

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 194/TT/2020

Coram:

**Shri P.K. Pujari, Chairperson
Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member**

Date of order: 19.07.2021

In the Matter of

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and truing up of transmission tariff of 2014-19 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and determination of transmission tariff of 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 of **asset** (A) LILO of Nagarjunasagar- Gooty 400 kV S/C line at Kurnool (New) Sub-station, (B) Kurnool (New) – Kurnool (APTRANSCO) 400 kV D/C quad line, (C) Establishment of new 765/400 kV Sub-station at Kurnool with 2x1500 MVA transformers, (D) Extension of Kurnool (APTRANSCO) Sub-station and (E) 1x240 MVAR bus reactor at Kurnool (New) Sub-station under “Transmission System associated with Krishnapatnam UMPP Part-C1” in Southern Region.

And in the Matter of:

Power Grid Corporation of India Ltd.
“Saudamini”, Plot No-2,
Sector-29, Gurgaon – 122001,
Haryana.

.....Petitioner

Vs.

1. Karnataka Power Transmission Corporation Ltd.,
Kaveri Bhavan, Bangalore – 560 009.

2. Transmission Corporation of Andhra Pradesh Ltd.,
Vidyut Soudha, Hyderabad – 500082.



3. Kerala State Electricity Board,
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram – 695 004.
4. Tamil Nadu Generation and Distribution Corporation Ltd.,
NPKRR Maaligai, 800, Anna Salai, Chennai – 600 002.
5. Electricity Department,
Govt of Pondicherry,
Pondicherry – 605001.
6. Eastern Power Distribution Company of Andhra Pradesh Ltd.,
P&T Colony,
Seethmadhara, Vishakhapatnam, Andhra Pradesh.
7. Southern Power Distribution Company of Andhra Pradesh Ltd.,
Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta, Tirupati - 517 501,
Chittoor District, Andhra Pradesh.
8. Central Power Distribution Company of Andhra Pradesh Ltd.,
Corporate Office, Mint Compound,
Hyderabad – 500 063, Telangana.
9. Northern Power Distribution Company of Andhra Pradesh Ltd.,
Opp. NIT Petrol Pump, Chaitanyapuri, Kazipet,
Warangal – 506 004, Telangana.
10. Bangalore Electricity Supply Company Ltd.,
Corporate Office, K.R.Circle,
Bangalore – 560 001, Karnataka.
11. Gulbarga Electricity Supply Company Ltd.,
Station Main Road, Gulbarga, Karnataka.
12. Hubli Electricity Supply Company Ltd.,
Navanagar, PB Road,
Hubli, Karnataka.
13. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore – 575 001, Karnataka.
14. Chamundeswari Electricity Supply Corporation Ltd.,
927, L J Avenue,
Ground Floor, New Kantharaj Urs Road,
Saraswathipuram, Mysore – 570 009, Karnataka.



15. Electricity Department,
Government of Goa,
Vidyuti Bhawan, Panaji, Goa - 403001.
16. Transmission Corporation of Telangana Ltd.,
Vidhyut Sudha, Khairatabad,
Hyderabad, Telangana – 500082.
17. Tamil Nadu Transmission Corporation,
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600 002.

....Respondent(s)

For Petitioner: Shri S.S. Raju, PGCIL
Shri A.K. Verma, PGCIL
Shri B. Dash, PGCIL
Shri Ved Prakash Rastogi, PGCIL

For Respondents: None

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for truing-up of transmission tariff from 1.4.2014 to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and determination of tariff for the period from 1.4.2019 to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the following transmission assets under “Transmission System associated with Krishnapatnam UMPP Part-C1” (hereinafter referred to as “the transmission system”) in Southern Region:

A. LILO of Nagarjunasagar- Gooty 400 kV S/C line at Kurnool (New) Sub-station,

B. Kurnool (New) – Kurnool (APTRANSCO) 400 kV D/C quad line,



C. Establishment of new 765/400 kV Sub-station at Kurnool with 2x1500 MVA transformers,

D. Extension of Kurnool (APTRANSCO) Sub-station and

E. 1x240 MVAR bus reactor at Kurnool (New) Sub-station

2. The Petitioner has made the following prayers in the instant 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 10.2 and 11.0 above.

2) Approve the Completion cost and additional capitalization incurred during 2014-19.

3) 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 10.2 and 11.0 above for respective block.

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

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

6) Allow the additional RoE of 0.5 % during 2014-19 period as per para 5.5 above.

7) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the respondents.

8) 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 11.6 above.

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

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



and pass such other relief as the 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 follows:

(a) The Investment Approval (IA) for the transmission system was accorded by the Board of Directors of the Petitioner vide Memorandum No. C/CP/KUMPP-C1 dated 17.2.2012 at an estimated cost of ₹32434 lakh including an IDC of ₹1491 lakh based on 4th Quarter, 2011 price level.

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

a. Transmission Lines:

- i. Kurnool (New) – Kurnool (APTRANSCO) Quad Line 400 kV
- ii. LILO of Nagarjunasagar- Gooty 400 kV, D/C
- iii. LILO of Nagarjunasagar- Gooty 400 kV, S/C

b. Sub-stations:

- i. 3 Numbers Bays 765 kV
- ii. 8 Numbers Bays 400 kV

(c) The entire scope of work as per the I.A. has been covered in the instant petition.

(d) The tariff of the transmission assets from their COD (i.e. 1.4.2014) to 31.3.2019 was determined vide order dated 30.12.2015 in Petition No. 27/TT/2014 as per the 2014 Tariff Regulations.

