RoW issue was beyond the control of the petitioner and accordingly, the time over-run of 62 months 21 days has been condoned for Asset-1(a). With regard to Asset-1(b, c, d), it is observed that the 400 kV Dehradun sub-station could not be put to regular use without the commissioning of the transmission line and since we have condoned delay of commissioning of transmission line Asset-1(a), delay in Asset-1(b, c, d) is also condoned. Accordingly, the time delay of 62 months 24 days in respect of Asset-1(b, c, d) is condoned."*

49. COD of Asset-III, which consists of 04 Nos. 220 kV bays at Dehradun sub-station, has been approved as 4.2.2017 in this petition. Thus, there was time over-run of about 62 months and 25 days in case of Asset-III. The 400 kV Dehradun-Bagpat Transmission Line was completed on 31.1.2017 and the time over-run of about 62 months and 21 days has already been condoned. Asset-III, which is in Dehradun sub-station, is dependent on implementation of Assets-I and II. The time over-run in respect of Asset-III is condoned, as the time over-run in case of Assets-I and II has already been condoned.

<u>Interest During Construction (IDC) and Incidental Expenditure during Construction (IEDC)</u>

50. The Petitioner has claimed IDC for the transmission assets and has submitted the Auditor's Certificates in support of the same. The Petitioner has submitted the statement showing IDC claim, discharge of IDC liability as on COD and thereafter as under:

(₹ in lakh)

Assets	Total IDC as per Auditor Certificate	IDC discharged up to COD	IDC discharged during 2016-17	IDC discharged during 2017-18
Asset-I	15102.66	13476.16	377.61	1248.89
Asset-II	1606.73	1424.41	120.36	61.96
Asset-III	306.81	262.19	34.15	10.47

51. BRPL in its reply has submitted that the claim of ACE and accrual IDC is premature at this stage. In response, the Petitioner has submitted that the accrual IDC discharged after COD has been claimed under Regulation 14(1)(i) of 2014 Tariff Regulation, and hence may be allowed.

52. We have considered the submission of Petitioner and BRPL. The allowable IDC has been approved by considering the information submitted by the Petitioner for

the individual assets separately on cash basis. The loan details submitted in Form-9C for the 2014-19 tariff period and the IDC computation sheet have been considered for the purpose of IDC calculation on cash and accrual basis. The un-discharged IDC as on COD has been considered as ACE during the year in which it has been discharged.

53. Accordingly, based on the information furnished by the Petitioner, IDC considered is summarized as under:-

(₹ in lakh)

Asset	IDC approved in previous orders (A)	IDC Claimed by Petitioner (B)	IDC Admissible	IDC allowed as on COD on cash basis	Un-discharged IDC as on COD	
					Discharged in year 2016-17	Discharged in year 2017-18
Asset-I	15102.66	15102.66	15102.66	13476.16	377.61	1248.89
Asset-II	1605.64	1606.73	1606.73	1424.41	120.36	61.96
Asset-III	-	306.81	306.81	262.19	34.14	10.47

54. The Petitioner has also claimed IEDC of ₹1902.82 lakh, ₹255.34 lakh and ₹72.01 lakh for Assets-I, II and III respectively and has submitted Auditor's Certificate dated 26.7.2019 in support of the same. The Petitioner has also submitted that the entire IEDC has been discharged as on COD in respect of the transmission assets.

55. It is observed that all the transmission assets of the transmission system have been put to commercial operation during the 2014-19 period.

56. In order dated in Petition No. 1/TT/2019, the Commission observed the following:

> *"24. The Appellate Tribunal for Electricity (APTEL), vide its judgment dated 2nd December 2019 in Appeal Nos. 95 of 2018 and 140 of 2018 on the issue of "IEDC to be considered in tariff" has held that IEDC should be computed only on actual basis after due prudence check based on the data submitted by the Appellant in accordance with the Tariff Regulations. Further, vide para 7.12 of the judgment, ATE has, inter alia, observed that "………without prejudice to the contention that hard costs should*

not be considered, even if hard cost is to be seen then, at least „IEDC" including contingencies should be applied".

25. As per the APTEL judgment, computation of IEDC of the Project is to be made on actual basis after applying due prudence. The Petitioner files tariff petitions for individual assets and Commission decides tariff for these assets, which are subsequently combined when all the assets of the Project are brought under commercial operation. Thus, prudence can only be applied with reference to the combined IEDC as per FR Cost /RCE on completion of the Project. The present petition is a true up (2009-14) petition, and as mentioned in para 23, all the assets of the Project have been commissioned and their tariff determined on individual basis. As a part of prudence exercise, the IEDC allowed as per respective tariff orders for all the assets of the Project has been compared with the IEDC (including contingencies) for the Project as per RCE. We observe that the IEDC allowed for the Project, except that for the eight assets of the present petition, is Rs 7424.85 lakh which is well within the IEDC limit of Rs 13959.00 lakh as per RCE. The actual IEDC (as claimed) against the eight assets of the present petition is Rs 2604.12 lakh. After disallowing an amount of ₹4.50 lakh, ₹3.13 lakh and ₹33.03 lakh, in case of Asset-3, Asset-7 and Asset- 8 respectively due to time over run, ₹2563.56 lakh is being allowed as IEDC.

26. We reiterate that Commission has applied prudence in the above manner in the present case as all the assets of the Project have been commissioned. For asset wise tariff determination, Commission intends to continue with the existing practice of IEDC and prudence shall be applied on the IEDC, once the Project is fully commissioned."

57. As per RCE dated 31.3.2017, submitted vide affidavit dated 8.5.2017 in Petition No. 55/TT/2017, an amount of ₹3565 lakh has been allowed for IEDC including contingencies. The total IEDC claimed by the Petitioner for all three transmission assets in the instant petition sums to ₹2230.17 lakh. Accordingly, IEDC claimed for assets is within the estimated IEDC for the project as a whole as indicated in the Revised Cost Estimate. Accordingly, IEDC of ₹1902.82 lakh, ₹255.34 lakh and ₹72.01 lakh has been allowed for Assets-I, II and III respectively.

Initial Spares

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

"(*d) Transmission System*
Transmission line: 1.00%
Transmission sub-station (Green Field): 4.00%
Transmission sub-station (Brown Field): 6.00%

GIS Sub-station: 5.00%
Communication System: 3.5%"

59. The Petitioner has claimed the following Initial Spares for the transmission assets:

Assets	Plant & Machinery Cost up to cut-off date (excluding IDC and IEDC) (A) (₹ in lakh)	Initial Spares Claimed (B) (₹ in lakh)	Ceiling Limit (C) (in %)
Sub-station (AIS)			
Asset-I	2885.54	40.90	4
Asset-II	5830.63	86.86	4
Asset-III	1001.62	26.87	4
Transmission Line			
Asset-I	43764.87	326.78	1

60. BRPL in its reply has submitted that the Petitioner has claimed the initial spares beyond the ceiling, amounting to ₹24.08 lakh, specified under Regulation 13 of the 2014 Tariff Regulations and that the Petitioner has prayed to allow Initial Spares beyond the ceiling by exercising powers to relax/ remove difficulty under Regulations 54 and 55 of the 2014 Tariff Regulations. Further, BRPL has submitted that in terms of the judgments of the Hon'ble Supreme Court, the request of the Petitioner seeking to invoke its power to relax the Regulations citing Regulation 54 of the 2014 Tariff Regulations cannot be used in a way so as to change the very nature, scheme and essential provisions of the Regulations.

61. In response, the Petitioner has submitted that the Initial Spares being claimed are within the limit and hence the submission of BRPL is wrong.

62. We have considered the submissions of the Petitioner and BRPL. The Petitioner has claimed the Initial Spares for Assets-I, II and III @4% under greenfield sub-station. Asset-I consists of sub-station and transmission line and the Initial Spares claimed by the Petitioner towards sub-station for Asset-I is within norms and

initial spares claimed towards transmission line is more than the norms and the same has been restricted to norms specified under the 2014 Tariff Regulations. The Initial spares claimed by the Petitioner for Assets-II and III towards sub-station are within norms. Accordingly, the details of Initial Spares allowed for the 2014-19 tariff period are as under:

Assets	Plant & Machinery cost up to cut-off date (excluding IDC and IEDC) (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per the 2014 Tariff Regulations (in %)	Initial Spares as per the norms of the 2014 Tariff Regulations (₹ in lakh)	Initial Spares allowed (₹ in lakh)
Sub-station					
Asset-I	5086.97	40.90	4.00	210.25	40.90
Asset-II	5199.40	86.86	4.00	213.02	86.86
Asset-III	889.89	26.87	4.00	35.96	26.87
Transmission Line					
Asset-I	30555.82	326.78	1.00	305.34	305.34

Capital cost as on COD

63. Accordingly, the capital cost allowed as on COD is summarized as under:-

(₹ in lakh)

Asset	Capital cost claimed as on COD as per Auditor's certificate (A)	Less: IDC disallowed due to computational difference (B)	Less: un-discharged IDC as on COD	Less: Excess Initial Spares	Capital cost considered as on COD
Asset-I	63195.02	0.00	1626.50	21.44	**61547.08**
Asset-II	6677.63	0.00	182.32	0.00	**6495.31**
Asset-III	1213.90	0.00	44.62	0.00	**1169.28**

Additional Capital Expenditure (ACE)

64. The Petitioner has claimed the following ACE for the transmission assets and submitted the Auditor's Certificates in support of the same as under:-

(₹ in lakh)

Asset	Additional Capital Expenditure		
	2016-17	**2017-18**	**2018-19**
Asset-I	2298.23	329.41	907.56

Asset-II	440.66	190.47	205.95
Asset-III	125.26	7.54	11.97

65. The Petitioner vide affidavit dated 6.1.2020 has submitted that ACE is mainly on account of balance and retention payments. ACE for 2016-17, 2017-18 and 2018-19 period has been claimed under Regulation 14(1)(i) (un-discharged liabilities) of the 2014 Tariff Regulations and is within the cut-off the date.

