

**CENTRAL ELECTRICITY REGULATORY COMMISSION**

**NEW DELHI**

**Petition No. 434/MP/2019**

**Coram:**

**Shri P.K. Pujari, Chairperson**

**Shri I.S. Jha, Member**

**Shri Arun Goyal, Member**

**Date of Order: 26.3.2021**

**In the matter of**

Truing up application under sub-section (4) of section 28 of Electricity Act 2003 read with Regulation 8 of Central Electricity Regulatory Commission (Fees & charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 for truing up of Western Regional Load Despatch Centre (WRLDC) fees and charges for control period 2014-19.

**And in the matter of**

Western Regional Load Despatch Centre (WRLDC),  
Power System Operation Corporation of India Limited (POSOCO),  
Registered Office: B-9, Qutub Institutional Area,  
Katwaria Sarai, New Delhi- 110016

**.... Petitioner**

**Versus**

1. MSEDCL,  
Prakashgarh, 5th Floor, Bandra East,  
Maharashtra Mumbai 400051,
2. GUVNL,  
Sardar Patel Vidyut Bhavan race Course,  
Vadodara 390007, Gujarat
3. MP Power Management Co. Limited,  
3rd Floor, Block No 11, Shakti Bhavan,  
Rampur, Madhya Pradesh 482008



4. CSPDCL,  
PO - Sunder Nagar, Dangania,  
Raipur-492013, Chhattisgarh
5. Goa Electricity Department,  
Government of Goa, 3rd Floor, Vidyut Bhavan,  
Panjim, Goa – 403001.
6. Electricity Department,  
UT of Daman & Diu, Sachivalaya,  
Moti Daman 396210, Daman & Diu
7. UT of Dadra Nagar & Haveli,  
Secretariat, Electric Department, 66 kV Amli Road,  
Silvassa 396230, Dadra Nagar & Haveli
8. Bhadravati HVDC,  
Power Grid Corporation of India Limited,  
Sumthana Village, Bhadravati (Tahsil), Bhadravati,  
Chandrapur (District), Maharashtra-442 902
9. Vindhayachal HVDC,  
Power Grid Corporation of India Limited,  
P.O.Vindhyanagar, Post Box No.12,  
Singrauli (District), Madhya Pradesh-486 885
10. Essar Steel India Limited,  
27<sup>th</sup> Km, Surat Hazira Road,  
Surat 394270, Gujarat
11. BARC-Nuclear Recycle Board (NRB), BARC,  
Tarapur, Mumbai – 401502, Maharashtra
12. +/- 800 kV Champa HVDC Terminal,  
Power Grid Corporation of India Limited,  
Village: Taga, Tahsil: Akaltara, Janjgir-Champa,  
Chhattisgarh – 495668
13. Korba STPS STG (I & II), NTPC Ltd.,  
P.O.: Vikas Bhavan, Jamnipali, Korba (District),  
Chhattisgarh- 495 450.
14. VSTPS-STAGE-I, Vindhayachal STPS,  
NTPC Limited, P.O.: Vindhyanagar, Sidhi (District),  
Madhya Pradesh – 486 885



15. VSTPS-STAGE-II, Vindhayachal STPS,  
NTPC Limited, P.O.: Vindhyanagar, Sidhi (District),  
Madhya Pradesh – 486 885
16. VSTPS-STAGE-III, Vindhayachal STPS,  
NTPC Limited, P.O.: Vindhyanagar, Sidhi (District),  
Madhya Pradesh – 486 885
17. Kawas Gas Power Project,  
NTPC Limited, P.O. Aditya Nagar,  
Surat, Gujarat - 394 516
18. Gandhar Gas Power Project,  
NTPC Limited, P.O.: NTPC Township, Bharuch (District),  
Gujarat- 392215
19. SIPAT TPS Stg-II,  
NTPC Limited, SIPAT,  
Chhattisgarh- 495558.
20. Nuclear Power Corporation of India limited,  
Kakrapar Atomic Power Station, P.O. - via Vyara,  
District – Surat, Gujarat – 395651
21. Tarapur Atomic Power Station 1&2,  
Nuclear Power Corporation of India Limited,  
P.O.TAPP, Thane (District), Maharashtra- 401 504
22. Tarapur Atomic Power Station 3&4,  
Nuclear Power Corporation of India Limited,  
P.O.TAPP, Thane (District), Maharashtra- 401 504
23. Narmada Control Authority,  
Narmada Sadan, Sector -B, Scheme No 74, Vijaynagar,  
Indore, Madhya Pradesh-452010
24. Jindal Power Limited Stage-I,  
OP Jindal STPP, P.O.-Tamnar, Gjarghoda Tehsil,  
District - Raigarh, 496107, Chhattisgarh
25. LANCO Power Limited,  
Plot No - 397, Phase -III, Udyog Vihar,  
Gurgaon 122016, Haryana



26. Korba STPS STG (III),  
NTPC Limited, P.O. Vikas Bhavan, Jamnipali,  
Korba(District), Chhattisgarh- 495 450.
27. NTPC-SAIL Power Company Private Limited,  
Puranena Village, District - Durg,  
Bhilai 490021, Chhattisgarh
28. 2 X 135 MW Kasaipali Thermal Power Project,  
ACB (India) Ltd. District - Korba  
Chakabura 495445, Chhattisgarh
29. Ratnagiri Gas & Power Private Limited (RGPPPL),  
5th floor, GAIL Jubilee Tower, B-35-36, Sector-1, Noida,  
Gautam Budh Nagar, Uttar Pradesh 201301
30. Bharat Aluminium Co. Limited,  
Captive Power Plant-II, BALCO Nagar,  
Korba 495684, Chhattisgarh
31. SIPAT TPS Stage-I,  
NTPC Limited, SIPAT,  
Chhattisgarh - 495558.
32. Costal Gujarat Power Ltd (CGPL-UMPP),  
Tunda Vandh Road, Tunda Village,  
Mundra, Kutch 370435, Gujarat
33. OP Jindal STPP, PO-Tamnar,  
Gjarghoda Tehsil, District - Raigarh,  
Chhattisgarh-496107
34. Essar Power MP Limited,  
Village Bandhora, Post- Karsualal, Tehsil- Mada,  
District Singrauli, Madhya Pradesh – 486886
35. Sasan Power Limited, Reliance Centre,  
Near Parbhat Colony, Off Western Express Highway,  
Santacruz (E), Mumbai 400055
36. Mouda STPP Stage-I, NTPC Limited,  
Mouda Ramtek Road, P.O. Mouda,  
Nagpur (District), Maharashtra
37. VSTPS-STAGE-IV, Vindhayachal STPS,



NTPC Limited, P.O Vindhyanagar, Sidhi (District),  
Madhya Pradesh – 486 885

38. GMR Warora Energy Limited,  
Plot No B-1, Mohabala MIDC Growth Center Post Tehsil - Warora,  
District – Chandrapur, Maharashtra 442907
39. KSK Mahanadhi ,  
8-2-293/82/A/431/A, Road No 22, Jubilee Hills,  
Hyderabad 500033, Andhra Pradesh
40. Korba West Power Company Limited,  
Village - Chhote Bhandar, P.O. - Bade Bhandar, Tehsil - Pussore,  
District - Raigarh, Raigarh 496100, Chhattisgarh
41. DB Power,  
Village - Baradarha, Post - Kanwali, District - Janjgir, Champa,  
Baradarha 495695, Chhattisgarh
42. Jaypee Nigrie Super Thermal Power Project,  
Nigri District, Singrauli,  
Madhya Pradesh 486668
43. Jindal Power Limited Stage-II,  
OP Jindal STPP, PO-Tamnara, Garghoda Tehsil,  
District - Raigarh, 496107, Chhattisgarh
44. DGEN Mega Power Project,  
Plot No Z-9, Dahej SEZ Area (Eastern side), At: Dahej, Taluka-Vagra,  
District-Bharuch, Gujarat 392130
45. GMR Chhattisgarh Energy Limited,  
Skip House, 25/1, Museum Road,  
Bangalore-560025, Karnataka
46. Dhariwal Infrastructure Limited,  
CESC House, Chowringhee Square,  
Kolkata – 700001
47. RKM Powergen Private Limited,  
Village: Uchpinda, P.O.: Dhurkot, District: Janjgir-Champa,  
Chhattisgarh -495692
48. MB Power (Madhya Pradesh) Limited,  
Corporate Office: 239, Okhla Industrial Estate Phase-III,