(e) The Annual Fixed Charges (AFC) approved by the Commission vide order dated 30.12.2015 in Petition No. 27/TT/2014 and the trued-up transmission tariff claimed by the Petitioner in respect of the transmission assets for 2014-19 tariff period are as follows:



Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
AFC approved vide order dated 30.12.2015 in Petition No. 27/TT/2014	5199.72	5679.21	5668.84	5599.77	5516.13
AFC claimed by the Petitioner based on truing up in the instant Petition	5173.07	5619.18	5647.70	5588.09	5548.39

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. None of the Respondents have filed reply in the matter.

6. The hearing in this matter was held on 24.3.2021 through video conference and order was reserved. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 4.10.2019, Petitioner's affidavits dated 4.5.2020, 7.8.2020, 22.10.2020 and 23.3.2021.

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

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

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



(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1351.54	1519.50	1546.50	1552.61	1552.61
Interest on Loan	1230.29	1284.34	1240.73	1140.87	1067.98
Return on equity	1679.48	1867.13	1884.33	1891.60	1896.62
Interest on Working Capital	140.68	151.53	153.00	152.52	152.52
O & M Expenses	771.08	796.68	823.14	850.49	878.66
Total	5173.07	5619.18	5647.70	5588.09	5548.39

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

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses	64.26	66.39	68.60	70.87	73.22
Maintenance Spares	115.66	119.50	123.47	127.57	131.80
Receivables	862.18	936.53	941.28	931.35	924.73
Total	1042.10	1122.42	1133.35	1129.79	1129.79
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	140.68	151.53	153.00	152.52	152.52

Capital Cost

10. The Commission vide order dated 30.12.2015 in Petition No. 27/TT/2014 admitted capital cost of ₹24875.93 lakh as on COD and ₹31763.55 lakh as on 31.3.2019 of the transmission assets.

11. The Petitioner vide Auditor's Certificate dated 30.7.2019 has submitted the capital cost incurred up to COD and ACE up to 31.3.2019 in respect of the transmission assets. The details of FR approved apportioned capital cost, capital cost as on COD and Additional Capital Expenditure (ACE) incurred up to 31.3.2019 as claimed by the Petitioner in respect of the transmission assets are as follows:

(₹ in lakh)

Asset	FR Apportioned Approved Capital cost	Capital cost as on COD*	Additional Capitalisation (claimed)			Total completion cost as on 31.3.2019 (claimed)
			2014-15	2015-16	2016-17	
Asset	32434.00	25083.52	5351.10	325.12	238.42	30998.16

*Accrued IDC adjusted from COD and added in respective year of discharge.



Cost Over-run

12. The completion cost including ACE in respect of the transmission assets is ₹30998.16 lakh and the approved FR cost is ₹32434.00 lakh. Hence, the completion cost in respect of the transmission assets is within the approved FR cost and, therefore, there is no cost over-run in respect of the transmission assets.

Interest During Construction (IDC)

13. The Petitioner has claimed IDC of ₹383.26 lakh in respect of the transmission assets and has submitted Auditor's Certificates in support of the same. The Petitioner has submitted computation of IDC along with year-wise details of the IDC discharged.

14. The allowable IDC has been worked out considering the information submitted by the Petitioner for the transmission assets on cash basis. The loan details submitted in Form-9C for 2014-19 tariff period and IDC computation sheet vide affidavit dated 23.3.2021 have been considered for the purpose of IDC calculation on cash and accrued basis. The undischarged IDC as on COD has been considered as ACE during the year in which it has been discharged.

15. Accordingly, based on the information furnished by the Petitioner, IDC considered is summarized as follows:

(₹ in lakh)					
IDC approved in order dated 30.12.2015	IDC claimed by Petitioner (As per Auditor Certificate)	Entitled IDC up to COD	IDC disallowed as on COD due to computation difference	Un-discharged portion of entitled IDC as on COD	IDC allowed on cash basis as on COD
	A	B	C=A-B	D	E=B-D



383.26	383.26	383.26	0.00	207.60	175.66
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Incidental Expenditure During Construction (IEDC)

16. The Petitioner has claimed IEDC of ₹1658.60 lakh and has submitted Auditor's Certificate in support of the same. The Petitioner has also submitted that entire IEDC has been discharged as on COD in respect of the transmission assets. The IEDC claimed is within the percentage of 10.75% of the hard cost as indicated in the abstract cost estimate in respect of the transmission assets. Hence, IEDC as claimed has been allowed.

Initial Spares

17. The Petitioner has claimed the following Initial Spares in respect of the transmission assets and prayed to revise the Initial Spares as per actuals:

Asset	Particulars	Plant & Machinery Cost up to cut-off date (excluding IDC IEDC, land cost & cost of civil works for the purpose of Initial Spares) (A) (₹ in lakh)	Initial spares Claimed (B) (₹ in lakh)	Ceiling Limit (C) (in %)
Asset	Transmission Line	7213.70	69.82	1.00
Asset	Sub-station	18764.06	407.58	4.00

18. We have considered the submissions of the Petitioner. The Petitioner has submitted revised Plant and Machinery cost for the purpose of computing allowable ceiling of Initial Spares. The transmission assets were put into commercial operation during 2014-19 period. Therefore, the 2014 Tariff Regulations are applicable for the transmission asset. The cut-off date is 31.3.2017 and the capital cost up to the said cut-off date is considered for computation of Initial Spares. The Petitioner's claim of Initial Spares in respect of the transmission assets is within the norms specified in the 2014 Tariff Regulations and accordingly the same is allowed as follows:



Asset	Particulars	Estimated Completion Cost (A) (₹ in lakh)	Initial Spares Claimed (B) (₹ in lakh)	Ceiling Limit (%) (C)	Initial Spares Worked out	Initial Spares Allowed (₹ in lakh)
					$D = [(A-B)*C / (100-C)]$	
Asset	Transmission Line	7213.70	69.82	1.00	72.16	69.82
Asset	Sub-station	18764.06	407.58	4.00	764.85	407.58

Capital Cost As On COD

19. Accordingly, the capital cost allowed as on COD is summarized as follows:

(₹ in lakh)			
Capital cost as on COD as per Auditor's Certificate	Less: IDC as on COD due to		Capital cost considered as on COD
	Computational difference	Un-discharged	
25083.52	0.00	207.60	24875.93

Additional Capital Expenditure (ACE) and De-capitaliation of Land Cost

20. The Petitioner has claimed the following ACE in respect of the transmission assets covered and submitted the Auditor's Certificates in support of the same:

(₹ in lakh)				
ACE (claimed)				
2014-15	2015-16	2016-17	2017-18	2018-19
5351.10	325.12	238.42	0.00	0.00

21. The Petitioner has submitted that ACE incurred in respect of the transmission assets is on account of balance and retention payments due to un-discharged liability towards final payment/ withheld payment due to contractual exigencies for works executed within the cut-off date. ACE for the years 2014-15, 2015-16 and 2016-17 for the transmission assets has been claimed under Regulation 14(1)(i)



(un-discharged liabilities) and Regulation 14(1)(ii) (unexecuted works) of the 2014 Tariff Regulations.

22. The Petitioner has also submitted that ACE up to 31.3.2019 has been considered in the Auditor's certificate as per actuals. Further, the Petitioner has submitted Form-7 in respect of the transmission assets. The contract-wise details submitted by the Petitioner are as follows:

(₹ in lakh)

Year of Actual Capitalization	Party	Particulars	Discharge of Outstanding Payment		
			2014-15	2015-16	2016-17
2014-15	L&T	Transmission Line	1137.63	0.00	0.00
2014-15	Site Packages	Transmission Line	75.18	0.00	0.00
2014-15	Conductor	Transmission Line	44.60	0.00	0.00
2014-15	Techno	Works associated with SS including Comm, Build & Civil	1977.01	106.23	37.06
2014-15	Siemens	Transformer	1255.04	86.83	49.01
2014-15	Alstom	Reactor	404.28	30.18	17.00
2014-15	Site Packages	SS Associated Works	409.21	101.88	135.35
Total			5302.95	325.12	238.42

23. The Petitioner has claimed de-capitalization of ₹472.50 lakh in cost of land in transmission assets in the year 2015-16. It has been submitted that reduction in cost of land is mainly due to refund of amount based on the assessment of government revenue authorities after finalization of land compensation amount. The Petitioner has submitted that in order to establish 765/400 kV sub-station at Kurnool, it approached Kurnool District Revenue Officers (Revenue Divisional Officer- RDO & Tahsildar, Orvakal) for land acquisition. The Petitioner requested for 79.82 acres of land which was later revised to 76.71 acres in Phase-I and 10.94 acres in Phase-II. Thus, total land requested by the Petitioner came to 87.65 acres. In response, RDO-Kurnool vide letters dated 7.1.2009 and 7.1.2010 informed the Petitioner that



the estimated cost of land was ₹13 lakh per acre and requested for payment of 80% compensation amount as advance. Consequent to deposit of 80% initial advance, RDO-Kurnool initiated the land acquisition proceedings. Vide letter dated 27.11.2015, RDO-Kurnool informed the final details after completion of land acquisition. It emerged from the letter that as per the market survey done by Tahsildar/ RDO-Kurnool, the market value of the land was only approximately ₹2.24 lakh per acre. The payments were made on the basis of market rates which were much less. Consequently, the Petitioner has de-capitalized the amount of ₹472.50 lakh from the cost of the land.

24. The refunded amount is towards land compensation pertaining to Wakf Board and Endowment land. The Petitioner has submitted that for Putta Holders, separate land compensation was paid as per the orders of Hon'ble High Court. The Petitioner has also attached a letter from Revenue Authority in this regard.

25. We have considered the submissions of the Petitioner. The de-capitalization of ₹472.50 lakh in the cost of land in respect of the transmission assets is deducted in the year 2015-16.

26. It is observed that the total estimated completion cost including ACE from 2014-15 to 2018-19 period in respect of the transmission assets is within the RCE apportioned approved cost.

27. Since the cut-off date in respect of the transmission assets is 31.3.2017, the actual audited ACE claimed by the Petitioner up to 31.3.2017 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. Accordingly, ACE allowed in respect of the transmission assets is as follows:

Particulars	(₹ in lakh)		
	2014-15	2015-16	2016-17
ACE to the extent of Balance & Retention Payments and work deferred for execution other than IDC	5302.95	325.12	238.42
Add: Unexecuted Work	48.15	0.00	0.00
Add: IDC Discharged	207.59	0.00	0.00
Total ACE Allowed	5558.69	325.12	238.42

Capital Cost Considered for True-Up of Tariff for 2014-19 Period

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

Asset	Capital cost as on COD on cash basis (admitted)	ACE (admitted)			Total Capital cost as on 31.3.2019 (admitted)
		2014-15	2015-16	2016-17	
Approved vide order dated 30.12.2015 in Petition No. 27/TT/2014	24855.74	6012.03	668.00	0.00	31763.55
Claimed by the Petitioner in the instant petition	24875.93	5351.10	325.12	238.42	30998.16
Allowed after true-up in this order	24875.93	5558.69*	325.12	238.42	30998.16

*Includes IDC discharge

29. The difference between the total capital cost allowed earlier including ACE as on 31.3.2019 and as approved in this order is on account of decrease in actual audited ACE.