66. The Petitioner has also submitted that ACE upto 31.3.2019 has been considered in the Auditor's Certificate as per actuals, whereas ACE claimed for the period from 1.4.2019 to 31.3.2020 is on estimated basis and may vary due to final claim/ reconciliation at the time of contract closing. The details for balance and retention payments incurred after COD are as under:-

(₹ in lakh)

Assets	**Party Name**	**Particulars**	**Original Liability as on COD**	**Discharge**		
				2016-17	**2017-18**	**2018-19**
1	Pradeep Kumar & Co.	Building & Civil Works	6.54	-	-	6.54
	S. S. Engineers	Building & Civil Works	3.00	-	-	3.00
	Emco Ltd.	Sub-station	115.76	-	-	83.21
	JV of RS & Co. and BS Transcom	Sub-station	1146.96	-	-	-
	Lanco Infratech					
	JV of RS & Co. and BS Transcom	Transmission Line	126.47	-	-	126.47
	Lanco Infratech	Transmission Line	676.66	-	-	676.66
	Emco Ltd	PLCC	7.99	-	-	7.15
	Emco Ltd	IT	5.68	-	-	4.53
2	Emco Ltd	Building & Civil Works	517.37	-	-	-
	Emco Ltd	Sub-station	504.25	76.40	-	97.76
	GE T&D	Sub-station	109.93	107.28	-	2.65
	BHEL	Sub-station	19.95	19.95	-	-
	Emco Ltd	IT	17.63	6.15	-	-
3	Emco Ltd	Sub-station	34.02	1.80	-	11.18
	Emco Ltd	IT	1.52	-	-	0.79

67. The cut-off date for Assets-I, II and III works out to be 31.3.2020. It is observed that the total estimated completion cost including ACE from 2016-17 to 2018-19 period for Assets-I, II and III is within the RCE approved apportioned cost.

68. The actual audited ACE claimed by the Petitioner up to 31.3.2019 is within the cut-off date. Therefore, the same has been considered for computation of total capital cost as on 31.3.2019. The un-discharged IDC as on COD has been allowed as ACE in its respective year of discharge. ACE claimed for the period 2015-16 to 2017-18 is allowed under Regulation 14(1)(i) and Regulation 14(1)(ii) of the 2014 Tariff Regulations. Accordingly, ACE allowed for the transmission assets is as under:

(₹ in lakh)

Assets	2016-17		2017-18		2018-19
	ACE claimed vide Auditor's certificate	IDC Discharged	ACE claimed vide Auditor's certificate	IDC Discharged	ACE claimed vide Auditor's certificate
Asset-I	2298.23	377.61	329.41	1248.89	907.56
Asset-II	440.66	120.36	190.47	61.96	205.95
Asset-III	125.26	34.14	7.54	10.47	11.97

Capital Cost for the 2014-19 tariff period

69. Accordingly, the capital cost as on COD, ACE for the 2014-19 period and capital cost as on 31.3.2019 considered for the truing-up of the tariff for the 2014-19 period, are as under:

(₹ in lakh)

Assets	Capital cost as on COD on cash basis	Additional Capital Expenditure(ACE) incurred			Total Capital cost as on 31.3.2019
		2016-17	2017-18	2018-19	
Asset-I	61547.08	2675.84	1578.30	907.56	**66708.78**
Asset-II	6495.31	561.02	252.43	205.95	**7514.71**
Asset-III	1169.28	159.40	18.01	11.97	**1358.66**

Debt-Equity Ratio

70. The Petitioner has considered debt-equity ratio as 70:30 as on COD and for ACE. The details of the debt-equity as on the COD and 31.3.2019 considered for the purpose of tariff computation for the transmission asset for the 2014-19 tariff period is as under:-

Asset-I	As on COD		As on 31.3.2019	
	Capital cost (₹ in lakh)	(%)	Capital cost (₹ in lakh)	(%)
Debt	43082.96	70.00	46696.15	70.00
Equity	18464.12	30.00	20012.63	30.00
Total	**61547.08**	**100.00**	**66708.78**	**100.00**
Asset-II	**As on COD**		**As on 31.3.2019**	
	Capital cost (₹ in lakh)	**(%)**	**Capital cost (₹ in lakh)**	**(%)**
Debt	4546.73	70.00	5260.31	70.00
Equity	1948.58	30.00	2254.40	30.00
Total	**6495.31**	**100.00**	**7514.71**	**100.00**

Asset-III	As on COD		As on 31.3.2019	
	Capital cost (₹ in lakh)	(%)	Capital cost (₹ in lakh)	(%)
Debt	818.50	70.00	951.07	70.00
Equity	350.78	30.00	407.59	30.00
Total	**1169.28**	**100.00**	**1358.66**	**100.00**

Interest on Loan (IoL)

71. The Petitioner has claimed IoL based on actual interest rates for each year during the 2014-19 period. The Petitioner has submitted that the weighted average rate of IoL has been considered on the basis of the rates prevailing as on 1.4.2014 and has prayed to consider floating rate of interest applicable during 2014-19 period, if any, during the truing-up of tariff.

72. We have considered the submissions made by the Petitioner. It is observed that the SBI loan with respect to transmission assets in the instant petition have been

deployed with floating interest rates. Accordingly, factoring the impact of floating rate of interest, IoL has been worked out based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations.

73. IoL has been worked out as under: -

i. Gross amount of loan, repayment of instalments, rate of interest and weighted average rate of interest on actual average loan have been considered as per the petition.

ii. The repayment for the tariff period 2014-19 has been considered to be equal to the depreciation allowed for that period.

74. The details of trued up IoL approved for the transmission assets is as under:-

(₹ in lakh)

Asset-I			
Particular	**2016-17 (Pro-rata for 60 days)**	**2017-18**	**2018-19**
Gross Normative Loan	43082.96	44956.05	46060.86
Cumulative Repayments up to Previous Year	0.00	512.39	3741.44
Net Loan-Opening	43082.96	44443.66	42319.42
Addition due to Additional Capitalization	1873.09	1104.81	635.29
Repayment during the year	512.39	3229.05	3294.43
Net Loan-Closing	44443.66	42319.42	39660.29
Average Loan	43763.31	43381.54	40989.85
Weighted Average Rate of Interest on Loan (%)	8.636	8.540	8.470
Interest on Loan	**621.24**	**3704.66**	**3471.98**

(₹ in lakh)

Asset-II			
Particular	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**
Gross Normative Loan	4546.73	4939.44	5116.14
Cumulative Repayments up to Previous Year	0.00	55.39	431.04
Net Loan-Opening	4546.73	4884.05	4685.10
Addition due to Additional Capitalization	392.71	176.70	144.17
Repayment during the year	55.39	375.65	387.44
Net Loan-Closing	4884.05	4685.10	4441.82
Average Loan	4715.39	4784.57	4563.46
Weighted Average Rate of Interest on Loan (%)	8.417	8.247	8.130
Interest on Loan	**61.98**	**394.56**	**370.99**

(₹ in lakh)

Asset-III			
Particular	2016-17 (Pro-rata for 56 days)	2017-18	2018-19
Gross Normative Loan	818.50	930.08	942.69
Cumulative Repayments up to Previous Year	0.00	10.12	80.75
Net Loan-Opening	818.50	919.96	861.94
Addition due to Additional Capitalization	111.58	12.61	8.38
Repayment during the year	10.12	70.63	71.42
Net Loan-Closing	919.96	861.94	798.90
Average Loan	869.23	890.95	830.42
Weighted Average Rate of Interest on Loan (%)	8.700	8.572	8.488
Interest on Loan	**11.60**	**76.37**	**70.49**

75. The details of IoL allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017 for Assets-I and II, IoL claimed by the Petitioner in the instant petition and trued-up IoL allowed in the instant order are as under:

(₹ in lakh)

Particulars	Asset-I			Asset-II			Asset-III		
	2016-17 (Pro-rata for 60 days)	2017-18	2018-19	2016-17 (Pro-rata for 57 days)	2017-18	2018-19	2016-17 (Pro-rata for 56 days)	2017-18	2018-19
Allowed in order dated 30.11.2017 in Petition No. 55/TT/2017	621.48	3895.59	3844.91	61.98	424.93	427.75	-	-	-
Claimed by the Petitioner in the instant petition	621.45	3705.55	3472.09	61.96	393.74	368.87	11.60	76.10	69.80
Allowed after true-up in this order	621.24	3704.66	3471.98	61.98	394.56	370.99	11.60	76.37	70.49

Return on Equity (RoE)

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

Year	Claimed effective tax (%)	Grossed up RoE [Base Rate/(1-t)] (%)
2014-15	21.018	19.624
2015-16	21.382	19.624
2016-17	21.338	19.715
2017-18	21.337	19.704
2018-19	21.549	19.704

77. BRPL has submitted that Deferred Tax is being billed by transmission companies post March 2009. It further submitted that details related to the deferred tax liability have not been shared by the Petitioner to verify the claim and accordingly the Petitioner may be directed to submit the details of deferred tax liability claimed during 2014-19 in respect of the transmission assets which are in operation. BRPL has further contended that the Petitioner may clarify whether it is grossing up deferred tax amount while billing to beneficiaries and, if so, the same is required to be refunded to beneficiaries. In response, the Petitioner submitted that no Deferred Tax Liability has claimed by it for the 2009-14 period. However, it has claimed deferred tax liability during the 2009-14 period only for the deferred tax liability accrued upto 31.3.2009 and materialized during 2009-14 as provided in the Regulation. All the required documents along with Auditor’s Certificate have been submitted with deferred tax liability bills. It was further submitted by the Petitioner that deferred tax liability amount billed/ materialized is not considered while grossing up RoE.