New Delhi- 110020

49. Jhabua Power Limited,  
Village – Barrella, Post – Attaria, Tahsil –Ghansor,  
District – Seoni, Madhya Pradesh – 480997
50. VSTPS-STAGE-V, Vindhayachal STPS,  
NTPC Limited, P.O Vindhyanagar, Sidhi (District),  
Madhya Pradesh – 486 885
51. Mouda STPP Stage-II,  
NTPC Ltd, Mouda Ramtek Road, P.O.Mouda,  
Nagpur (District), Maharashtra
52. SKS Power Generation Chhattisgarh Limited,  
501B, Elegant Business Park, Andheri Kurla Road, J B Nagar,  
Andheri (East), Mumbai – 400059
53. M/s. TRN Energy Private Limited,  
18, Vasant Enclave, Rao Tula Ram Marg,  
New Delhi-110057
54. NTPC Limited LARA STPP,  
Village-Chhappora P.O. + P.S.- Pussora,  
Raigarh, Chattisgarh-496001
55. Solapur Super Thermal Power Station,  
NTPC Ltd., PO: Hotgi Station, Taluka: South Solapur,  
District: Solapur, Maharashtra-413003
56. Kakrapar Atomic Power Project-3&4 (KAPP-3&4),  
Regd. Office: NPCIL, 16<sup>th</sup> Floor, Centre-1, World Trade Centre,  
Cuffe Parade, Colaba, Mumbai-400005
57. Gadarwara STPP, NTPC Ltd.  
Village-Dongargaon, PO: Gangai, Tehsil- Gadarwara,  
District-Narsinghpur, Madhya Pradesh
58. Mahindra Renewables Private Limited, RUMS,  
Mahindra Towers, Dr. G.M Bhosale Marg, P.K Kurne Chowk,  
Worli, Mumbai-400018
59. Arinsun Clean Energy Private Limited,  
RUMS, Unit-3, ACEPL, Rewa Ultra Mega Solar Plant,  
Gurh Tehsil, District Rewa, MP- 486553



60. ACME Jaipue Solar Power Private Limited,  
RUMS, Plot No 152, Sector-44,  
Gurgaon-122002, Haryana
61. OSTRO Kutch Wind Private Limited,  
Unit No G-0, Mira Corporate Suites,1&2 Iswar Industrial Estate,  
Mathura Road, New Delhi-110065
62. Power Grid Corporation of India Limited,  
Western Region - I Headquarters, PO - Uppalwadi, Sampritinagar,  
Nagpur, Maharashtra – 440026
63. Torrent Power Grid Limited,  
Torrent House, Off Ashram Road,  
Ahmedabad 380009, Gujarat
64. Western Transco Power Limited,  
601,6th Floor, Hallmark Business Plaza, Opposite Gurunanak Hospital,  
Bandra(E), Mumbai-51
65. Western Transmission Gujarat Limited,  
601,6th Floor, Hallmark Business Plaza, Opp Gurunanak Hospital,  
Bandra(E), Mumbai-51
66. Jindal Power Limited, OP Jindal STPS,  
PO- Tamnar, District - Raigarh, 496107  
Chhattisgarh
67. Essar Power Transmission Co. Limited,  
27 Km Surat Hazira Road, Surat,  
Gujarat -394270
68. Adani Power Limited Achalraj,  
Opposite Mayor Bungalow, Law Garden,  
Ahmedabad, Gujarat – 380006
69. Raichur Solapur Power Transmission Company Limited,  
Patel Estate, SV Road, Jogeshwari West,  
Mumbai 400102
70. Bhopal Dhule Transmission Company Limited,  
Sterlite Grid Limited, 634 Tulip, New Minal Presidency, J K Road,  
Ayodhya Bypass, Bhopal 462023 Madhya Pradesh



71. Jabalpur Transmission Company Limited (JTCL)  
Sterlite Grid Limited, 634 Tulip, New Minal Presidency, J K Road,  
Ayodhya Bypass, Bhopal 462023 Madhya Pradesh
72. RAPP Transmission Company, Sterlite Grid Limited,  
634 Tulip, New Minal Presidency, J K Road, Ayodhya Bypass,  
Bhopal 462023, Madhya Pradesh
73. Powergrid Warora Transmission Limited (PWTL),  
Sampriti Nagar, Nari Ring Road,  
Nagpur, Maharashtra- 440026
74. Chhattisgarh-WR Transmission Limited (CWRTL),  
8A, Sambhav House, Judges Bungalow Road, Bodakdev,  
Ahmedabad, Gujarat- 380015
75. Powergrid Parli Transmission Limited,  
Sampriti Nagar, Nari Ring Road,  
Nagpur, Maharashtra- 440026
76. Khargone Transmission Limited, O&M Head Office, A (Tulip) - 634, Asset  
Management and Grid Planning,  
  
New Minal Residency, J.K Road, Near Ayodha Bypass Road,  
Bhopal – 462023
77. Sipat Transmission Limited,  
8A, Sambhav House, Judges Bungalow Road, Bodakdev  
Ahmedabad – 380015, Gujarat
78. Power Grid-Jabalpur Transmission Limited,  
Powergrid Corporation of India Limited, Western Region-II Head Quarter,  
Sama Savli Road, Opposite Ambe School,  
Vadodara 390008, Gujarat

...Respondent

**Parties present:**

**For Petitioner:** Shri Aditya Das, WRLDC  
Shri Rakesh Kumar, NLDC  
Shri Ankur, NLDC  
Shri Shiv Kumar, NRLDC

**For Respondent:** None





## ORDER

The instant petition has been filed by Western Regional Load Despatch Centre (WRLDC), under Regulation 8 of the Central Electricity Regulatory Commission (Fees & Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 (hereinafter referred to as “the 2015 RLDC Fees Regulations”) for truing up of fees and charges of WRLDC for the control period from 1.4.2014 to 31.3.2019.

2. The Petitioner has made the following prayers:

- 1) Approve the actual expenses for WRLDC for control period 2014 to 2019 as mentioned in para- 17 above.*
- 2) Approve the recovery/refund of the under-recovered/over-recovered amount, if any, along with simple interest at the rate equal to the bank rate as on 1st April of the respective year in six equal monthly instalments starting within three months from the date of the order issued by the Commission after the truing up exercise.*
- 3) Allow the petitioner to recover any taxes and duties, service tax including cess etc. imposed by any statutory/ government/ municipal authorities’ in future from the users.*
- 4) Pass such other relief as Hon’ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.*

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

- (i) National Load Despatch Centre (NLDC) and the Regional Load Despatch Centres (RLDCs) are statutory bodies set up under Section 26 and Section 27 of the Electricity Act, 2003. With effect from 1.10.2010, NLDC and the RLDCs are being operated by Power System Operation Corporation Limited (POSOCO), a Government of India undertaking, in accordance with the Gazette Notification dated 27.9.2010 and 19.12.2016 of Ministry of Power, Government of India.
- (ii) In exercise of powers conferred under Section 178 of the Electricity Act, 2003, the Central Electricity Regulatory Commission, vide notification dated 18<sup>th</sup> May 2015, issued the 2015 RLDC Fees Regulations for



determination of fees and charges of NLDC and RLDCs for the control period 2014-19.

(iii) The Commission vide order dated 11.3.2011 in Petition no. 92/2010, had approved the fee and charges of WRLDC (POSOCO portion) based on the capital expenditure as on 1.4.2009 and projected Additional Capital Expenditure during 2009-14 period. Subsequently, the Commission, vide order dated 14.3.2016 in Petition No. 522/TT/2014, approved the trued-up fees and charges of WRLDC (POSOCO portion) for the control period 2009-14.

(iv) In compliance to Regulation 6 of the 2015 RLDC Fees Regulations, WRLDC had filed Petition No. 241/TT/2015 for determination of fees and charges for 2014-19 period and the Commission vide order dated 26.12.2016 had accorded its approval to the fees and charges.