Debt-Equity Ratio

30. The Petitioner has considered debt-equity ratio of 70:30 as on COD and for ACE post COD. Debt-equity ratio of 70:30 has been considered for capital cost as



on COD and ACE during 2014-19 period as provided under Regulation 19 of the 2014 Tariff Regulations.

31. The details of debt-equity ratio in respect of the transmission assets as on 1.4.2014 and 31.3.2019 are as follows:

Funding	Capital cost as on 1.4.2014 (₹ in lakh)	(%)	Total cost as on 31.3.2019 (₹ in lakh)	(%)
Debt	17413.15	70.00	21698.72	70.00
Equity	7462.78	30.00	9299.45	30.00
Total	24875.93	100.00	30998.17	100.00

Depreciation

32. The Petitioner's claim towards depreciation in this petition was found to be higher than the depreciation allowed vide order dated 30.12.2015 in Petition No. 27/TT/2014. The Petitioner has not given any justification for claiming higher depreciation than what was allowed vide order dated 30.12.2015 in Petition No. 27/TT/2014 nor made any specific prayer for allowing higher depreciation in this petition. It is noticed that in Petition No. 27/TT/2014 during tariff determination of the transmission assets for 2014-19 period, the Petitioner submitted capital cost of IT equipment in sub-station cost and, therefore, depreciation for IT equipment was allowed @ 5.28% of the corresponding capital cost.

33. The Petitioner, at the stage of truing-up of 2014-19 period, has segregated the IT equipment cost from sub-station cost and has considered depreciation rate for IT Equipment @15% and salvage value for IT Equipment is NIL as per the Tariff Regulations. Similar issue had come up in some earlier petitions filed by the Petitioner. In this regard, the Commission vide order dated 9.5.2020 in Petition No. 19/TT/2020 held as follows:



“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.”

34. In line with the above decision in order dated 9.5.2020 in Petition No. 19/TT/2020, depreciation has been considered for IT Equipment @5.28% as part of the sub-station up to 31.3.2019 while truing-up the capital expenditure for 2014-19 period.

35. The depreciation has been worked out as per the methodology provided in Regulation 27 of the 2014 Tariff Regulations. The Gross Block during the tariff period 2014-19 has been depreciated at Weighted Average Rate of Depreciation (WAROD) and working of WAROD is given in Annexure-I. WAROD has been worked out after taking into account the depreciation rate as prescribed in the 2014



Tariff Regulations and trued-up depreciation allowed for 2014-19 tariff period is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	24875.93	30434.62	30759.74	30998.16	30998.16
ACE	5558.69	325.12	238.42	0.00	0.00
Closing Gross Block	30434.62	30759.74	30998.16	30998.16	30998.16
Average Gross Block	27655.27	30597.18	30878.95	30998.16	30998.16
Weighted average Rate of Depreciation (WAROD) (%)	4.89	4.97	5.01	5.01	5.01
Balance useful life (at the beginning of the year)	28.00	27.00	26.00	25.00	24.00
Aggregate Depreciable Value	23773.75	26634.09	27100.30	27207.59	27207.59
Depreciation during the year	1351.54	1519.50	1546.50	1552.62	1552.62
Cumulative Aggregate Depreciation at the end of the year	1351.54	2871.05	4417.55	5970.16	7522.78
Remaining Aggregate Depreciable Value at the end of the year	22422.20	23763.04	22682.76	21237.43	19684.81

36. Accordingly, depreciation approved vide order dated 30.12.2015 in Petition No. 27/TT/2014, as claimed in the instant petition and trued-up depreciation allowed in respect of the transmission assets is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 27/TT/2014	1346.00	1503.15	1518.32	1518.32	1518.32
Claimed by the Petitioner in the instant petition	1351.54	1519.50	1546.50	1552.61	1552.61
Allowed after true-up in this order	1351.54	1519.50	1546.50	1552.62	1552.62

Interest on Loan (IoL)

37. The Petitioner has claimed IoL based on actual interest rates for each year during 2014-19 period. The Petitioner has submitted that 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.

38. We have considered the submissions of the Petitioner and accordingly calculated IoL based on actual interest rate, in accordance with Regulation 26 of the 2014 Tariff Regulations. IoL has been worked out as detailed below:

(i) Gross amount of loan, repayment of instalments 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.

39. The details of IoL calculated are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	17413.15	21304.24	21531.82	21698.72	21698.72
Cumulative Repayments up to Previous Year	0.00	1351.54	2871.05	4417.55	5970.16
Net Loan-Opening	17413.15	19952.70	18660.78	17281.17	15728.55
Additions	3891.09	227.58	166.89	0.00	0.00
Repayment during the year	1351.54	1519.50	1546.50	1552.62	1552.62
Net Loan-Closing	19952.70	18660.78	17281.17	15728.55	14175.94
Average Loan	18682.92	19306.74	17970.97	16504.86	14952.25
Weighted Average Rate of Interest on Loan (%)	6.585	6.652	6.904	6.912	7.143
Interest on Loan	1230.28	1284.35	1240.73	1140.87	1067.98