78. BRPL has further submitted that the Petitioner in the instant petition has mentioned the effective tax rate only for 2014-15 and 2015-16. However, the actual tax paid on income from other business activities of the Petitioner like consulting, communication, planning and designing of the national/ international projects etc. are required to be excluded for the computation of the effective tax rate which has not been done by the Petitioner. BRPL also submitted that the Petitioner needs to furnish

the details regarding the same and only then the differential tariff claimed on account of trued up RoE based on effective tax rate for 2014-15 & 2015-16 be allowed. The true-up for the balance of the 2014-19 period can be done only after the information needed for true-up is supplied by the Petitioner. It further submitted that in order to compute the effective tax rate for 2014-15, the Petitioner should provide the details of actual tax on income from other business streams including deferred tax liability (i.e. income on business other than business of generation or transmission, as the case may be).

79. In response, the Petitioner has submitted that for computing the effective tax rate, BRPL has used the Profit Before Tax as reported in the Statement of Profit and Loss (of consolidated financial statements). It has clarified that the Petitioner Company has been paying tax under the provisions of section 115JB of the Income Tax Act, 1961 (MAT provisions). Its taxable income is derived as per the MAT provisions from the "Profit Before Tax" as reported in the financial statements. The profit before tax as reported in the financial statements cannot be used as a base to calculate the effective tax rate. It further clarified that the Petitioner has submitted effective tax rates for all the financial years starting from 2014-15 to 2018-19 for tariff of the instant petition. All the income from all streams of business was taxable at MAT Rate only. Further, the effective tax rate computed by BRPL is based on the consolidated financial statements of the Company whereas income tax return is filed for the company on the basis of standalone financial statements and Tax returns of the subsidiaries and joint ventures are filed separately as individual entities.

80. We have considered the submissions of the Petitioner and BRPL. BRPL has contended that deferred tax is being billed by the Petitioner post March, 2009. The

Petitioner as submitted that no Deferred Tax Liability has claimed by it for the 2009-14 period and it has claimed deferred tax liability during the 2009-14 period only for the deferred tax liability accrued upto 31.3.2009 and materialized during 2009-14 as provided in the Regulation. As regards BRPL's contention that income from other business activities is required to be excluded for the computation of the effective tax rate, the Petitioner has submitted that income from all its business streams was taxable at MAT rate only. We are satisfied with the clarifications given by the Petitioner and are of the view that the Petitioner has complied with the provisions of the 1961 Act and the provisions of the tariff regulations.

81. The Commission vide order dated 27.4.2020 in Petition No. 274/TT/2019 has arrived at the effective tax rate based on the notified MAT rates for the Petitioner. The relevant portion of the order dated 27.4.2020 is as under:

> "*26. We are conscious that the entities covered under MAT regime are paying Income Tax as per MAT rate notified for respective financial year under IT Act,1961, which is levied on the book profit of the entity computed as per the Section115JB of the IT Act, 1961. The Section 115JB(2) defines book profit as net profit in the statement of Profit & Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying income tax on income computed under Section 115JB of the IT Act, 1961 as per the MAT rates of the respective financial year, the notified MAT rate for respective financial year shall be considered as effective tax rate for the purpose of grossing up of RoE for truing up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax authorities shall be considered on actual payment. However, penalty (for default on the part of the Assessee) if any imposed shall not be taken into account for the purpose of grossing up of rate of return on equity. 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 transmission customers/ DICs as the case may be on year to year basis.*
>
> *27. Accordingly, following effective tax rates based on notified MAT rates are considered for the purpose of grossing up of rate of return on equity:*

Year	***Notified MAT rates (inclusive of surcharge & cess) (in %)***	***Effective Tax (in %)***
2014-15	*20.961*	*20.961*
2015-16	*21.342*	*21.342*
2016-17	*21.342*	*21.342*

2017-18	*21.342*	*21.342*
2018-19	*21.549*	*21.549*

"

82. The MAT rates considered above in order dated 27.4.2020 in Petition No. 274/TT/2019 is considered for the purpose of grossing up of rate of RoE for truing-up of the tariff of the 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations, as under:

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

83. Accordingly, the trued-up RoE allowed for the transmission assets is as under:-

(₹ in lakh)

Asset-I			
Particulars	**2016-17 (Pro-rata for 60 days)**	**2017-18**	**2018-19**
Opening Equity	18464.12	19266.87	19740.36
Addition due to Additional Capitalization	802.75	473.49	272.27
Closing Equity	19266.87	19740.36	20012.63
Average Equity	18865.50	19503.62	19876.50
Return on Equity (Base Rate) (%)	15.500	15.500	15.500
MAT rate for the respective Financial year (%)	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.705	19.705	19.758
Return on Equity (Pre-tax)	**611.09**	**3843.19**	**3927.20**

(₹ in lakh)

Asset-II			
Particulars	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**
Opening Equity	1948.58	2116.89	2192.62
Addition due to Additional Capitalization	168.31	75.73	61.78
Closing Equity	2116.89	2192.62	2254.40
Average Equity	2032.74	2154.75	2223.51
Return on Equity (Base Rate) (%)	15.500	15.500	15.500
MAT rate for the respective Financial year (%)	21.342	21.342	21.549

Rate of Return on Equity (Pre-tax) (%)	19.705	19.705	19.758
Return on Equity (Pre-tax)	**62.55**	**424.59**	**439.32**

(₹ in lakh)

Asset-III			
Particulars	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
Opening Equity	350.78	398.60	404.00
Addition due to Additional Capitalization	47.82	5.40	3.59
Closing Equity	398.60	404.00	407.59
Average Equity	374.69	401.30	405.79
Return on Equity (Base Rate) (%)	15.500	15.500	15.500
MAT rate for the respective Financial year (%)	21.342	21.342	21.549
Rate of Return on Equity (Pre-tax) (%)	19.705	19.705	19.758
Return on Equity (Pre-tax)	**11.33**	**79.08**	**80.18**

84. The details of RoE allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017 for Assets-I and II, RoE claimed by Petitioner in the instant petition and trued-up RoE allowed in the instant order are as under:

(₹ in lakh)

Particulars	**Asset-I**			**Asset-II**			**Asset-III**		
	2016-17 (Pro-rata for 60 days)	**2017-18**	**2018-19**	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
Allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017	608.35	3986.94	4237.05	62.25	446.42	485.17	-	-	-
Claimed by the Petitioner in the instant petition	611.29	3844.46	3928.47	62.55	424.60	439.32	11.33	79.08	80.18
Allowed after true-up in this order	611.09	3843.19	3927.20	62.55	424.59	439.32	11.33	79.08	80.18

Depreciation

85. The Petitioner's claim towards depreciation in this petition was found to be higher than the depreciation allowed for the Assets-I and II in order dated 30.11.2017 in Petition No. 55/TT/2017. The Petitioner has neither given any justification for

claiming higher depreciation than what was allowed earlier in order nor made any specific prayer for allowing higher depreciation in this petition.

86. The tariff from COD to 31.3.2019 was determined vide order dated 30.11.2017 in Petition 55/TT/2017 for Assets-I and II. It is observed that the Petitioner did not claim any capital expenditure towards “IT Equipment” in the above said petition where tariff for the transmission asset for the 2014-19 period was determined even though there was a clear provision in the 2014 Tariff Regulations providing depreciation @15% for IT Equipment. It is observed that the Petitioner has for the first time apportioned a part of the capital expenditure towards IT Equipment and has claimed depreciation under the head “IT Equipment” @15% at the time of truing up of the tariff for 2014-19 tariff period.

87. Subsequently, it was identified that in Petition No. 55/TT/2017 for tariff determination of the transmission assets for the 2014-19 tariff period, the Petitioner has submitted the capital cost of IT equipment in Sub-station cost and therefore depreciation for IT equipment was allowed @ 5.28% of the corresponding capital cost.