(v) While approving the fees and charges for the control period 2014-19, in different petitions filed by NLDC and RLDCs, the Commission had not allowed the impact of 3<sup>rd</sup> wage revision. However, liberty was granted to NLDC and RLDCs to approach the Commission after implementation of the wage revision.

(vi) As POSOCO started functioning as an independent company with effect from 3.1.2017, increased functions, recruitment of additional manpower and additional space requirements etc. resulted in considerable increase in the O&M expenses. POSOCO approached the Commission for, inter-alia, approval of the additional expenses on account of wage revision and additional O&M Expenses for the control period 2014-19 through Petition No. 344/MP/2018. The Commission, in its order dated 10.6.2019 in Petition No. 344/MP/2018 approved the additional expenses claimed by POSOCO.

(vii) In accordance with the Regulation 8(1) of the 2015 RLDC Fees Regulations, WRLDC has filed the instant Petition for truing up of fees and charges for the control period 2014-19.

4. The summary of approved fee and charges as per Order dated 26.12.2016 and 10.6.2019 in Petition No. 241/TT/2015 and Petition No 344/MP/2018 respectively for the control period 2014-19 are as under:

(₹ in lakh)

S.N.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1	Depreciation	61.40	0.00	0.00	0.00	0.00	61.40
2	Interest on Loan	0.00	0.00	0.00	0.00	0.00	0.00
3	Return on Equity	158.89	107.34	55.63	55.46	55.46	432.78
4	Interest on Working Capital	112.74	106.60	106.33	112.90	119.85	558.42
5	O & M Expenses excluding Human Resource Expenses	791.48	654.15	519.29	556.10	595.78	3116.80
	Additional O&M expenses (Order dated 10.6.2019 in Petition no. 344/MP/2018)	0.00	0.00	0.00	0.00	54.22	54.22
	Sub-Total O&M	791.48	654.15	519.29	556.10	650.00	3171.02
6	Human Resource Expenses	1528.10	1647.29	1775.76	1914.26	2063.55	8928.97
	Pay Revision (Order in Petition no. 344/MP/2018 dated 10.6.2019)	0.00	0.00	64.57	351.29	386.42	802.28
	Certification Linked Incentive (Order in Petition no. 344/MP/2018 dated 10.6.2019)	0.00	0.00	0.00	0.00	131.70	131.70
	Sub-Total HR	1528.10	1647.29	1840.33	2265.55	2581.67	9862.95
7	NLDC and Corporate office Expenses	798.82	714.45	768.62	858.40	1487.02	4627.31
	Total before 344/MP/2018	2652.61	2515.38	2457.01	2638.72	2834.64	13098.37
	<b>Total approved after 344/MP/2018</b>	<b>3451.43</b>	<b>3229.83</b>	<b>3290.20</b>	<b>3848.41</b>	<b>4894.00</b>	<b>18713.80</b>

5. The summary of fees and charges claimed by the Petitioner in the instant petition for the control period 2014-19 is given below:

(₹ in lakh)



S.N.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1	Depreciation	56.30	0.00	0.00	0.00	0.00	<b>56.30</b>
2	Interest on Loan	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
3	Return on Equity	198.04	142.41	85.28	85.12	78.02	<b>588.87</b>
4	Interest on Working Capital	116.41	110.15	99.77	117.99	148.65	<b>592.97</b>
5	O&M Expenses excluding Human Resources	837.79	744.07	498.94	621.79	708.65	<b>3411.24</b>
6	Human Resource Expenses	1470.03	1555.04	1666.54	1888.31	2351.18	<b>8931.10</b>
7	NLDC charges and Corporate office expenses	894.12	796.24	829.01	1100.07	1662.84	5282.28
	<b>Total</b>	<b>3572.69</b>	<b>3347.91</b>	<b>3179.54</b>	<b>3813.28</b>	<b>4949.34</b>	<b>18862.76</b>

6. The Respondents are generating companies, distribution companies, electricity departments and transmission licensees, which are availing services from the Petitioner.

7. The Petitioner has served the copy of the petition upon the respondents. None of the Respondent has submitted reply in the matter.

8. The hearing in this matter was held on 20.5.2020 through video conferencing and the order was reserved. The Petitioner was directed to submit certain information during the hearings held on 25.2.2020 and 20.5.2020 and the same was furnished by the Petitioner *vide* affidavits dated 16.3.2020 and 8.6.2020 and additional reply *vide* affidavit dated 7.10.2020, respectively.

9. This order has been issued after considering the main petition dated 31.10.2019 and Petitioner's affidavits dated 16.3.2020, 8.6.2020 and 7.10.2020.

10. Having heard the representatives of the Petitioner present at the hearing and perused the material on record, we proceed to dispose of the petition.

#### **TRUING-UP OF FEES AND CHARGES FOR 2014-19 CONTROL PERIOD**



11. The Petitioner has submitted the information as required under the 2015 RLDC Fees Regulations for truing up of WRLDC fee and charges for control period 2014-19. The WRLDC fee and charges tariff for control period 2014-19 have been trued up in the subsequent paragraphs.

### **Capital Cost**

12. Regulation 9 of the 2015 RLDC Fees Regulations provides as under: -

*“9. Computation of Capital Cost:*

*(1) The capital cost as admitted by the Commission after prudence check, for each of the Regional Load Despatch Centre or NLDC, as the case may be, shall form the basis for determination of annual charges.*

*(2) The capital cost shall be computed by considering the following:*

*(a) The Capital cost as admitted by the Commission as on 1.4.2014 duly trued up by excluding liability, if any;*

*(b) Expenditure on account of additional capitalization and de-capitalization determined in accordance with the Regulation 10;*

*(c) The original capital cost of the fixed assets which has been replaced during control period shall be de-capitalized from the admitted capital cost from the respective date duly adjusting cumulative depreciation and cumulative repayment, if any;*

*(d) Interest during construction and incidental expenditure during construction;*

*(e) Any grant received from the Central or State Government or any statutory body or authority for execution of the project which does not carry any liability of repayment shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation;*

*(3) The Capital cost shall be admitted after prudence check which may include scrutiny of the reasonableness of the capital expenditure, financing plan, Interest During Construction (IDC), Incidental Expenditure During Construction (IEDC), financing charges, any gain or loss on account of Foreign Exchange Rate Variation (FERV), use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission:*

*Provided further that interest during construction shall be computed corresponding to the loan from the date of infusion of debt fund, and after taking into account the prudent phasing of funds duly adjusting IDC on account of time over run if any ;*

*Provided further that incidental expenditure during construction shall be computed after prudence check duly adjusting the IEDC on account of time over run if any,*



*interest on deposits or advances, or any other receipts and liquidated damages recovered or recoverable corresponding to the delay.”*

13. The Commission *vide* ROP of hearing dated 25.2.2020 directed the Petitioner to furnish Form-4B (element-wise break-up of capital cost), Form-4E (statement of additional capitalization) and Form-4H (financing of additional capitalization). In response, the Petitioner *vide* affidavit dated 16.3.2020 has submitted that details related to the CAPEX/REPEX of WRLDC and its financing, decapitalisation etc. in the applicable forms like 4D, 6A, 6B and in the Auditor Certificate for CAPEX utilisation in the subject Petition.

14. The capital cost of ₹2887.25 lakh as on 31.3.2014 was allowed *vide* order dated 14.3.2016 in true up Petition No. 522/TT/2014 for the period 2009-14. Same capital cost of ₹2887.25 lakh was admitted by the Commission, *vide* order dated 26.12.2016 in petition no. 241/TT/2015, as on 31.3.2014. Accordingly, the capital cost of ₹2887.25 lakh has been considered as opening capital cost as on 1.4.2014 for determination of fees and charges in accordance with Regulation 9 of the 2015 RLDC Fees Regulations for trueing up of WRLDC fee and charges for 2014-19 control period.