40. Accordingly, IoL approved vide order dated 30.12.2015 in Petition No. 27/TT/2014, IoL claimed by the Petitioner in the instant petition and allowed after trued up in the instant order in respect of the transmission assets is as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 27/TT/2014	1242.42	1317.81	1244.93	1149.21	1038.39
Claimed by the Petitioner in the instant petition	1230.29	1284.34	1240.73	1140.87	1067.98
Allowed after true-up in this order	1230.28	1284.35	1240.73	1140.87	1067.98



Return on Equity (RoE)

41. The Petitioner has claimed RoE in respect of 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 rate (in %)	Grossed up RoE [(Base Rate)/(1-t)] (in %)
2014-15	21.018	19.624
2015-16	21.382	19.716
2016-17	21.338	19.705
2017-18	21.337	19.704
2018-19	21.549	19.758

42. The Petitioner has claimed additional RoE of 0.50% in respect of the transmission assets and the Commission vide order dated 30.12.2015 in Petition No 27/TT/2014 has already allowed the additional RoE of 0.5%

43. We have considered the submissions of the Petitioner. The Commission in 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.

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

44. The MAT rates as considered in order dated 27.4.2020 in Petition No. 274/TT/2019 are considered for the purpose of grossing up of rate of RoE for truing



up of the tariff of 2014-19 tariff period in terms of the provisions of the 2014 Tariff Regulations and the same are as follows:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	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

45. Accordingly, RoE allowed in respect of the transmission assets is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	7462.78	9130.38	9227.91	9299.44	9299.44
Addition due to ACE	1667.60	97.54	71.53	0.00	0.00
Closing Equity	9130.38	9227.91	9299.44	9299.44	9299.44
Average Equity	8296.58	9179.15	9263.68	9299.44	9299.44
Return on Equity (Base Rate) (%)	16.000	16.000	16.000	16.000	16.000
Tax Rate applicable (%)	20.961	21.342	21.342	21.342	21.549
Applicable ROE Rate (%)	20.243	20.341	20.341	20.341	20.395
Return on Equity for the year	1679.48	1867.13	1884.32	1891.60	1896.62

46. Accordingly, RoE approved vide order dated 30.12.2015 in Petition No. 27/TT/2014, as claimed in the instant petition and true up RoE allowed in the instant order in respect of the transmission assets are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 27/TT/2014	1698.94	1908.69	1928.97	1928.97	1928.97
Claimed by the Petitioner in the instant petition	1679.48	1867.13	1884.32	1891.60	1896.62
Allowed after true-up in this order	1679.48	1867.13	1884.32	1891.60	1896.62

Operation & Maintenance Expenses (O&M Expenses)



47. The details of the O&M Expenses claimed by the Petitioner for the transmission assets and allowed under Regulation 29(4)(a) of the 2014 Tariff Regulations for the purpose of tariff are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Transmission Line					
(i) 400 kV D/C Kurnool New-Kurnool APTRANSCO (9.881km)					
(ii) LILO of 400 kV S/C NSagar-Gooty line at Kurnool New (34.905 km)					
(iii) LILO of 400 kV S/C Nsagar-Gooty line at Kurnool New (0.629 km)					
Double Circuit (Twin Conductor)	34.905	34.905	34.905	34.905	34.905
Norms (₹ lakh/km)	0.71	0.73	0.76	0.78	0.81
Double Circuit Bundled (4 or more sub Conductor)	9.881	9.881	9.881	9.881	9.881
Norms (₹ lakh/km)	1.06	1.10	1.13	1.17	1.21
Single Circuit (Twin Conductor)	0.629	0.629	0.629	0.629	0.629
Norms (₹ lakh/km)	0.40	0.42	0.43	0.45	0.46
O&M Transmission Line	35.43	36.62	37.82	39.08	40.38
Sub-station Bays					
400 kV Bays	8	8	8	8	8
Norms (₹ lakh/bay)	60.30	62.30	64.37	66.51	68.71
765 kV Bays	3	3	3	3	3
Norms (₹ lakh/bay)	84.42	87.22	90.12	93.11	96.20
O&M Sub-station	735.66	760.06	785.32	811.41	838.28
Total O&M (₹ in lakh)	771.09	796.68	823.14	850.49	878.66

48. Accordingly, O&M Expenses approved vide order dated 30.12.2015 in Petition No. 27/TT/2014, as claimed in the instant petition and true-up O&M Expenses allowed in the instant order in respect of the transmission assets are as follows:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 27/TT/2014	771.09	796.68	823.14	850.49	878.66
Claimed by the Petitioner in the instant petition	771.09	796.68	823.14	850.49	878.66
Approved after true-up in this order	771.09	796.68	823.14	850.49	878.66

Interest on Working Capital (IWC)



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

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.

50. IWC allowed in respect of the transmission assets is as follows:

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O & M Expenses (O&M expenses for One month)	64.26	66.39	68.60	70.87	73.22
Maintenance Spares (15% of O&M Expenses)	115.66	119.50	123.47	127.57	131.80
Receivables (Equivalent to two months of annual fixed cost / annual transmission charges)	862.18	936.53	941.28	931.35	924.73
Total	1042.10	1122.42	1133.35	1129.80	1129.75
Rate of Interest on Working Capital (%)	13.50	13.50	13.50	13.50	13.50
Interest of Working Capital	140.68	151.53	153.00	152.52	152.52