88. Similar issue had come up in Petition No. 19/TT/2020 wherein the Commission vide order dated 9.5.2020 decided as under:

> *“31. We have considered the submissions of the Petitioner. The instant assets were put into commercial operation during the 2009-14 period and the tariff from the respective CODs to 31.3.2014 was allowed vide orders dated 30.8.2012 and 9.5.2013 in Petition No.343/2010 and Petition No. 147/TT/2011 respectively. Further, the tariff of the 2009-14 period was trued up and tariff for the 2014-19 period was allowed vide order dated 25.2.2016 in Petition No.10/TT/2015. The Petitioner did not claim any capital expenditure towards “IT Equipment” in the above said three petitions where tariff for the instant assets for the 2009-14 period was allowed, tariff of the 2009-14 period was trued up and tariff for 2014- 19 period was allowed even though there was a clear provision in the 2009 Tariff Regulations and 2014 Tariff Regulations providing depreciation @15% for IT Equipment. Having failed to make a claim as per the 2009 Tariff Regulations (the period during which COD of assets was achieved), the Petitioner*

has now, at the time of truing up of the tariff allowed for the 2014-19 period has apportioned a part of the capital expenditure to "IT Equipment". The Petitioner has adopted similar methodology not only in this but in some of the other petitions listed along with the instant petition on 26.2.2020. It is observed that the Petitioner has for the first time apportioned a part of the capital expenditure towards IT Equipment and has claimed depreciation under the head "IT Equipment" @15% at the time of truing up of the tariff of 2014-19 period. Regulation 8(1) of the 2014 Tariff Regulations provides for truing up of the capital expenditure including the additional capital expenditure, incurred up to 31.3.2019, admitted by the Commission after prudence check. We are of the view that scope of truing up exercise is restricted to truing up of the capital expenditure already admitted and apportionment or reapportionment of the capital expenditure cannot be allowed at the time of truing up. Therefore, we are not inclined to consider the Petitioner's prayer for apportionment of capital expenditure towards IT Equipment and allowing depreciation @ 15% from 1.4.2014 onwards. Accordingly, the depreciation @ 5.28% has been considered for IT Equipment as part of the substation up to 31.3.2019 while truing up the capital expenditure for the 2014-19 period. During the 2019-24 tariff period, the IT Equipment has been considered separately and depreciation has been allowed @ 15% for the balance depreciable value of IT Equipment in accordance with Regulation 33 read with Sr. No. (p) of the Appendix-I (Depreciation Schedule) of the 2019 Tariff Regulations."

89. In line with the above order of the Commission, WAROD has been worked out after taking into account the depreciation rate of assets as prescribed in Regulation 27 the 2014 Tariff Regulations and the trued-up depreciation allowed is as under:

(₹ in lakh)

Asset–I			
Particulars	**2016-17 (Pro–rata for 60 days)**	**2017-18**	**2018-19**
Opening Gross Block	61547.08	64222.92	65801.22
Addition during 2014-19 due to Additional Capitalisation	2675.84	1578.30	907.56
Closing Gross Block	64222.92	65801.22	66708.78
Average Gross Block	62885.00	65012.07	66255.00
Weighted Average Rate of Depreciation (%)	4.96	4.97	4.97
Balance useful life of the asset	32	32	31
Elapsed life at the beginning of the year	0	0	1
Aggregated Depreciable Value	53269.07	55183.43	56302.07
Depreciation during the year	**512.39**	**3229.05**	**3294.43**
Aggregate Cumulative Depreciation	512.39	3741.44	7035.87
Remaining Aggregate Depreciable Value	52756.67	51441.99	49266.20

(₹ in lakh)

Asset-II			
Particulars	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**
Opening Gross Block	6495.31	7056.33	7308.76

Addition during 2014-19 due to Additional Capitalisation	561.02	252.43	205.95
Closing Gross Block	7056.33	7308.76	7514.71
Average Gross Block	6775.82	7182.55	7411.74
Weighted Average Rate of Depreciation (%)	5.23	5.23	5.23
Balance useful life of the asset	25	25	24
Elapsed life at the beginning of the year	0	0	1
Aggregated Depreciable Value	6098.24	6464.29	6670.56
Depreciation during the year	**55.39**	**375.65**	**387.44**
Aggregate Cumulative Depreciation	55.39	431.04	818.49
Remaining Aggregate Depreciable Value	6042.85	6033.25	5852.07

(₹ in lakh)

Asset-III			
Particulars	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
Opening Gross Block	1169.28	1328.68	1346.69
Addition during 2014-19 due to Additional Capitalisation	159.40	18.01	11.97
Closing Gross Block	1328.68	1346.69	1358.66
Average Gross Block	1248.98	1337.68	1352.67
Weighted Average Rate of Depreciation (%)	5.28	5.28	5.28
Balance useful life of the asset	25	25	24
Elapsed life at the beginning of the year	0	0	1
Aggregated Depreciable Value	1124.08	1203.91	1217.40
Depreciation during the year	**10.12**	**70.63**	**71.42**
Aggregate Cumulative Depreciation	10.12	80.75	152.17
Remaining Aggregate Depreciable Value	1113.96	1123.17	1065.24

90. The details of depreciation allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017 for Assets-I and II, depreciation claimed by Petitioner in the instant petition and trued-up depreciation allowed in the instant order are as under:

(₹ in lakh)

Particulars	**Asset-I**			**Asset-II**			**Asset-III**		
	2016-17 (Pro-rata for 60 days)	**2017-18**	**2018-19**	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
Allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017	511.74	3366.82	3587.67	55.39	392.99	422.44	-	-	-
Claimed by the Petitioner in the instant	513.70	3237.40	3303.17	57.75	391.33	403.53	10.85	75.55	76.40

petition									
Allowed after true-up in this order	512.39	3229.05	3294.43	55.39	375.65	387.44	10.12	70.63	71.42

Operation & Maintenance Expenses (O&M Expenses)

93. The details of the O&M Expenses claimed by the Petitioner for transmission assets and allowed under Regulation 29(3) of the 2014 Tariff Regulations for purpose of tariff are as under:

(₹ in lakh)

Asset-I			
Particulars	**2016-17 (Pro-rata for 60 days)**	**2017-18**	**2018-19**
Sub-station Bays			
400 kV Line Bays 1 & 2 at Dehradun Sub-station (AIS) – Nos.	2	2	2
400 kV Line Bays 1 & 2 at Bagpat Sub-station (GIS) – Nos.	2	2	2
Norm (₹ lakh/bay)			
400 kV Bay (AIS)	64.370	66.510	68.710
400 kV Bay (GIS)	55.020	56.840	58.730
Total Sub-station O&M	39.25	246.70	254.88
Transmission Lines			
400 kV D/C Dehradun-Bagpat Line (km)	83	83	83
Norms (₹ lakh/km)			
D/C 4 Conductors	1.133	1.171	1.210
Total Transmission Line O&M Expenses	15.46	97.19	100.43
Total O&M Expenses	**54.71**	**343.89**	**355.31**

(₹ in lakh)

Asset-II			
Particulars	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**
Sub-station Bays			
400 kV ICT I& II Bays at Dehradun Sub-station (AIS) – Nos.	2	2	2
220 kV ICT I& II Bays at Dehradun Sub-station (AIS) – Nos.	2	2	2
220 kV Downstream Bay at Dehradun Sub-station (AIS) – Nos.	2	2	2
400 kV 80 MVAR Bus Reactor Bay at Dehradun Sub-station (AIS) – Nos.	1	1	1
Norm (₹ lakh/bay)			

220 kV Bay (AIS)	45.060	46.550	48.100
400 kV Bay (AIS)	64.370	66.510	68.710
Total Sub-station O&M Expenses	**58.30**	**385.73**	**398.53**
Total O&M Expenses	**58.30**	**385.73**	**398.53**

(₹ in lakh)

Asset-III			
Particulars	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
Sub-station Bays			
220 kV Bays at Dehradun Sub-station (AIS) – Nos.	4	4	4
Norm (₹ lakh/bay)			
220 kV Bay (AIS)	45.060	46.550	48.100
Total Sub-station O&M Expenses	**180.24**	**186.20**	**192.40**
Total O&M Expenses	**27.65**	**186.20**	**192.40**

94. The details of O&M Expenses allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017 for Assets-I, II and III, O&M Expenses claimed by Petitioner in the instant petition and trued-up O&M Expenses allowed in the instant order are as follows:

(₹ in lakh)

Particulars	**Asset-I**			**Asset-II**			**Asset-III**		
	2016-17 (Pro-rata for 60 days)	**2017-18**	**2018-19**	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
Allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017	54.71	343.89	353.31	58.30	385.73	398.53	-	-	-
Claimed by the Petitioner in the instant petition	54.71	343.89	355.31	58.29	385.73	398.53	27.65	186.20	192.40
Allowed after true-up in this order	54.71	343.89	353.31	58.30	385.73	398.53	27.65	186.20	192.40

Interest on Working Capital (IWC)

95. The Petitioner is entitled to claim IWC as per Regulation 28(1)(c) of the 2014 Tariff Regulations as under:-

(i) **Maintenance spares**:

Maintenance spares have been worked out based on 15% of Operation and Maintenance Expenses.

(ii) **O & M Expenses:**

O&M Expenses have been considered for one month of the allowed O&M Expenses.

(iii) **Receivables:**

The receivables have been worked out on the basis of 2 months of annual transmission charges as worked out above.

(iv) **Rate of interest on working capital:**

Rate of interest on working capital is considered on normative basis in accordance with Clause (3) of Regulation 28 of the 2014 Tariff Regulations.