#### **Additional Capitalisation/ De-Capitalisation**

15. Regulation 10 of the 2015 RLDC Fees Regulations provides as under:

*“10. Additional Capitalisation and De-Capitalization:*

*(1) The capital expenditure incurred or projected to be incurred for the assets already in service and the additional assets projected to be procured during tariff period may be admitted, in its discretion, by the Commission, subject to prudence check:*

*Provided that any expenditure for acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, heat convectors, mattresses, carpets etc. purchased during 2009-14 tariff period shall not be considered for additional capitalization for determination of fees and charges.*



*(2) In case of de-capitalisation of assets under the REPEX or otherwise, the original cost of such asset as on the date of de-capitalisation shall be deducted from the value of gross fixed asset along with corresponding adjustment in equity, outstanding loan, cumulative repayment of loan and depreciation in the year such de- capitalisation takes place.”*

### **Capital Expenditure (CAPEX) and Replacement Expenditure (REPEX)**

16. Regulation 5 of the 2015 RLDC Fees Regulations provides as under:

*“5. Capital Expenditure (CAPEX) and Replacement Expenditure (REPEX) Plan:*

*(1) The Regional Load Despatch Centres and National Load Despatch Centre shall formulate the scheme for Capital Expenditure (CAPEX) and Replacement Expenditure (REPEX) for the control period duly approved by the Board of Power System Operation Company. The CAPEX and REPEX plan shall also include future costs to be incurred for the up-gradation, modernization, automation and expansion of infrastructure in addition to existing capital assets.*

*(2) The concerned Regional Load Despatch Centre and National Load Despatch Centre shall submit the following along with the petition for determination of fees and charges:*

*(a) the CAPEX for the control period of 2014-19 along with details of estimated expenses, reasonableness of capital cost, financing plan, interest during construction, use of efficient technology, upgradability/scalability of the technology and systems to accommodate the growing requirement of system operation and estimated completion period of each scheme;*

*(b) the REPEX plan for capital expenditure of existing asset, completion of life of existing asset, cumulative depreciation recovered, date of replacement, cumulative repayment of loan upto date of replacement, writing off of the gross value of the original assets from the original fixed assets along with estimated expenses, reasonableness of capital cost, financing plan, interest during construction, use of efficient technology, upgradability/scalability of the technology and systems to accommodate the growing requirement of system operation and estimated completion period of each scheme.*

*(3) In relation to any consolidated schemes of CAPEX and REPEX involving one or more RLDCs and/or NLDC, the capital expenditure chargeable to each RLDC and NLDC shall be segregated and considered as a part of capital expenditure of RLDC concerned and NLDC, as the case may be.”*

17. The CAPEX and REPEX plans were approved (subject to true-up) vide order dated 26.12.2016 in petition no. 241/TT/2015 for the purpose of capitalisation in accordance with Regulation 5 read with Regulation 10 of the 2015 RLDC Fees Regulations, subject to true up are as given below:

### **CAPEX Plan**





(₹ in lakh)

S.N.	Expenditure Head	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1	Land	0.00	0.00	0.00	0.00	0.00	0.00
2	SCADA System	0.00	30.00	0.00	15.00	80.00	125.00
3	IT System	78.80	249.00	222.00	130.00	70.00	749.80
4	Power Supply	0.00	69.00	140.00	0.00	0.00	209.00
5	Air Conditioning System	13.93	15.00	194.00	5.00	5.00	232.93
6	Other Infrastructure	0.65	1.00	21.00	6.00	6.00	34.65
	<b>Total</b>	<b>94.48</b>	<b>364.00</b>	<b>577.00</b>	<b>156.00</b>	<b>181.00</b>	<b>1372.48</b>

**REPEX Plan**

(₹ in lakh)

S.N.	Expenditure Head	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1	SCADA System	0.00	998.50	0.00	0.00	0.00	998.50
2	IT System	0.00	0.00	0.00	0.00	0.00	0.00
3	Power Supply	0.00	95.00	0.00	0.00	0.00	95.00
4	Civil Works	0.00	0.00	0.00	0.00	0.00	0.00
5	Air Conditioning System	0.00	0.00	0.00	0.00	0.00	0.00
6	Communication	0.00	0.00	0.00	0.00	0.00	0.00
7	Other Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00
8	Digital Exchange	0.00	0.00	10.00	0.00	0.00	10.00
	<b>Total</b>	<b>0.00</b>	<b>1093.50</b>	<b>10.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1103.50</b>

18. The Petitioner has submitted the segregation of additional capital expenditure into capital expenditure (CAPEX) and replacement expenditure (REPEX). The details of the capital expenditure as on 1.4.2014 and the actual expenditure claimed during 2014-19 are as follows:

(₹ in lakh)

S.N.	Expenditure Head	As on 31.3.2014	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1	Opening Gross Block	2887.25	2887.25	2982.19	4155.21	4345.99	4731.84	2887.25
2	CAPEX	-	94.94	61.48	112.07	385.85	256.29	910.63
3	REPEX	-	0.00	1111.54	78.72	0.00	8.94	1199.20
4	<b>Sub Total (2+3)</b>	-	94.94	1173.02	190.79	385.85	265.23	2109.83
5	<b>Closing Capital Cost</b>	-	<b>2982.19</b>	<b>4155.21</b>	<b>4345.99</b>	<b>4731.84</b>	<b>4997.07</b>	<b>4997.07</b>

19. The Petitioner has claimed actual Additional Capital Expenditure for 2014-19 control period and has submitted the Auditor's certificate dated 18.10.2019 in support of the same (separate REPEX has not been indicated). The details of actual





capital expenditure (CAPEX and REPEX together) for the period 2014-19, is as follows:

(₹ in lakh)						
Expenditure Head	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Civil Works	0.00	0.00	16.73	14.50	41.44	72.67
Power Supply	0.00	12.02	78.72	7.94	0.00	98.68
Air Conditioning	13.93	7.00	2.42	16.65	0.00	40.00
Scada Systems (Software)	0.00	225.86	0.00	0.00	0.00	225.86
Scada Systems (Hardware)	4.99	890.30	1.06	35.75	21.26	953.36
Other Infrastructure, including equipment	1.80	0.68	9.66	33.47	24.87	70.48
Communication System	0.00	0.00	0.00	0.00	11.00	11.00
IT Systems (Hardware)	2.42	30.29	66.66	27.55	82.39	209.31
IT Systems (Software)	71.80	6.87	15.54	249.99	84.27	428.47
<b>TOTAL</b>	<b>94.94</b>	<b>1173.02</b>	<b>190.79</b>	<b>385.85</b>	<b>265.23</b>	<b>2109.83</b>

20. Further, the Petitioner *vide* affidavit dated 7.10.2020 has submitted the cost break-up, as mentioned in the Auditor Certificate dated 18.10.2019, along with the clarification of the aforementioned expenditure under the head “Other Infrastructure including equipment”, as follows:

**Year-wise breakup of claimed expenditure under head “Other Infrastructure, including equipment”**

(₹ in lakh)						
DESCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>(1) Other Infrastructure (Furniture):</b>						
Furniture like Sofa Set & Residential office furniture	0.00	0.50	0.57	1.75	0.00	2.82
Table, Chairs, coat hanger, Magazine stand	0.00	0.00	0.12	5.60	5.25	10.97
Cupboard	0.00	0.00	0.00	7.02	0.00	7.02
Crockery cabinet for Canteen	0.00	0.00	0.00	0.43	0.00	0.43
<b>Sub total</b>	<b>0.00</b>	<b>0.50</b>	<b>0.69</b>	<b>14.80</b>	<b>5.25</b>	<b>21.24</b>
<b>(2) Other Infrastructure (Fixtures)</b>						
Fans including ceiling fans, exhaust fans	0.43	0.04	3.25	0.52	0.12	4.35
Cabin & Meeting room	0.00	0.00	0.00	2.68	0.00	2.68
Polly wicker partition	0.00	0.00	0.00	2.17	0.61	2.78
LED tubes & Bulbs	0.00	0.00	0.00	1.84	0.00	1.84
Water pipelines at Staff Quarters	0.00	0.00	0.00	1.04	0.00	1.04
Table Tennis table	0.00	0.00	0.00	0.45	0.00	0.45
<b>Sub total</b>	<b>0.43</b>	<b>0.04</b>	<b>3.25</b>	<b>8.70</b>	<b>0.73</b>	<b>13.15</b>

DESCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>(3) Other Infrastructure (Office Equipment):</b>						
Shoe shine machine, shoe cover dispenser	0.22	0.00	0.08	0.00	0.00	0.30
Mobile phone/telephone sets	1.15	0.14	0.15	0.12	0.17	1.74
IP Based EPABX	0.00	0.00	0.00	0.00	8.94	8.94
Refrigerator	0.00	0.00	0.47	0.24	0.00	0.70
Public Address System	0.00	0.00	4.23	3.34	0.15	7.71
Artificial green grass for terrace garden	0.00	0.00	0.00	0.60	0.00	0.60
Air Purifier	0.00	0.00	0.00	2.40	0.00	2.40
Food warmer	0.00	0.00	0.00	0.07	0.00	0.07
Batteries for Audio systems	0.00	0.00	0.00	1.28	0.00	1.28
Canteen equipment like crockery, cutlery, table-ware	0.00	0.00	0.00	0.70	0.00	0.70
Fire Escape ladder	0.00	0.00	0.00	0.00	0.29	0.29
Motorised Canvas for Conference hall	0.00	0.00	0.00	0.00	0.70	0.70
Framed Western Grid Power Map	0.00	0.00	0.00	0.00	0.46	0.46
Stand for Video Display Unit (VDU)	0.00	0.00	0.00	0.00	0.19	0.19
Cooler cum water purifier	0.00	0.00	0.00	0.00	0.62	0.62
Wi-fi presentation system	0.00	0.00	0.00	0.00	2.25	2.25
Audio System including projector	0.00	0.00	0.00	0.00	5.12	5.12
Transit Camp Assets	0.00	0.00	0.00	0.00	0.00	0.00
Water purifier, Induction Cooker	0.00	0.00	0.00	0.13	0.00	0.13
Bed for transit camp etc	0.00	0.00	0.80	1.08	0.00	1.88
<b>Sub total</b>	<b>1.37</b>	<b>0.14</b>	<b>5.73</b>	<b>9.97</b>	<b>18.89</b>	<b>36.10</b>
<b>Total</b>	<b>1.80</b>	<b>0.68</b>	<b>9.66</b>	<b>33.47</b>	<b>24.87</b>	<b>70.48</b>

21. The Deviation in CAPEX/ REPEX during control period 2014-19 is as follows:

(₹ in lakh)						
Description	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Actual/ Claimed CAPEX/REPEX	94.94	1173.02	190.79	385.85	265.23	2109.83
Approved CAPEX/REPEX	94.48	1457.50	587.00	156.00	181.00	2475.98
<b>Variation (Actual- Approved)</b>	<b>0.46</b>	<b>-284.48</b>	<b>-396.21</b>	<b>229.85</b>	<b>84.23</b>	<b>366.15</b>

22. The break-up of variation in CAPEX is as follows:

(₹ in lakh)



<b>CAPEX VARIATION</b>	<b>Approved</b>	<b>Actual</b>	<b>Variation: (Actual-Approved)</b>
SCADA System	125.00	79.70	-45.30
IT System	749.80	637.78	-112.02
Power Supply	791.37	7.94	-783.43
Air Conditioning System	232.93	40.00	-192.93
Other Infrastructure	34.65	70.48	35.83

23. The break-up of variation in REPEX is as follows:

**(₹ in lakh)**

<b>REPEX VARIATION</b>	<b>Approved</b>	<b>Actual</b>	<b>Variation: (Actual-Approved)</b>
SCADA System	998.50	1099.52	101.02
Power Supply	95.00	90.74	-4.26
Digital Exchange	10.00	8.94	-1.06

24. The Petitioner has submitted that deviations in earlier approved CAPEX/REPEX and that claimed in the instant Petition are due to the following reasons:

a) IT CAPEX: Against an approved CAPEX of ₹749.80 lakh for IT infrastructure (hardware & software), the actual expenditure was ₹637.78 lakh. The variation of ₹112.02 lakh was primarily due to spilling over of capitalization of some of the proposed IT hardware and software beyond 31.3.2019. Some of the proposed software developments which were under progress during 2014-19, would be capitalized in the control period 2019-24. Similarly, a few of the proposed expenditure viz. Renewable Energy (RE) forecasting software were re-scheduled to next control period 2019-24 as per actual necessity.

b) SCADA: The Petitioner in petition no. 241/TT/2015 had claimed ₹998.50 lakh towards replacement of SCADA, which was actually planned during the control period 2009-14. However, in order to ascertain the replacement of SCADA systems of RLDCs and SLDC in a unified manner, the awards could be placed only in the 2012-13 after getting the concurrence of all the SLDCs of the respective regions. Therefore, these have been included in REPEX of 2014-19.



c) Other Infrastructure including equipment: Other infrastructure items such as chairs, tables, sofa and storage units were procured for renovation of office, PA system, wi-fi presentation system, water/ air purifier, pantry appliances were purchased based on the necessity. The above expenses were not specifically envisaged in the CAPEX/REPEX projection but were purchased on need basis and booked under 'Other Infrastructure including Equipment' head of CAPEX.

25. We have considered the submissions of the Petitioner. Regulations 6(5) and 10(1) of the 2015 RLDC Fees Regulations are reproduced below:

**6. Application for determination of fees and charges:**

xxxx

*"(5) The concerned RLDC or NLDC, as the case may be, shall be allowed the fees and charges by the Commission based on the capital expenditure incurred as on 1.4.2014 and projected to be incurred during control period on the basis of CAPEX and REPEX duly certified by the auditor in accordance with these Regulations:*

*Provided that the application shall contain details of underlying assumptions and justification for the capital expenditure incurred and the expenditure proposed to be incurred in accordance with the CAPEX and REPEX."*

Xxxx

**10. Additional Capitalisation and De-Capitalization:**

*"(1) The capital expenditure incurred or projected to be incurred for the assets already in service and the additional assets projected to be procured during tariff period may be admitted, in its discretion, by the Commission, subject to prudence check:*

*Provided that any expenditure for acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, heat convectors, mattresses, carpets etc. purchased during 2009-14 tariff period shall not be considered for additional capitalization for determination of fees and charges."*

Xxxxx

26. We observe that minor items like chairs, tables, sofa, storage units, PA system, wi-fi presentation system, water/ air purifier, pantry appliances etc. have been purchased under the head "Other Infrastructure". Considering the proviso of



Regulation 10(1) of the 2015 RLDC Fees Regulations, the expenditure of ₹70.48 lakh under “Other Infrastructure” being minor items/ assets is not being allowed under additional capital expenditure.

27. We observe that major deviations in CAPEX (projected vs actual) is on items like air conditioning, SCADA and IT systems which is stated to be due to delay in execution/ award as well as due to cost reduction of IT equipment. There are minor variations (5-10%) under REPEX (projected vs actual). Therefore, we allow the CAPEX/ REPEX claimed by the Petitioner and the same has to be recovered from the Users.

28. Thus, the trued up additional capital expenditure on account of CAPEX plan approved in accordance with Regulation 5 read with Regulation 6(5) and Regulation 10(1) of the 2015 RLDC Fees Regulations for control period 2014-19 is as follows:

(₹ in lakh)						
<b>Expenditure Head</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Total</b>
Civil Works	0.00	0.00	16.73	14.50	41.44	<b>72.67</b>
Power Supply	0.00	12.02	78.72	7.94	0.00	<b>98.68</b>
Air Conditioning	13.93	7.00	2.42	16.65	0.00	<b>40.00</b>
SCADA Systems (Software)	0.00	225.86	0.00	0.00	0.00	<b>225.86</b>
SCADA Systems (Hardware)	4.99	890.30	1.06	35.75	21.26	<b>953.36</b>
Communication System	0.00	0.00	0.00	0.00	11.00	<b>11.00</b>
IT Systems (Hardware)	2.42	30.29	66.66	27.55	82.39	<b>209.31</b>
IT Systems (Software)	71.80	6.87	15.54	249.99	84.27	<b>428.47</b>
<b>Total</b>	<b>93.14</b>	<b>1172.34</b>	<b>181.13</b>	<b>352.38</b>	<b>240.36</b>	<b>2039.35</b>

29. Regulation 12(5) of the 2015 RLDC Fees Regulations stipulates as below:

*“Any asset created by the Power System Operation Company out of the money deposited into the LDCD Fund shall not be considered for computation of return on equity, interest on loan and depreciation on same principles as in case of grant. Power System Operation Company shall submit details of such assets in the CAPEX plan.”*