51. Accordingly, IWC approved vide order dated 30.12.2015 in Petition No. 27/TT/2014, as claimed in the instant petition and trued up IWC allowed in the instant order in respect of the transmission assets is as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Approved vide order dated 30.12.2015 in Petition No. 27/TT/2014	141.28	152.88	153.48	152.79	151.79
Claimed by the Petitioner in the instant petition	140.68	151.53	153.00	152.52	152.52
Allowed after true-up in this order	140.68	151.53	153.00	152.52	152.52

Approved Annual Fixed Charges for 2014-19 Tariff Period

52. Accordingly, the annual fixed charges after truing-up for 2014-19 tariff period are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1351.54	1519.50	1546.50	1552.62	1552.62
Interest on Loan	1230.28	1284.35	1240.73	1140.87	1067.98
Return on Equity	1679.48	1867.13	1884.32	1891.60	1896.62
Interest on Working Capital	140.68	151.53	153.00	152.52	152.52
O&M Expenses	771.09	796.68	823.14	850.49	878.66
Total	5173.07	5619.19	5647.70	5588.10	5548.39

53. Accordingly, the Annual Transmission Charges approved vide order dated 30.12.2015 in Petition No. 27/TT/2014, as claimed in the instant petition and trued up annual transmission charges allowed in the instant order in respect of the transmission assets are as follows:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed earlier in order dated 30.12.2015 in Petition No. 27/TT/2014	5199.72	5679.21	5668.84	5599.77	5516.13
Claimed by the Petitioner in the instant petition	5173.07	5619.18	5647.70	5588.09	5548.39



Allowed after true-up in this order	5173.07	5619.19	5647.70	5588.10	5548.39
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DETERMINATION OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

54. The Petitioner has claimed the following transmission charges in respect of the transmission assets for 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1568.19	1568.19	1568.19	1568.19	1565.99
Interest on Loan	965.03	846.67	730.36	607.47	484.17
Return on equity	1746.62	1746.62	1746.62	1746.62	1746.62
Interest on Working Capital	147.77	149.14	150.43	151.78	152.86
O & M Expenses	1914.01	1980.37	2050.22	2123.66	2197.61
Total	6341.62	6290.99	6245.82	6197.72	6147.25

55. The details of IWC claimed by the Petitioner in respect of the transmission assets for 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses	159.50	165.03	170.85	176.97	183.13
Maintenance Spares	287.10	297.06	307.53	318.55	329.64
Receivables	779.71	775.60	770.03	764.10	755.81
Total	1226.31	1237.69	1245.41	1257.62	1266.58
Rate of Interest (%)	12.05	12.05	12.05	12.05	12.05
Interest	147.77	149.14	150.43	151.78	152.86

Capital Cost

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

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

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

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

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



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

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

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

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



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

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

(a) The asset forming part of the project, but not in use, as declared in the tariff petition;

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

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

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

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

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

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

57. The capital cost of ₹30998.16 lakh has been considered by the Commission in respect of the transmission assets as on 31.3.2019. Therefore, the capital cost of ₹30998.16 lakh as on 31.3.2019 has been considered as the opening capital cost as on 1.4.2019 for the purpose of determination of transmission tariff for 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations.

58. The Petitioner has not claimed any ACE for 2019-24 tariff period in respect of the transmission assets in the instant petition.

Debt-Equity Ratio

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



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

Provided that:

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

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

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

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

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

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

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

60. The debt-equity ratio for 2019-24 period is allowed as per Regulation 18(3) of the 2019 Tariff Regulations. The details of debt-equity ratio considered for the purpose of tariff for 2019-24 tariff period are as follows:



Funding	Capital cost as on 1.4.2019 (₹ in lakh)	(%)	Total cost as on 31.3.2024 (₹ in lakh)	(%)
Debt	21698.72	70.00	21698.72	70.00
Equity	9299.45	30.00	9299.45	30.00
Total	30998.17	100.00	30998.17	100.00

Depreciation

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

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

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

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

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

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

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

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

Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system as the case may be, shall



not be allowed to be recovered at a later stage during the useful life or the extended life.

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

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

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

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

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

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

62. IT equipment has been considered as a part of the Gross Block and depreciated using Weighted Average Rate of Depreciation (WAROD). WAROD at Annexure-2 has been worked out 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 per cent 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 in respect of the transmission assets is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	30998.16	30998.16	30998.16	30998.16	30998.16



Addition during 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	30998.16	30998.16	30998.16	30998.16	30998.16
Average Gross Block	30998.16	30998.16	30998.16	30998.16	30998.16
Balance useful life at the beginning of the year (Year)	23.00	22.00	21.00	20.00	19.00
Depreciable Value	27223.62	27223.62	27223.62	27223.62	27223.62
Weighted average Rate of Depreciation (WAROD) (%)	5.06	5.06	5.06	5.06	5.05
Combined Depreciation during the year	1568.19	1568.19	1568.19	1568.19	1565.99
Cumulative Aggregate Depreciation	9090.98	10659.17	12227.36	13795.56	15361.55
Remaining Aggregate Depreciable Value at the end of the year	18132.64	16564.45	14996.26	13428.06	11862.07

Interest on Loan (IoL)

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

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

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

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

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

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

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

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of



interest of the generating company or the transmission licensee as a whole shall be considered.