96. The trued-up IWC approved for the transmission assets is as under:-

(₹ in lakh)

Asset-I			
Particulars	**2016-17 (Pro-rata for 60 days)**	**2017-18**	**2018-19**
O & M Expenses	27.73	28.66	29.61
Maintenance Spares	49.92	51.58	53.30
Receivables	1865.89	1895.62	1883.43
Total	1943.55	1975.86	1966.34
Rate of Interest on Working Capital (%)	12.80	12.80	12.80
Interest on working capital	**40.89**	**252.91**	**251.69**

(₹ in lakh)

Asset-II			
Particulars	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**
O & M Expenses	31.11	32.14	33.21

Maintenance Spares	56.00	57.86	59.78
Receivables	261.69	271.13	273.87
Total	348.80	361.13	366.86
Rate of Interest on Working Capital (%)	12.80	12.80	12.80
Interest on working capital	**6.97**	**46.22**	**46.96**

(₹ in lakh)

Asset-III			
Particulars	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
O & M Expenses	15.02	15.52	16.03
Maintenance Spares	27.04	27.93	28.86
Receivables	68.29	71.16	71.57
Total	110.35	114.60	116.46
Rate of Interest on Working Capital (%)	12.80	12.80	12.80
Interest on working capital	2.17	14.67	14.91

97. The details of IWC allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017 for Assets-I and II, IWC claimed by Petitioner in the instant petition and trued-up IWC allowed in the instant order are as under:

(₹ in lakh)

Particulars	**Asset-I**			**Asset-II**			**Asset-III**		
	2016-17 (Pro-rata for 60 days)	**2017-18**	**2018-19**	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
Allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017	40.83	263.21	272.86	6.97	47.74	49.96	-	-	-
Claimed by the Petitioner in the instant petition	40.93	253.14	251.91	7.02	46.55	47.26	2.18	14.77	15.00
Allowed after true-up in this order	40.89	252.91	251.69	6.97	46.22	46.96	2.17	14.67	14.91

Annual Transmission Charges 2014-19

98. Accordingly, the annual transmission charges approved after truing up for the 2014-19 tariff period are as under:-

a. **Asset-I**

(₹ in lakh)

Particulars	2016-17 (Pro-rata for 60 days)	2017-18	2018-19
Depreciation	512.39	3229.05	3294.43
Interest on Loan	621.24	3704.66	3471.98
Return on Equity	611.09	3843.19	3927.20
Interest on Working Capital	40.89	252.91	251.69
O&M Expenses	54.71	343.89	355.31
Total	**1840.33**	**11373.69**	**11300.61**

The annual transmission charges allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017 for Asset-I, claimed in instant petition as true-up for 2014 -19 period and allowed after true-up of 2014-19 period are as under:

(₹ in lakh)

Asset-I			
Particulars	**2016-17 (Pro-rata for 60 days)**	**2017-18**	**2018-19**
Allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017	1837.10	11856.45	12295.80
Claimed by the Petitioner in instant petition	1842.08	11384.44	11310.95
Allowed after true-up in this order	1840.33	11373.69	11300.61

b. **Asset-II**

(₹ in lakh)

Particulars	2016-17 (Pro-rata for 57 days)	2017-18	2018-19
Depreciation	55.39	375.65	387.44
Interest on Loan	61.98	394.56	370.99
Return on Equity	62.55	424.59	439.32
Interest on Working Capital	6.97	46.22	46.96
O&M Expenses	58.30	385.73	398.53
Total	**245.20**	**1626.77**	**1643.25**

The annual transmission charges allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017 for Asset-II, claimed in instant petition as true-up for 2014 -19 period and allowed after true-up of 2014-19 period are as under:

(₹ in lakh)

Asset-II			
Particulars	**2016-17 (Pro-rata for 57 days)**	**2017-18**	**2018-19**
Allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017	244.87	1697.81	1783.86
Claimed by the Petitioner in instant petition	247.57	1641.95	1657.51
Allowed after true-up in this order	245.20	1626.77	1643.25

c. **Asset-III**

(₹ in lakh)

Particulars	2016-17 (Pro-rata for 56 days)	2017-18	2018-19
Depreciation	10.12	70.63	71.42
Interest on Loan	11.60	76.37	70.49
Return on Equity	11.33	79.08	80.18
Interest on Working Capital	2.17	14.67	14.91
O&M Expenses	27.65	186.20	192.40
Total	**62.87**	**426.94**	**429.39**

The annual transmission charges Claimed in instant petition as true-up for 2014-19 period and allowed after true-up of 2014-19 period for Asset-III are as under:

(₹ in lakh)

Asset-III			
Particulars	**2016-17 (Pro-rata for 56 days)**	**2017-18**	**2018-19**
Allowed vide order dated 30.11.2017 in Petition No. 55/TT/2017	-	-	-
Claimed by the Petitioner in instant petition	63.61	431.70	433.78
Allowed after true-up in this order	62.87	426.94	429.39

DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

99. The Petitioner has submitted the tariff forms combining the Assets-I and II, wherein the COD was achieved prior to 1.4.2019, as a single asset vide affidavit dated 6.1.2020. Subsequently, the Petitioner vide affidavit dated 12.3.2020 has submitted that it has prayed for approval of COD of Asset-III whereas downstream network under scope of PTCUL has not yet been put into commercial operation. The

Petitioner has submitted separate tariff forms for each of Assets-I, II and III vide affidavit dated 12.3.2020.

100. It is observed that all transmission assets of the transmission system have been put to commercial operation during the 2014-19 period. Accordingly, as per proviso (i) of Regulation 8(1) of the 2019 Tariff Regulations, single tariff for the Combined Asset has been worked out for the 2019-24 tariff period.

101. The Petitioner has claimed the following transmission charges for the 2019-24 tariff period for including Assets-I, II and III vide affidavit dated 12.3.2020:-

(₹ in lakh)

Asset-I					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Depreciation	3,359.95	3,392.60	3,392.60	3,392.60	3,384.54
Interest on Loan	3,252.94	2,997.27	2,708.92	2,418.29	2,122.22
Return on Equity	3,794.76	3,829.54	3,829.54	3,829.54	3,829.54
Interest on Working Capital	166.20	164.14	160.14	156.12	151.50
Operation and Maintenance	222.32	229.97	237.94	246.20	254.68
Total	**10796.17**	**10613.52**	**10329.14**	**10042.75**	**9742.48**

(₹ in lakh)

Asset-II					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Depreciation	421.88	440.09	445.56	445.56	439.26
Interest on Loan	358.95	346.36	322.88	295.26	256.41
Return on Equity	440.36	464.56	471.82	471.82	471.82
Interest on Working Capital	36.32	37.48	37.97	38.25	38.17
Operation and Maintenance	412.03	426.78	441.75	457.56	473.03
Total	**1669.54**	**1715.27**	**1719.98**	**1708.45**	**1678.69**

(₹ in lakh)

Asset-III					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Depreciation	77.18	77.79	77.97	77.97	74.75
Interest on Loan	64.30	58.25	51.79	45.12	38.54
Return on Equity	76.98	77.60	77.78	77.78	77.78
Interest on Working Capital	7.21	7.29	7.34	7.38	7.38
Operation and Maintenance	90.04	93.20	96.48	99.84	103.36
Total	**315.71**	**314.13**	**311.36**	**308.09**	**301.81**

102. The Petitioner has claimed the following IWC for the 2019-24 tariff period for the Assets-I, II and III vide affidavit dated 12.3.2020:-

(₹ in lakh)

Asset-I					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
O&M expenses	18.53	19.16	19.83	20.52	21.22
Maintenance Spares	33.35	34.50	35.69	36.93	38.20
Receivables	1327.40	1308.52	1273.46	1238.15	1197.85
Total	1379.28	1362.18	1328.98	1295.60	1257.27
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	**166.20**	**164.14**	**160.14**	**156.12**	**151.50**

(₹ in lakh)

Asset-II					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
O&M expenses	34.34	35.57	36.81	38.13	39.42
Maintenance Spares	61.80	64.02	66.26	68.63	70.95
Receivables	205.27	211.47	212.05	210.63	206.40
Total	301.41	311.06	315.12	317.39	316.77
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	**36.32**	**37.48**	**37.97**	**38.25**	**38.17**

(₹ in lakh)

Asset-III					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
O&M expenses	7.50	7.77	8.04	8.32	8.61
Maintenance Spares	13.51	13.98	14.47	14.98	15.50
Receivables	38.82	38.73	38.39	37.98	37.11
Total	59.83	60.48	60.90	61.28	61.22
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	**7.21**	**7.29**	**7.34**	**7.38**	**7.38**

Effective Date of Commercial Operation (E-COD)

103. The Petitioner has claimed E-COD of the Combined Asset as 31.1.2017. Based on the trued-up admitted capital cost and actual COD of all the assets, E-COD has been worked out as under:

Computation of Effective COD						
Assets	**Actual COD**	**Admitted Capital Cost as on 31.3.2019 (₹ in lakh)**	**Weight of the cost (in %)**	**No. of days from last COD**	**Weighted days**	**Effective COD (latest COD – Total weighted days)**
Asset-I	31.1.2017	66708.78	88.26	4.00	3.53	**31.1.2017**
Asset-II	3.2.2017	7514.71	9.94	1.00	0.10	
Asset-III	4.2.2017	1358.66	1.80	0.00	0.00	
Total	**3.2.2017**	**75582.15**	**100.00**		**3.63**	

104. E-COD has been used to determine the lapsed life of the project as a whole, which works out as 2 (two) years as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from E-COD).

Weighted Average Life (WAL)

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

106. The Combined Asset may have multiple elements (i.e. land, building, transmission line, sub-station and PLCC) and each element may have different span of life. Therefore, the concept of WAL has been used as the useful life of the project as whole.

107. WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2019 and their respective life as stipulated in the 2019 Tariff Regulations. The element-wise life as it was defined in the 2014 Tariff Regulations prevailing at the time of actual COD of the individual assets has been ignored for this purpose. The life as defined in the 2019 Tariff Regulations has been considered for determination of WAL. Accordingly, WAL of the combined asset has been worked out as 33 years as shown below:-

Admitted Capital Cost as on 31.3.2019			
Particulars	Combined capital Cost (₹ in lakh) (a)	Life as per 2019 Regulation (Years) (b)	Weight (a) x (b)
Building	743.88	25	18596.91
Transmission Line	58419.86	35	2044694.98
Sub Station	12204.11	25	305102.65
PLCC	163.37	15	2450.54
Leasehold Land	0.00	25	0.00
IT Equipment and software	353.79	7	2358.61
Total	71885.00		2373203.68
WAL = Total Weight/ Capital cost of the project		33.01 years (rounded off to 33 years)	

108. WAL as on 1.4.2019 as determined above is applicable prospectively (i.e. for 2019-24 tariff period onwards) and no retrospective adjustment of depreciation in previous tariff period is required to be done. As discussed in the para 99 above, the Effective COD of the assets is 31.1.2017 and the lapsed life of the project as a whole, works out as two (2) years as on 1.4.2019 (i.e. the number of completed years as on 1.4.2019 from Effective COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2019 to be 31 years.

Capital Cost

109. Regulations 19 of the 2019 Tariff Regulations provide 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 assets before the date of commercial operation;
(i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
(j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
(m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
(n) Expenditure on account of change in law and force majeure events; and
(o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

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

(4) The capital cost in case of existing or new hydro generating station shall also include:
(a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
(b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.

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

(a) The assets forming part of the project, but not in use, as declared in the tariff petition;
(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be de-capitalised only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.

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

110. The Petitioner vide Auditor's Certificate has claimed the capital cost of the individual assets which has been added to arrive at the capital cost claimed during the 2019-24 period for consolidated assets as under:

(₹ in lakh)

Assets	**Apportioned Approved Capital Cost (RCE)**	**Capital Cost claimed as on 31.3.2019**	**ACE claimed in 2019-20**		**Estimated Completion Capital Cost**
			2019-20	**2020-21**	
Asset-I	73806.00	66730.22	1234.54	0.00	**67964.76**
Asset-II	8807.00	7514.71	601.26	257.68	**8373.65**
Asset-III	1553.00	1358.67	15.24	6.53	**1380.44**
Total	**84166.00**	**75603.60**	**1851.04**	**264.21**	**77718.85**

111. Against the overall apportioned approved capital cost (as per RCE) of ₹84166 lakh, the estimated claimed completion cost including ACE is ₹77718.85 lakh. The individual cost of each asset is also within the RCE approved apportioned cost.

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

transmission assets are clubbed together and the combined capital cost has been considered as capital cost for Combined Asset as on 1.4.2019, as under:-

(₹ in lakh)

Element	Asset-I	Asset-II	Asset-III	Combined Asset
Land	3697.15	0.00	0.00	**3697.15**
Building	536.08	207.79	0.00	**743.88**
Transmission Line	58419.86	0.00	0.00	**58419.86**
Sub Station	3758.66	7138.40	1307.05	**12204.11**
PLCC	163.37	0.00	0.00	**163.37**
Leasehold Land	0.00	0.00	0.00	**0.00**
IT Equipment and software	133.67	168.51	51.61	**353.79**
Total	**66708.78**	**7514.71**	**1358.66**	**75582.15**

113. The trued-up capital cost of ₹75582.15 lakh for Combined Asset is considered as admitted capital cost as on 1.4.2019 for working out tariff for the 2019-24 tariff period.

Additional Capital Expenditure (ACE)

114. Regulations 24 and 25 of the 2019 Tariff Regulations provides as under: -

"24. ***Additional Capitalization within the original scope and up to the cut-off date***

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

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

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

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

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

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

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

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

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

115. The Petitioner has claimed projected ACE of ₹2115.25 lakh for 2019-24 tariff period for the assets covered under the instant petition. The break-up of ACE across assets as submitted by the Petitioner is as under:

(₹ in lakh)

Assets	**Projected ACE (2019-21)**	
	2019-20	**2020-21**
Asset-I	1234.54	0.00
Asset-II	601.26	257.68
Asset-III	15.24	6.53
Total	**1851.04**	**264.21**

116. It is observed that the projected ACE for Asset-I falls within cut-off date, whereas the projected ACE for Assets-II and III falls beyond cut-off date. ACE allowed is summarized below which is subject to true-up:-

(₹ in lakh)

Particulars	Regulation	Combined Asset	
		2019-20	2020-21
ACE to the extent of Balance & Retention Payments & work deferred for execution before cut-off date	Regulation 24(1)(a) and Regulation 24(1)(b) of 2019 Tariff Regulations	1851.04	0.00
ACE to the extent of liability for works execute prior to cut-off date	Regulation 25(1)(d) of 2019 Tariff Regulations	0.00	264.21

Capital Cost for the 2019-24 Tariff Period

117. Accordingly, the capital cost of the Combined Asset, considered for the 2019-24 tariff period, subject to truing-up, is as under:-

(₹ in lakh)

Capital Cost allowed as on 1.4.2019	ACE allowed		Total Estimated Completion capital Cost up to 31.3.2024
	2019-20	2020-21	
75582.15	**1851.04**	**264.21**	**77697.40**

Debt-Equity Ratio

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

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

Provided that:

i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:

ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

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

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent

authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

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

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

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

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

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as ACE 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."

119. The details of the debt-equity ratio considered for the purpose of computation of tariff for the Combined Asset for the 2019-24 tariff period is as under: -

Combined Asset	**Capital Cost as on 1.4.2019 (₹ lakh)**	**(%)**	**Total Capital Cost as on 31.3.2024 (₹ lakh)**	**(%)**
Debt	52907.54	**70.00**	54388.21	**70.00**
Equity	22674.61	**30.00**	23309.19	**30.00**
Total	**75582.15**	**100.00**	**77697.40**	**100.00**

Return on Equity (RoE)

120. 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 project including communication project and run-of-river hydro generating station, and at the base rate of 16.50% for the storage type

hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of Additional Capitalization after cut-off date beyond the original scope excluding Additional Capitalization 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 project;

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 project 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 project up to load dispatch centre or protection project 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.

*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."

121. The Petitioner has submitted that MAT rate is applicable to the Petitioner's company. Accordingly, the MAT rate applicable during 2019-20 has been considered for the purpose of RoE, which shall be trued-up with actual tax rate in accordance of Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the Combined Asset under Regulation 30 of the 2019 Tariff Regulations is as under:-

(₹ in lakh)

Combined Asset					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Opening Equity	22674.61	23229.93	23309.19	23309.19	23309.19
Addition due to Additional Capitalization	555.31	79.26	0.00	0.00	0.00
Closing Equity	23229.93	23309.19	23309.19	23309.19	23309.19
Average Equity	22952.27	23269.56	23309.19	23309.19	23309.19
Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%	15.500%

(%)					
Tax Rate applicable (%)	17.472%	17.472%	17.472%	17.472%	17.472%
Rate of Return on Equity (Pre-tax) (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity (Pre-tax)	**4310.90**	**4370.49**	**4377.93**	**4377.93**	**4377.93**

Interest on Loan (IoL)

122. Regulation 32 of the 2019 Tariff Regulations provides as under: -

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

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

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

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

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

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

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

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

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

123. We have considered the submission of Petitioner. The weighted average rate of IoL has been considered on the basis of the rate prevailing as on 1.4.2019. The Petitioner has prayed that the change in interest rate due to floating rate of interest

applicable, if any, during the 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true-up or next revision of tariff. In view of above, IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed for the Combined Asset is as under:

(₹ in lakh)

Combined Asset					
Particular	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Gross Normative Loan	52907.54	54203.26	54388.21	54388.21	54388.21
Cumulative Repayments up to Previous Year	8006.52	11869.55	15784.06	19704.22	23624.38
Net Loan-Opening	44901.01	42333.71	38604.15	34683.99	30763.83
Addition due to Additional Capitalization	1295.73	184.95	0.00	0.00	0.00
Repayment during the year	3863.03	3914.51	3920.16	3920.16	3920.16
Net Loan-Closing	42333.71	38604.15	34683.99	30763.83	26843.68
Average Loan	43617.36	40468.93	36644.07	32723.91	28803.76
Weighted Average Rate of Interest on Loan (%)	8.437%	8.416%	8.427%	8.436%	8.395%
Interest on Loan	**3679.87**	**3405.69**	**3088.07**	**2760.57**	**2417.97**

<u>Depreciation</u>

124. Regulation 33 of the 2019 Tariff Regulations provide as under: -

*"33. **Depreciation:** (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission project or element thereof including communication project. In case of the tariff of all the units of a generating station or all elements of a transmission project including communication project 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 project 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 project, 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 project, weighted average life for the generating station of the transmission project 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 assets of the generating station and transmission project:

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

(6) In case of the existing projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 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 decapitalized asset during its useful services."