30. Also, the Commission vide order dated 26.12.2016 in Petition No. 241/TT/2015 has observed the following:



*"22. The petitioner has submitted that the REPEX and CAPEX claimed shall be funded through LDC Fund. As per Form 4D, submitted by the petitioner alongwith the petition, the loan portion (i.e. 70 %) of add-cap during 2014-19 period has been funded through LDC fund and equity portion (i.e. 30%) is notional equity, thus, there is no actual equity.*

*23. The expenditure on CAPEX and REPEX is allowed to be met from the LDC funds. The expenditure shall be reflected in the Books of WRLDC. However, in terms of Regulation 12 (5) of the 2015 RLDC Fees Regulations the expenditure shall not earn any return on equity, interest on loan and depreciation. Regulation 12(5) of the 2015 RLDC Fees Regulations provides as under:*

*"Any asset created by the Power System Operation Company out of the money deposited into the LDCD Fund shall not be considered for computation of return on equity, interest on loan and depreciation on same principles as in case of grant. Power System Operation Company shall submit details of such assets in the CAPEX plan."*

31. It is clear from the above that Commission has already taken cognisance of the fact that the additional capital expenditure incurred by the Petitioner on account of CAPEX has been funded through LDC Funds. Therefore, the said additional capital expenditure is not being considered for the purpose of computation of fees and charges as per Regulation 12(5) of the 2015 RLDC Fees Regulations.

### **De-capitalisation**

32. The details of de-capitalisation allowed vide order dated 26.12.2016 in Petition No. 241/TT/2015 as provided under Regulation 10(2) of the 2015 RLDC Fees Regulations are as under:

(₹ in lakh)					
Description	2014-15	2015-16	2016-17	2017-18	2018-19
Auxiliary Power Supply System	0.00	54.21	0.00	0.00	0.00
Office Furniture and furnishing (including Communication Equipment)	0.00	0.00	5.89	0.00	0.00
SCADA Hardware with Test Equipment & Spares (IT Equipments)	0.00	665.54	0.00	0.00	0.00
Software (IT Equipments)	0.00	1108.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>1827.75</b>	<b>5.89</b>	<b>0.00</b>	<b>0.00</b>

33. The details of the de-capitalization as per Form- 4D and as derived from Form- 6B submitted by the Petitioner, is indicated below:

(₹ in lakh)

Description	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Power Supply	0.00	-10.15	0.00	0.00	00.00	-10.15
Air Conditioning Systems – Static	-11.34	-2.59	0.00	0.00	0.00	-13.93
SCADA Systems (Software)	0.00	-997.40	0.00	0.00	0.00	-997.40
SCADA Systems (Hardware)	0.00	-630.65	0.00	0.00	0.00	-630.65
Other Infrastructure, including equipment	0.00	-5.40	-0.64	-0.40	-12.04	-18.48
IT Systems (Hardware)	0.00	0.00	0.00	-3.52	0.00	-3.52
<b>Total</b>	<b>-11.34</b>	<b>-1646.19</b>	<b>-0.64</b>	<b>-3.92</b>	<b>-12.04</b>	<b>-1674.13</b>

34. The Petitioner *vide* affidavit dated 7.10.2020 has submitted year-wise and item-wise amount of decapitalisation. It has been further submitted that the decapitalisation during the control period was due to replacement of various assets under REPEX or scrap sold as per prevailing norms and practices of POSOCO. The detailed reasons of de-capitalization are given as follows:

- a) SCADA Hardware & Software: The old SCADA system implemented prior to last control period had been de-capitalised and deleted from the gross assets after implementation of the new SCADA system.
- b) Air Conditioning Systems: The old air conditioning and ventilation system installed prior to last control period had been de-capitalised and deleted from the gross asset after implementation of the new air conditioning and ventilation system.
- c) IT Hardware: Some IT Hardware had been declared scrap due to obsolescence. This has been done as a buy-back provision included in the scope of the new contract and the buy-back amount has been decapitalised.
- d) Power Supply: Batteries for UPS (2 x 40 KVA) were sold through buy back contract.



e) Other infrastructures including equipment: Battery bank was procured for replacing of old battery bank. The asset was transferred to PGCIL and decapitalized from WRLDC books. Other decapitalised infrastructure items include scrapping of old ceiling and exhaust fans, video conferencing system, photocopier machine, refrigerator, community centre/ recreation equipment etc.

35. We have considered the submissions of the Petitioner. We observe that majority of the de-capitalization of value ₹1646.19 lakh was completed in 2015-16 as new SCADA system was commissioned on 31.12.2015 and old SCADA system with cumulative cost of around ₹1150 lakh, was de-capitalized. De-capitalization shall be carried out as per Regulation 10(2) of the Fees and Charges Regulations.

36. The Petitioner has submitted that CAPEX claimed by the Petitioner has been funded through LDC Fund. This is clear from the Form-4D submitted with the petition that the loan portion (i.e. 70%) of Additional Capitalisation (negative in this case) during 2014-19 period has been funded through LDC Fund and equity portion (i.e. 30%) is notional equity, thereby meaning 'NIL' actual equity.

37. Keeping in view the above, additional capitalization as claimed in the petition and as discussed in paragraphs 28 and 31 is not being allowed for the purpose of fee and charges calculations. However, de-capitalization as indicated in paragraph 33 has been carried out as per Regulation 10(2) of the 2015 RLDC Fees Regulations.

### **Debt-Equity Ratio**

38. Regulation 11 of 2015 RLDC Fees Regulations provides as under:-

*"11. Debt-Equity Ratio:*





*(1) The actual debt-equity ratio as admitted by the Commission for the period ending 31.3.2014 shall be considered for the opening capital cost of each of the Regional Load Despatch Centres and National Load Despatch Centre, as the case may be.*

*(2) The capital expenditure incurred prior to 1.4.2014, where debt: equity ratio has not been determined by the Commission for determination of annual charges of RLDC for the period ending 31.3.2014, the Commission shall determine the debt-equity ratio in accordance with Regulation 9(2) of the Central Electricity Regulatory Commission (Fees and Charges for Regional Load Despatch Centres and other related matters) Regulations, 2009.*

*(3) For the capital expenditure incurred or projected to be incurred on or after 1.4.2014, the debt-equity ratio shall be considered as 70:30. 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 power system operation company 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 RLDC."*

39. The Commission, *vide* order dated 26.12.2016 in petition no. 241/TT/2015, had approved debt-equity ratio of 70.73 : 29.27 as on 1.4.2014. Accordingly, in the present petition, the admitted debt-equity ratio as on 1.4.2014 is 70.73 : 29.27. Also, the Commission *vide* order dated 26.12.2016 in Petition No. 241/TT/2015 had consciously decided to segregate the de-capitalized amount into the same debt-equity ratio as that considered on 1.4.2014. Therefore, in the instant petition too, the de-capitalized amount has been segregated into debt equity ratio of 70.73 : 29.27. As discussed earlier, no additional capital expenditure is being allowed during 2014-19 period. Consequently, there is no change in the debt-equity ratio as on 31.3.2019, vis-à-vis, that on 1.4.2014. The details of the debt-equity as on 1.4.2014 and 31.3.2019 considered for the purpose of true up of WRLDC fees and charges for the 2014-19 period is as follows:



Particular	Capital cost as on 1.4.2014		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	2042.21	70.73%	858.06	70.73%
Equity	845.05	29.27%	355.06	29.27%
<b>Total</b>	<b>2887.25</b>	<b>100.00%</b>	<b>1213.12</b>	<b>100.00%</b>

### Return on Equity (ROE)

40. Regulation 17 of the 2015 RLDC Fees Regulations provides as under:

*"17. Return on equity:*

*(1) Return on equity shall be computed in Rupee terms on the equity base determined in accordance with Regulation 11 of these regulations.*

*(2) Return on equity shall be computed on pre-tax base rate of 15.50% to be grossed up as per the sub-clause (3) of this regulation.*

*(3) The rate of return on equity shall be computed by grossing up the base rate with the effective tax rate of the financial year 2014-15 applicable to the Power System Operation Company :*

*Provided that the return on equity with respect to the actual tax rate applicable to the Power System Operation Company in line with the provisions of the relevant Finance Acts of the respective year during control period shall be trued up at the end of the control period.*

*(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the following formula :*

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

*Where "t" is the effective tax rate in accordance with sub-clause (3)."*

41. To arrive at the Effective Tax Percentage for the 2014-19 tariff period, the Petitioner was directed, vide ROP of hearing dated 20.5.2020, to submit the details of year-wise income tax returns filed and assessment orders thereof. In response, the Petitioner vide affidavit dated 8.6.2020 has submitted copies of year-wise Income Tax returns from 2014-15 to 2018-19. The Petitioner also submitted the Assessment orders in respect of POSOCO for two years only, i.e. 2014-15 and 2015-16, for which assessment by the Income Tax Department has been completed.