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

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

64. We have considered the submissions of the Petitioner. The weighted average rate of IoL has been considered on the basis of 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 2019-24 tariff period will be adjusted. The floating rate of interest, if any, shall be considered at the time of true up. Accordingly, IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations. IoL allowed is as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative Loan	21698.72	21698.72	21698.72	21698.72	21698.72
Cumulative Repayments up to Previous Year	7522.78	9090.98	10659.17	12227.36	13795.56
Net Loan-Opening	14175.94	12607.74	11039.55	9471.35	7903.16
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	1568.19	1568.19	1568.19	1568.19	1565.99
Net Loan-Closing	12607.74	11039.55	9471.35	7903.16	6337.17
Average Loan	13391.84	11823.65	10255.45	8687.26	7120.17
Weighted Average Rate of Interest on Loan (%)	7.206	7.161	7.122	6.993	6.800
Interest on Loan	965.03	846.66	730.37	607.47	484.17

Return on Equity (RoE)

65. Regulations 30 and Regulation 31 of the 2019 Tariff Regulations provides as follows:

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

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



run-of river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system;

Provided further that:

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

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:

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

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

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

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

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

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

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

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

(₹ in lakh)



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	9299.45	9299.45	9299.45	9299.45	9299.45
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	9299.45	9299.45	9299.45	9299.45	9299.45
Average Equity	9299.45	9299.45	9299.45	9299.45	9299.45
Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
Rate of Return on Equity (%)	18.782	18.782	18.782	18.782	18.782
Return on Equity	1746.62	1746.62	1746.62	1746.62	1746.62

Operation & Maintenance Expenses (O&M Expenses)

67. Regulation 35(3)(a) of the 2019 Tariff Regulations specifies the norms for O&M

Expenses in respect of the transmission assets as follows:

“(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
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
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
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
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
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
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					



<i>HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)</i>	834	864	894	925	958
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)</i>	1,666	1,725	1,785	1,848	1,913
<i>500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)</i>	2,252	2,331	2,413	2,498	2,586
<i>±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)</i>	2,468	2,555	2,645	2,738	2,834
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

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

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



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

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

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

68. O&M Expenses claimed by the Petitioner in respect of the transmission assets are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Lines					
(i) 400 KV D/C Kurnool New-Kurnool APTRANSCO (9.881 km)					
(ii) LILO of 400 kV S/C NSagar-Gooty line at Kurnool New (34.905 km)					
(iii) LILO of 400 kV S/C Nsagar-Gooty line at Kurnool New (0.629 km)					
Double Circuit (Twin Conductor)	34.905	34.905	34.905	34.905	34.905
Norms (₹ lakh/km)	0.88	0.91	0.94	0.98	1.01
Double Circuit Bundled (4 or more sub Conductor)	9.881	9.881	9.881	9.881	9.881
Norms (₹ lakh/km)	1.32	1.37	1.42	1.47	1.52
Single Circuit (Twin Conductor)	0.629	0.629	0.629	0.629	0.629
Norms (₹ lakh/km)	0.50	0.52	0.54	0.56	0.58
O&M Transmission Line	44.13	45.68	47.28	48.94	50.64
Sub-station Bays					
400 kV Bays	8	8	8	8	8
Norms (₹ lakh/bay)	32.15	33.28	34.45	35.66	36.91
765 kV Bays	3	3	3	3	3
Norms (₹ lakh/bay)	45.01	46.60	48.23	49.93	51.68
O&M Sub-station	392.23	406.04	420.29	435.07	450.32
Transformers					
765 kV ICT (2X1500 MVA)	3000	3000	3000	3000	3000
Norms (₹ lakh/MVA)	0.49	0.51	0.53	0.55	0.56
O&M Transformers	1473.00	1524.00	1578.00	1635.00	1692.00
Communication system					
PLCC(₹ in lakh)	232.28	232.28	232.28	232.28	232.28
Norms (%)	2	2	2	2	2
O&M communication system	4.65	4.65	4.65	4.65	4.65
Total O&M (₹ in lakh)	1914.01	1980.36	2050.22	2123.65	2197.61



69. 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.

70. The O&M Expenses approved in respect of the transmission assets for 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line					
(i) 400 KV D/C Kurnool New-Kurnool APTRANSCO (9.881 km)					
(ii) LILO of 400 kV S/C NSagar-Gooty line at Kurnool New (34.905 km)					
(iii) LILO of 400 kV S/C Nsagar-Gooty line at Kurnool New (0.629 km)					
Double Circuit (Twin Conductor)	34.905	34.905	34.905	34.905	34.905
Norms (₹ lakh/km)	0.88	0.91	0.94	0.98	1.01
Double Circuit Bundled (4 or more sub Conductor)	9.881	9.881	9.881	9.881	9.881
Norms (₹ lakh/km)	1.32	1.37	1.42	1.47	1.52
Single Circuit (Twin Conductor)	0.629	0.629	0.629	0.629	0.629
Norms (₹ lakh/km)	0.50	0.52	0.54	0.56	0.58
O&M Transmission Line	44.13	45.68	47.28	48.94	50.64
Sub-station Bays					
400 kV Bays	8	8	8	8	8
Norms (₹ lakh/bay)	32.15	33.28	34.45	35.66	36.91
765 kV Bays	3	3	3	3	3
Norms (₹ lakh/bay)	45.01	46.60	48.23	49.93	51.68
O&M Sub-station	392.23	406.04	420.29	435.07	450.32



Transformers					
765 kV ICT (2x1500 MVA)	3000	3000	3000	3000	3000
Norms (₹ lakh/MVA)	0.49	0.51	0.53	0.55	0.56
O&M Transformers	1473.00	1524.00	1578.00	1635.00	1692.00
Total O&M (₹ in lakh)	1909.36	1975.72	2045.57	2119.01	2192.96

Interest on Working Capital (IWC)

71. Regulations 34(1)(c), 34(3), 34(4) and 3(7) of the 2019 Tariff Regulations specify as follows:

“34. Interest on Working Capital

(1)...