125. The IT equipment has been considered as a part of the Gross Block and depreciated using weighted average rate of depreciation (WAROD). WAROD has

been worked out as placed in Annexure-2 after taking into account the depreciation rates of IT and non-IT assets as prescribed in the 2019 Tariff Regulations. The salvage value of IT equipment has been considered nil, i.e. IT asset has been considered as 100% depreciable. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 and accumulated depreciation up to 31.3.2019. The depreciation allowed for the Combined Asset for the 2019-24 tariff period is as under:-

(₹ in lakh)

Combined Asset					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Opening Gross Block	75582.15	77433.19	77697.40	77697.40	77697.40
Addition during 2019-24 due to Projected Additional Capitalisation	1851.04	264.21	0.00	0.00	0.00
Closing Gross Block	77433.19	77697.40	77697.40	77697.40	77697.40
Average Gross Block	76507.67	77565.29	77697.40	77697.40	77697.40
Weighted Average Rate of Depreciation (WAROD) (%)	5.05	5.05	5.05	5.05	5.05
Balance useful life of the asset	31.00	30.00	29.00	28.00	27.00
Elapsed Life at the beginning of the year	2.00	3.00	4.00	5.00	6.00
Aggregate Depreciable Value	65565.33	66517.86	66636.94	66636.94	66636.94
Depreciation during the year	**3863.03**	**3914.51**	**3920.16**	**3920.16**	**3920.16**
Cumulative depreciation up to previous year	8006.52	11869.55	15784.06	19704.22	23624.38
Aggregate Cumulative Depreciation	11869.55	15784.06	19704.22	23624.38	27544.53
Remaining Depreciable Value	53695.78	50733.80	46932.72	43012.56	39092.41

Operation & Maintenance Expenses (O&M Expenses)

126. Regulations 35(3) and (4) of the 2019 Tariff Regulations specifies the norms for O&M Expenses for the transmission system as under:

"(3) ***Transmission system:***

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

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

i. *the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;*

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

iii. *the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW)shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*

iv. *the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;*

v. *the O&M expenses of ±800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW)shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme; and*

vi. *the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.*

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

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

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

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

127. O&M Expenses claimed by the Petitioner for the Combined Asset for the 2019-24 tariff period are as under:

(₹ in lakh)

Combined Asset					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Sub-station Bays					
220 kV ICT I & II Bays at Dehradun Sub-station (AIS)	2	2	2	2	2
220 kV Downstream Bays at Dehradun Sub-station (AIS)	2	2	2	2	2
220 kV Bays at Dehradun S/s (AIS)	4	4	4	4	4
Total 220 kV (AIS) Bays	**8**	**8**	**8**	**8**	**8**
400 kV ICT I & II Bays at Dehradun (AIS) – Nos.	2	2	2	2	2
400 kV Dehradun -Bagpat Line Bays at Dehradun (AIS) – Nos.	2	2	2	2	2
80 MVAR Bus Reactor Bay at Dehradun Sub-station (AIS)	1	1	1	1	1
Total 400 kV (AIS) Bays	**5**	**5**	**5**	**5**	**5**
400 kV Dehradun-Bagpat Line Bays at Bagpat (GIS) – Nos.	2	2	2	2	2
Total 400 kV(GIS) Bays	**2**	**2**	**2**	**2**	**2**
Norm (₹ lakh/bay)					
220 kV Bay (AIS)	22.510	23.300	24.120	24.960	25.840
400 kV Bay (AIS)	32.150	33.280	34.450	35.660	36.910
400 kV Bay (GIS)	22.505	23.296	24.115	24.962	25.837
Total Sub-station Bays	**385.84**	**399.39**	**413.44**	**427.90**	**442.94**
Transformers					
400 kV ICT at Dehradun Sub-station (MVA)	315	315	315	315	315
400 kV ICT II at Dehradun Sub-station (MVA)	315	315	315	315	315
Total 400 kV Transformers (MVA)	**630**	**630**	**630**	**630**	**630**
Norm (₹ lakh/ MVA)					
400 kV	0.358	0.371	0.384	0.398	0.411
Total Transformers	**225.54**	**233.73**	**241.92**	**250.74**	**258.93**
AC & HVDC Lines					
400 kV Dehradun-Bagpat T/L (km)	83	83	83	83	83
Norm (₹ lakh/ km)					
D/C 4 Conductor	1.322	1.368	1.416	1.466	1.517
Total Transmission Line	**109.73**	**113.54**	**117.53**	**121.68**	**125.91**
Communication System					
PLCC (₹ lakh)	163.96	163.96	163.96	163.96	163.96
Norm (%)					
Communication System	2	2	2	2	2
Total PLCC	**3.28**	**3.28**	**3.28**	**3.28**	**3.28**
Total O&M Expenses	**724.39**	**749.95**	**776.17**	**803.60**	**831.07**

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

> *"103. Thus, although PLCC equipment is a communication system, it has been considered as a part of sub-station, as it is used both for protection and communication. Therefore, we are of the considered view that rightly, it was not considered for separate O&M Expenses while framing norms of O&M for 2019-24 tariff period. While specifying norms for bays and transformers, O&M Expenses for PLCC have been included within norms for O&M Expenses for sub-station. Norms of O&M Expenses @2% of the capital cost in terms of Regulation 35(4) of the 2019 Tariff Regulations have been specified for communication system such as PMU, RMU, OPGW etc. and not for PLCC equipment."*
>
> *"105. In our view, granting of O&M Expenses for PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations under the communication system head would tantamount to granting O&M Expenses twice for PLCC equipment as PLCC equipment has already been considered as part of the sub-station. Therefore, the Petitioner's prayer for grant of O&M Expenses for the PLCC equipment @2% of its capital cost under Regulation 35(4) of the 2014 Tariff Regulations is rejected.*
>
> *106. The principle adopted in this petition that PLCC is part of sub-station and accordingly no separate O&M Expenses is admissible for PLCC equipment in the 2019-24 tariff period under Regulation 35(4) of the 2019 Tariff Regulations shall be applicable in case of all petitions where similar claim is made by the Petitioner. As already mentioned, the Commission, however, on the basis of the claim made by the Petitioner has inadvertently allowed O&M Expenses for PLCC equipment @2% of its original project cost, which is applicable for other "communication system", for 2019-24 period in 31 petitions given in Annexure-3 of this order. Therefore, the decision in this order shall also be applicable to all the petitions given in Annexure-3. Therefore, PGCIL is directed to bring this decision to the notice of all the stakeholders in the 31 petitions given in Annexure-3 and also make revised claim of O&M Expenses for PLCC as part*

of the sub-station at the time of truing up of the tariff allowed for 2019-24 period in respective petitions."

129. The O&M Expenses allowed for the 2019-24 tariff period for the Combined Asset are as under:-

(₹ in lakh)

Combined Asset					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Sub-station Bays					
220 kV ICT I & II Bays at Dehradun Sub-station (AIS)	2	2	2	2	2
220 kV Downstream Bays at Dehradun Sub-station (AIS)	2	2	2	2	2
220 kV Bays at Dehradun S/s (AIS)	4	4	4	4	4
Total 220 kV (AIS) Bays	**8**	**8**	**8**	**8**	**8**
400 kV ICT I & II Bays at Dehradun (AIS) – Nos.	2	2	2	2	2
400 kV Dehradun -Bagpat Line Bays at Dehradun (AIS) – Nos.	2	2	2	2	2
80 MVAR Bus Reactor Bay at Dehradun Sub-station (AIS)	1	1	1	1	1
Total 400 kV (AIS) Bays	**5**	**5**	**5**	**5**	**5**
400 kV Dehradun-Bagpat Line Bays at Bagpat (GIS) – Nos.	2	2	2	2	2
Total 400 kV(GIS) Bays	**2**	**2**	**2**	**2**	**2**
Norm (₹ lakh/bay)					
220 kV Bay (AIS)	22.510	23.300	24.120	24.960	25.840
400 kV Bay (AIS)	32.150	33.280	34.450	35.660	36.910
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Total Sub-station Bays	**385.84**	**399.39**	**413.44**	**427.90**	**442.94**
Transformers					
400 kV ICT at Dehradun Sub-station (MVA)	315	315	315	315	315
400 kV ICT II at Dehradun Sub-station (MVA)	315	315	315	315	315
Total 400 kV Transformers (MVA)	**630**	**630**	**630**	**630**	**630**
Norm (₹ lakh/ MVA)					
400 kV	0.358	0.371	0.384	0.398	0.411
Total Transformers	**225.54**	**233.73**	**241.92**	**250.74**	**258.93**
AC & HVDC Lines					
400 kV Dehradun-Bagpat T/L (km)	83	83	83	83	83
Norm (₹ lakh/ km)					
D/C 4 Conductor	1.322	1.368	1.416	1.466	1.517
Total Transmission Line	**109.73**	**113.54**	**117.53**	**121.68**	**125.91**
Total O&M Expenses	**721.11**	**746.67**	**772.89**	**800.32**	**827.79**

Interest on Working Capital (IWC)

130. Regulations 34(1)(c), (3) and (4) and Regulation 3(7) of the 2019 Tariff Regulations specifies as under:

*"34. **Interest on Working Capital**: (1) ……*

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

(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 project including communication project or element thereof, as the case may be, is declared under commercial operation, whichever is later:

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

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

*"3. **Definition** - In these regulations, unless the context otherwise requires: -*

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

131. The Petitioner has submitted that it has computed the IWC for 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.05%. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 12.05% (SBI 1year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20 and 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis

points) for 2020-24. The components of the working capital and interest allowed thereon for the Combined Asset for the 2019-24 tariff period is as under:

(₹ in lakh)

Combined Asset					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
O & M Expenses	60.09	62.22	64.41	66.69	68.98
Maintenance Spares	108.17	112.00	115.93	120.05	124.17
Receivables	1571.88	1557.39	1522.68	1485.26	1441.94
Total	1740.13	1731.61	1703.02	1672.00	1635.09
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest on working capital	**209.69**	**194.81**	**191.59**	**188.10**	**183.95**

<u>Annual Fixed Charges for the 2019-24 Tariff Period</u>

132. The detailed computation of the various components of the annual fixed charges for the Combined Asset for the tariff period 2019-24 is summarized as under:

(₹ in lakh)

Combined Asset					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Depreciation	3863.03	3914.51	3920.16	3920.16	3920.16
Interest on Loan	3679.87	3405.69	3088.07	2760.57	2417.97
Return on Equity	4310.90	4370.49	4377.93	4377.93	4377.93
Interest on Working Capital	209.69	194.81	191.59	188.10	183.95
O&M Expenses	721.11	746.67	772.89	800.32	827.79
Total	**12784.59**	**12632.16**	**12350.64**	**12047.08**	**11727.80**

<u>Filing Fee and Publication Expenses</u>

133. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 70(1) of the 2019 Tariff Regulations. BRPL has submitted such reimbursement of fee can only be allowed at the discretion of the Commission. The Commission in its order dated 11.9.2008 in Petition No. 129 of 2005 has held that the Central Power Sector undertakings in furtherance of their business interests, are statutorily required to approach the Commission for determination and approval of the tariff and hence, declined the claim of the Central Power Sector undertakings for allowing the reimbursement of the application filing

fee. Thus, the claim of the petitioner is liable to be rejected by the Commission. In response, the Petitioner has also referred to the Commission's order the dated 28.3.2016 in Petition No. 137/TT/2015 wherein the recovery of the petition filing fee and expenditure for publication of notices from beneficiaries was allowed on pro-rata basis.