42. On the basis of submissions of the Petitioner, following effective tax rates based on actual Income Tax paid by the Petitioner are considered for the purpose of grossing up of rate of return on equity: -

Year	Effective tax (in %)	Grossed up ROE (Base Rate/1-t) (in %)
2014-15	33.990	23.481
2015-16	34.610	23.704
2016-17	34.610	23.704
2017-18	34.610	23.704
2018-19	29.120	21.868

43. Accordingly, ROE as trued-up in accordance with the 2015 RLDC Fees Regulations is shown in the table below: -

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	845.04	841.72	359.91	359.73	358.58
Addition due to Additional Capitalization/ reduction due to de-capitalisation	-3.32	-481.81	-0.19	-1.15	-3.52
Closing Equity	841.72	359.91	359.73	358.58	355.06
Average Equity	843.38	600.82	359.82	359.15	356.82
Return on Equity (Base Rate) %	15.50	15.50	15.50	15.50	15.50
Effective tax rate %	33.990	34.610	34.610	34.610	29.120
Rate of Return on Equity (Pre-tax) %	23.481	23.704	23.704	23.704	21.868
<b>Return on Equity (Pre-tax)</b>	<b>198.03</b>	<b>142.42</b>	<b>85.29</b>	<b>85.13</b>	<b>78.03</b>

### Interest on Loan (IOL)

44. The Petitioner has not claimed Interest on Loan for 2014-19 period as the principal portion of the loan has been repaid fully and there is no positive additional capital expenditure during 2014-19.

### Depreciation

45. Regulations 19(2) and 19(4) of 2015 RLDC Fees Regulations provide as under:-

*"(2) The salvage value of the asset (excluding IT equipments and Software's) shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset. The salvage value for IT equipments and Softwares*



*shall be considered as NIL and 100% value of the assets shall be considered as depreciable.*

(3) Xxxxx

*(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the Regional Load Despatch Centre."*

46. The Petitioner has submitted that depreciation has been worked as per Regulation 19 of the 2015 RLDC Fees Regulations and the salvage value of assets, excluding IT Equipment and Software, have been considered as 10% and there is no salvage value for IT Equipment and Software. The Petitioner has further submitted that depreciation has been worked out as per the rates given in Appendix III of the 2015 RLDC Fees Regulations.

47. Depreciation has been calculated annually based on Straight Line Method and at rates specified in the 2015 RLDC Fees Regulations. Year-wise Weighted Average Rates of Depreciation (WAROD) have been calculated by applying specified rates of depreciation to individual items and these weighted average rates of depreciation have been applied to 90% depreciable assets and 100% depreciable assets. WAROD has been worked out (refer Annexure-1) after taking into account the depreciation rates for IT equipment and software and also for the assets excluding IT equipment and software as prescribed in Appendix-III of the 2015 RLDC Fees Regulations. Following is the working of the depreciation for the instant assets/ items:

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	2887.25	2875.91	1229.72	1229.08	1225.16
Additional Capital expenditure/ reduction due to de- capitalisation	-11.34	-1646.19	-0.64	-3.92	-12.04
Closing Gross Block	2875.91	1229.72	1229.08	1225.16	1213.12
Average Gross Block	2881.58	2052.82	1229.40	1227.12	1219.14
Average Gross Block of Non-	794.15	779.41	770.02	769.50	763.28



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
IT assets					
Average Gross Block of IT assets	2087.43	1273.41	459.38	457.62	455.86
Weighted Average Rate of Depreciation (WAROD) (%)	18.9004%	16.8995%	12.1587%	12.1571%	12.1827%
Depreciable Value (excluding IT equipment and software) 90%	714.74	701.47	693.02	692.55	686.95
Depreciable value of IT equipment and software: 100%	2087.43	1273.41	459.38	457.62	455.86
<b>Total Depreciable Value</b>	<b>2802.17</b>	<b>1974.87</b>	<b>1152.40</b>	<b>1150.17</b>	<b>1142.81</b>
Cumulative Depreciation up to 31.3.2014	2745.87				
Remaining Depreciable Value (Total Dep value minus Cum Dep up to previous year)	56.30	0.00	0.00	0.00	0.00
<b>Depreciation (min of Remaining Dep value or Depreciation as per WAROD)</b>	<b>8.38</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cumulative Depreciation (including dep adjusted due to de-cap)	2791.38	1225.80	1225.19	1221.46	1210.01

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

48. Regulation 20 of 2015 RLDC Fees regulations provide as under: -

*"20. Operation and Maintenance Expenses: -*

*(1) Operation and maintenance (O&M) expenses (excluding human resource expenses) shall be derived on the basis of actual operation and maintenance expenses for the years 2009-10 to 2013-14, based on the audited balance sheets. The O&M expenses shall be normalized by excluding abnormal operation and maintenance expenses, donation, loss-in-inventory, prior-period adjustments, claims and advances written-off, provisions, etc, if any, after prudence check by the Commission.*

*(2) The normalized operation and maintenance expenses, after prudence check, for the years 2009-10 to 2013-14, shall be escalated at the rate of 5.72% to arrive at the normalized operation and maintenance expenses at the 2013-14 price level respectively and then averaged to arrive at normalized average operation and maintenance expenses for the 2009-10 to 2013-14 at 2013-14 price level. The average normalized operation and maintenance expenses of 2013-14 price level shall be escalated at the escalation rate as worked out in accordance with clause (4) of this Regulation to arrive the operation and maintenance expenses for the year 2014-15.*

*(3) The operation and maintenance expenses for the year 2014-15 shall be escalated further at the annual escalation rate as worked out in accordance with clause (4) this Regulation to arrive at permissible operation and maintenance expenses for the subsequent years of the control period.*

*(4) The escalation rate shall be worked out by considering the compounded annual growth rate, inflation rate, rationalization of O&M expenses and other factors, if any.*



*(5) The actual expenditure towards Annual Maintenance Contract (AMC) of SCADA system, after prudence check, shall be considered for arriving at the Operation and Maintenance Expenses during 2014-15 to 2018-19."*

49. Summary of the O&M Expenses approved by the Commission vide order dated 26.12.2016 in petition no 241/TT/2015 and additional O&M expenses approved vide order dated 10.6.2019 in Petition No. 344/MP/2018, are as follows:

(₹ in lakh)						
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
O&M Expenses excluding Human Resource Expenses	791.48	654.15	519.29	556.1	595.78	3116.8
Additional O&M expenses (Order in Petition no. 344/MP/2018 dated 10.6.2019)	0.00	0.00	0.00	0.00	54.22	54.22
<b>Sub-Total O&amp;M</b>	<b>791.48</b>	<b>654.15</b>	<b>519.29</b>	<b>556.10</b>	<b>650.00</b>	<b>3171.02</b>

50. The Actual O&M Expenses claimed by the Petitioner for period 2014-19 are as follows:

(₹ in lakh)						
Description	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
Repair and Maintenance (R&M) Expenses	399.92	430.75	427.49	447.14	531.35	2236.65
Administration and General (A&G) Expenses	437.87	313.32	71.45	174.65	177.30	1174.59
<b>Total O&amp;M Expenses excluding Human Resource Expenses</b>	<b>837.79</b>	<b>744.07</b>	<b>498.94</b>	<b>621.79</b>	<b>708.65</b>	<b>3411.24</b>

51. The Petitioner has submitted that the actual expenditure under O&M expenses is higher than the O&M expenses approved by the Commission for 2014-19. The Petitioner has submitted the reasons for variation in the actual expenses w.r.t the expenses approved by the Commission, as follows:

- a) The Commission vide order dated 26.12.2016 in Petition No. 241/TT/2015 considered average of previous 5 years actual normalized O&M expenses to work out the O&M expenses for the 2014-19 control period. Based on this methodology, O&M expenses worked out for 2014-15 were even less than the actual expenses during 2013-14.