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

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

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

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

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

“3.Definitions ...

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

72. The Petitioner has submitted that it has computed 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 Interest (RoI) on working



capital considered is 12.05% (SBI 1 year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, whereas, RoI for 2020-21 onwards has been considered as 11.25% (SBI 1 year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points). The components of the working capital and interest allowed thereon is as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses (O&M expenses for one month)	159.11	164.64	170.46	176.58	182.75
Maintenance Spares (15% of O&M expenses)	286.40	296.36	306.84	317.85	328.94
Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	779.11	773.77	768.19	762.25	753.95
Total	1224.63	1234.77	1245.49	1256.68	1265.64
Rate of Interest (%)	12.05	11.25	11.25	11.25	11.25
Interest of working capital	147.57	138.91	140.12	141.38	142.38

Annual Fixed Charges for 2019-24 Tariff Period

73. The transmission charges allowed in respect of the transmission assets for 2019-24 period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1568.19	1568.19	1568.19	1568.19	1565.99
Interest on Loan	965.03	846.66	730.37	607.47	484.17
Return on Equity	1746.62	1746.62	1746.62	1746.62	1746.62
Interest on Working Capital	147.57	138.91	140.12	141.38	142.38
Operation and Maintenance Expenses	1909.36	1975.72	2045.57	2119.01	2192.96
Total	6336.78	6276.11	6230.87	6182.67	6132.13

Filing Fee and Publication Expenses

74. 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 & RLDC Fees and Charges

75. The Petitioner has requested to allow to bill and recover License fee and RLDC fees and charges, separately from the Respondents.

76. The Petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for 2019-24 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 2019-24 period.

Security Expenses

77. The Petitioner has submitted that security expenses in respect of the transmission assets are not claimed in the instant petition and it would file a separate petition for claiming the overall security expenses and 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 per the audited accounts may be allowed to be recovered from the beneficiaries on an yearly basis.



78. We have considered the submissions of the Petitioner. 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 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.

Goods and Services Tax

79. The Petitioner has submitted that, if GST is levied at any rate and at any point of time in future on Charges of transmission of electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall be charged & billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Govt. / Statutory authorities, the same may be allowed to be recovered from the beneficiaries.

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

Capital Spares

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

Sharing of Transmission Charges

82. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the provisions of the 2010 Sharing



Regulations. However, with effect from 1.11.2020, the 2010 Sharing Regulations has been repealed and sharing of transmission charges is governed by the provisions of the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and shall be recovered from the concerned DICs through Bill 2 under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection and disbursement of transmission charges for subsequent period shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

83. To summarise:

a) The trued-up Annual Fixed Charges approved in respect of the transmission assets for 2014-19 tariff period are:

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
AFC	5173.07	5619.19	5647.70	5588.10	5548.39

b) The Annual Fixed Charges allowed in respect of the transmission assets for 2019-24 tariff period in this order are:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
AFC	6336.78	6276.11	6230.87	6182.67	6132.13

84. The Annexure-I and Annexure-II given hereinafter form part of the order.

85. This order disposes of Petition No. 194/TT/2020 in terms of the above discussions and findings.

sd/-
(Pravas Kumar Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson



Annexure-I

Asset	Particular	Admitted Capital Cost as on 1.4.2014 (₹ in lakh)	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations (₹ in lakh)				
					2014-15	2015-16	2016-17	2017-18	2018-19
Asset	Land	1240.00	767.50	0.00	0.00	0.00	0.00	0.00	0.00
	Building	2303.09	2371.18	3.34	77.26	78.10	78.89	79.20	79.20
	Transmission Line	6422.42	7736.24	5.28	373.79	408.47	408.47	408.47	408.47
	Sub Station	14640.98	19730.70	5.28	881.86	1010.41	1035.96	1041.78	1041.78
	PLCC	110.58	232.28	6.33	10.21	14.06	14.70	14.70	14.70
	Leasehold Land	0.00	0.00	3.34	0.00	0.00	0.00	0.00	0.00
	IT Equipment and software	158.86	160.26	5.28	8.43	8.46	8.46	8.46	8.46
	TOTAL	24875.93	30998.16		1351.54	1519.50	1546.50	1552.62	1552.62
Average Gross Block (₹ in lakh)					27655.27	30597.18	30878.95	30998.16	30998.16
Weighted Average Rate of Depreciation (%)					4.89	4.97	5.01	5.01	5.01



Annexure-II

Asset	Particular	Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	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
Asset	Land	767.50	767.50	0.00	0.00	0.00	0.00	0.00	0.00
	Building	2371.18	2371.18	3.34	79.20	79.20	79.20	79.20	79.20
	Transmission Line	7736.24	7736.24	5.28	408.47	408.47	408.47	408.47	408.47
	Sub Station	19730.70	19730.70	5.28	1041.78	1041.78	1041.78	1041.78	1041.78
	PLCC	232.28	232.28	6.33	14.70	14.70	14.70	14.70	14.70
	Leasehold Land	0.00	0.00	3.34	0.00	0.00	0.00	0.00	0.00
	IT Equipment and software	160.26	160.26	15.00	24.04	24.04	24.04	24.04	21.83
	TOTAL	30998.16	30998.16		1568.19	1568.19	1568.19	1568.19	1565.99
		Average Gross Block (₹ in lakh)		30998.16	30998.16	30998.16	30998.16	30998.16	
		Weighted Average Rate of Depreciation (%)		5.06	5.06	5.06	5.06	5.05	