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

Licence Fee and RLDC Fees and Charges

135. The Petitioner has prayed to bill and recover the licensee fee and RLDC fees and charges, separately from the beneficiaries in terms of Regulation 70(3) and (4) of the 2019 Tariff Regulations.

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

Goods and Services Tax

137. The Petitioner has sought to recover GST on transmission charges separately from the Respondents, if at any time GST on transmission is withdrawn from negative

list in future. BRPL has submitted that the prayer of the Petitioner for GST is premature and need not be considered at this juncture. In response, the Petitioner has submitted that currently transmission of electricity by an electric transmission utility is exempt from GST. Hence, the transmission charges currently charged are exclusive of GST. Further, if GST is levied at any rate and at any point of time in future, the same shall be borne and additionally paid by the respondent to the Petitioner and the same shall be charged and billed separately by the Petitioner.

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

<u>Security Expenses</u>

139. The Petitioner has submitted that security expenses for the transmission assets are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and the consequential IWC. The Petitioner has requested to consider the actual security expenses incurred during 2018-19 for claiming estimated security expenses for 2019-20 which shall be subject to true up at the end of the year based on the actuals. The Petitioner has submitted that similar petition for security expenses for 2020-21, 2021-22, 2022-23 and 2023-24 shall be filed on a yearly basis on the basis of the actual expenses of previous year subject to true-up at the end of the year on actual expenses. The Petitioner has submitted that the difference, if any, between the estimated security expenses and actual security expenses as the audited accounts may be allowed to be recovered from the beneficiaries on yearly basis.

140. BRPL has contended that there is no provision for claiming the IOWC in advance and if there is any provision under the 2019 Tariff Regulation, then the Petitioner may highlight the same. In response, the Petitioner has submitted that the expenses are not claimed in the instant petition and shall be claimed in a separate petition.

141. We have considered the submissions of the Petitioner and BRPL. We are of the view that the Petitioner should claim security expenses for all the transmission assets in one petition. It is observed that the Petitioner has already filed the Petition No. 260/MP/2020 claiming consolidated security expenses on projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19. Therefore, security expenses will be dealt with in Petition No. 260/MP/2020 in accordance with the applicable provisions of the 2019 Tariff Regulations.

Capital Spares

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

Sharing of Transmission Charges

143. The billing, collection and disbursement of the transmission charges approved for Assets-I and II shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 or the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, as applicable, as provided in Regulation 43 of the 2014 Tariff Regulations for the 2014-19 tariff period and Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period.

144. The transmission charges in respect of Asset-III shall be borne by PTCUL from its COD on 4.2.2017 to the COD of the downstream assets under its scope and thereafter, as in the case of Asset-I and II, the billing, collection and disbursement of its transmission charges shall be governed by Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 or the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, as applicable, as provided in Regulation 43 of the 2014 Tariff Regulations for the 2014-19 tariff period and Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period.

145. To summarise, the trued-up Annual Fixed Charges allowed for the transmission assets for the 2014-19 tariff period are as under:

(₹ in lakh)

Annual Fixed Charges	**2016-17 (Pro-rata)**	**2017-18**	**2018-19**
Asset-I	1840.33	11373.69	11300.61
Asset-II	245.20	1626.77	1643.25
Asset-III	62.87	426.94	429.39

The Annual Fixed Charges allowed for the Combined Asset for the 2019-24 tariff period are as under:

(₹ in lakh)

Combined Asset	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Annual Fixed Charges	**12784.59**	**12632.16**	**12350.64**	**12047.08**	**11727.80**

146. This order disposes of Petition No. 104/TT/2020.

sd/-	sd/-	sd/-
(Arun Goyal)	**(I. S. Jha)**	**(P. K. Pujari)**
Member	**Member**	**Chairperson**

Petition No. 104/TT/2020 Annexure-1

Asset	2014-19 Capital Expenditure as on COD	Admitted Capital Cost as on COD (₹ in lakh)	Additional Capital Expenditure (₹ in lakh) 2016-17	2017-18	2018-19	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh) 2016-17	2017-18	2018-19
Asset-I	Land	3697.15	0.00	0.00	0.00	**3697.15**	0.00	0.00	0.00	0.00
	Building	487.81	16.99	21.74	9.54	536.08	3.34	16.58	17.22	17.75
	Transmission Line	53737.08	2428.76	1450.89	803.13	58419.86	5.28	2901.44	3003.86	3063.37
	Sub Station	3356.57	220.01	98.87	83.21	3758.66	5.28	183.04	191.45	196.26
	PLCC	148.02	4.72	3.48	7.15	163.37	6.33	9.52	9.78	10.12
	IT equipment	120.46	5.36	3.32	4.53	133.67	5.28	6.50	6.73	6.94
	TOTAL	**61547.08**	**2675.84**	**1578.30**	**907.56**	**66708.78**		**3117.07**	**3229.05**	**3294.43**
				Average Gross Block (₹ in lakh)				**62885.00**	**65012.07**	**66255.00**
				Weighted Average Rate of Depreciation (WAROD) (%)				**4.96**	**4.97**	**4.97**

Asset	2014-19 Capital Expenditure as on COD	Admitted Capital Cost as on COD (₹ in lakh)	Additional Capital Expenditure (₹ in lakh) 2016-17	2017-18	2018-19	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh) 2016-17	2017-18	2018-19
Asset-II	Building	140.25	35.63	17.85	14.06	**207.79**	3.34	5.28	6.17	6.71
	Sub Station	6203.76	516.44	232.42	185.78	**7138.40**	5.28	341.19	360.96	372.00
	IT Equipment	151.29	8.95	21.16	6.11	**168.51**	5.28	8.22	8.52	8.74
	TOTAL	**6495.31**	**561.02**	**252.43**	**205.95**	**7514.71**		**354.70**	**375.65**	**387.44**
				Average Gross Block (₹ in lakh)				**6775.82**	**7182.55**	**7411.74**

Weighted Average Rate of Depreciation (WAROD) (%)					**5.23**	**5.23**	**5.23**

Asset-III	2014-19	Admitted Capital Cost as on COD (₹ in lakh)	Additional Capital Expenditure (₹ in lakh)			Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh)		
	Capital Expenditure as on COD		2016-17	2017-18	2018-19			2016-17	2017-18	2018-19
	Sub Station	1121.09	157.20	17.58	11.18	**1307.05**	5.28	63.34	67.96	68.72
	IT Equipment	48.19	2.20	0.43	0.79	**51.61**	5.28	2.60	2.67	2.70
	TOTAL	**1169.28**	**159.40**	**18.01**	**11.97**	**1358.66**		65.95	70.63	71.42
				Average Gross Block (₹ in lakh)				**1248.98**	**1337.68**	**1352.67**
				Weighted Average Rate of Depreciation (WAROD) (%)				**5.28**	**5.28**	**5.28**

Annexure - 2

Asset	2019-24 Capital Expenditure as on 1.4.2019	Combined admitted Capital Cost as on 1.4.2019 (₹ in lakh)	Projected Additional Capital Expenditure (₹ in lakh) 2019-20	2020-21	Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh) 2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset	Freehold Land	**3697.15**	0.00	0.00	**3697.15**	0.00	0.00	0.00	0.00	0.00	0.00
	Building	**743.88**	362.16	155.21	**1261.25**	3.34	30.89	39.53	42.13	42.13	42.13
	Transmission Line	**58419.86**	1200.00	0.00	**59619.86**	5.28	3116.25	3147.93	3147.93	3147.93	3147.93
	Sub Station	**12204.11**	278.34	105.34	**12587.79**	5.28	651.72	661.85	664.64	664.64	664.64
	PLCC	**163.37**	0.84	0.00	**164.21**	6.33	10.37	10.39	10.39	10.39	10.39
	IT Equipment and software	**353.79**	9.70	3.66	**367.15**	15.00	53.80	54.80	55.07	55.07	55.07
	TOTAL	**75582.15**	**1851.04**	**264.21**	**77697.40**	**Total**	**3863.03**	**3914.51**	**3920.16**	**3920.16**	**3920.16**
					Average Gross Block (₹ in lakh)		**76507.67**	**77565.29**	**77697.40**	**77697.40**	**77697.40**
					Weighted Average Rate of Depreciation (WAROD) (%)		**5.05**	**5.05**	**5.05**	**5.05**	**5.05**