- b) POSOCO got separated from PGCIL w.e.f. 3.1.2017 and has become an independent company, wholly owned by the Government of India. Fresh recruitments were undertaken in different streams and office space was renovated in WRLDC to accommodate the additional manpower.
- c) There has been rise in the O&M expenses due to creation of additional storage space for WRLDC.
- d) POSOCO, being a knowledge based Control Centre Organization, has been actively involved in the Capacity building of its employees and this has also significantly contributed in the Training and Organizational development expenses.

52. We have considered the submissions of the Petitioner. We have also perused orders dated 14.3.2016 in Petition No. 522/TT/2014, order dated 26.12.2016 in Petition No. 241/TT/2015 and order dated 10.6.2019 in Petition No. 344/MP/2018. Increase in O&M expenses have been attributed by the Petitioner to the methodology employed to work out these expenses, increase in SCADA/ AMC charges, expenditure on capacity building and revision in TA/DA rates etc.

53. The Petitioner has also submitted the Auditor Certificate dated 18.10.2019 for O&M Expenses containing 'Repair & Maintenance (R&M) expenses' and 'Administration & General (A&G) expenses'. Further, the Petitioner *vide* affidavit dated 7.10.2020 has submitted the justification and cost break-up of both R&M expenses and A&G expenses, which are discussed in the following paragraphs.

54. The Petitioner *vide* affidavit dated 7.10.2020 has submitted the cost break-up of expenses incurred under head of 'Others (Specify)' in R&M Expenses, which is as under:

**Details of 'Others (specify)' under the head "Repairs and Maintenance Expenses" in O&M Charges in form 7C:**

**(₹ in lakh)**



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Housekeeping & Maintenance	0.00	0.00	9.33	30.09	39.74	79.16
Expenses on Data Entry Operator Services	0.00	0.00	3.71	22.59	39.90	66.20
AMC for IT Systems	0.00	1.15	10.21	10.93	20.75	43.03
AMC & repairs for infrastructure items	0.01	1.27	12.97	17.62	5.89	39.25
<b>Total</b>	<b>1.50</b>	<b>2.42</b>	<b>36.22</b>	<b>81.23</b>	<b>106.28</b>	<b>227.65</b>

55. The Petitioner has incurred the above expenditure on AMC on IT systems, repair of infrastructure, housekeeping etc. which is required for upkeeping the infrastructure and smooth operation of the system. We are allowing the expenditure as claimed by the Petitioner.

56. The Petitioner has also submitted the year-wise expenses approved and incurred/ claimed against SCADA AMC along with its justification. The details of the deviation in AMC of SCADA approved and incurred is as follows:

**Details of deviation of SCADA AMC Charges**

(₹ in lakh)

Items	2014-15	2015-16	2016-17	2017-18	2018-19	Total
AMC of SCADA Approved in Petition No 241/TT/2015	385.32	216.32	47.31	47.31	47.31	743.57
AMC of SCADA as per Actuals submitted in the subject petition	334.12	264.15	0	42.34	36.95	677.56
<b>Difference (Actual – Approved)</b>	<b>-51.2</b>	<b>47.83</b>	<b>-47.31</b>	<b>-4.97</b>	<b>-10.36</b>	<b>-66.01</b>

57. The Petitioner has submitted the justification for the variations in AMC of SCADA as under:

- a) 2014-15: The variation was primarily due to Foreign Exchange Rate Variation (FERV) effecting off-shore portion of the Long Term Service





Agreement (LTSA) contract and subsequent discounted offer given by the vendor M/s GE, considering LTSA extension commitment for 1 year.

b) 2015-16: The variation was due to Foreign Exchange Rate Variation (FERV) that effected off-shore portion of the LTSA contract.

c) 2016-17: The variation was due to delay in commissioning of new SCADA/EMS project and extension of the Defect Liability Period (DLP).

58. 2017-18 and 2018-19: The variation was mainly due to the fact that the actual AMC payment of the new SCADA/EMS was considered as per amended LOA, while approved AMC figure was based on original LOA and the Labour Index Variation was considered as per price variation clause. We have considered the submissions of the Petitioner regarding AMC of SCADA. In our view, claim of the Petitioner is justified and accordingly, we allow the expenses against AMC of SCADA under O&M expenses.

**R&M expenses allowed are as follows:**

(₹ in lakh)						
Description	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Plant and Machinery Repair & Maintenance	91.94	18.34	20.99	18.87	8.81	158.95
Civil Works Repair and maintenance	10.31	28.41	14.24	32.21	25.26	110.43
Others	1.50	2.42	36.22	81.23	106.28	227.65
Total	103.75	49.17	67.74	109.72	100.45	430.83
AMC of SCADA	334.12	264.15	0.0	42.34	36.95	677.56
<b>Total</b>	<b>437.87</b>	<b>313.32</b>	<b>71.45</b>	<b>174.65</b>	<b>177.30</b>	<b>1174.59</b>



59. The petitioner has submitted the details of actual Administrative & General Expenses and has also submitted Auditor's certificate dated 18.10.2019 for the same. The details submitted by the Petitioner are as under:

(₹ in lakh)

Items	2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>Property related expenses</b>						
Rates and Taxes	0.58	2.09	1.71	1.52	1.55	7.45
Insurance	1.28	1.15	1.12	0.68	1.26	5.49
<b>Sub Total.</b>	<b>1.86</b>	<b>3.24</b>	<b>2.83</b>	<b>2.20</b>	<b>2.81</b>	<b>12.94</b>
<b>Communication</b>						
Telephone and Trunk Call	10.14	15.45	10.93	12.16	12.53	61.21
Postage and Telegram	1.91	2.07	1.89	1.53	1.22	8.62
Courier Charges	0.13	0.30	0.35	0.01	0.00	0.79
Other (Internet Leased Line Charges)	15.33	15.69	36.02	17.08	43.01	127.13
<b>Sub Total</b>	<b>27.51</b>	<b>33.51</b>	<b>49.19</b>	<b>30.78</b>	<b>56.76</b>	<b>197.75</b>
<b>Professional charges</b>						
Legal Expenses	15.29	11.48	6.54	13.13	4.24	50.68
Consultancy Charges	1.31	2.54	3.03	4.39	2.06	13.33
Technical Fees	0.00	0.00	0.00	0.00	1.20	1.20
Audit Fees	0.00	0.00	0.00	0.98	0.43	1.41
Other Charges	1.32	2.99	2.66	2.44	2.80	12.21
<b>Sub Total</b>	<b>17.92</b>	<b>17.01</b>	<b>12.23</b>	<b>20.94</b>	<b>10.73</b>	<b>78.83</b>
<b>Conveyance and travelling</b>						
Conveyance Charges	20.18	20.02	18.42	19.36	34.80	112.78
Travelling Charges	59.85	40.21	59.84	51.08	67.97	278.95
Hire Charges of Vehicle	16.53	16.37	15.38	17.26	24.53	90.07
<b>Sub Total</b>	<b>96.56</b>	<b>76.60</b>	<b>93.64</b>	<b>87.70</b>	<b>127.30</b>	<b>481.80</b>
<b>Other Expenses</b>						
Electricity Charges	115.44	122.44	116.34	115.27	114.89	584.38
Fees and Subscription	0.00	0.00	0.00	0.82	0.02	0.84
Books and Periodicals	1.54	1.23	1.44	1.02	0.41	5.64
Printing and Stationery	3.06	3.96	3.25	13.75	3.60	27.62
Advertisement	0.00	0.00	0.01	0.46	0.00	0.47
Entertainment	1.96	2.12	2.54	3.42	3.89	13.93
Watch and Ward	31.51	36.22	37.35	41.10	42.66	188.84
Miscellaneous	63.84	79.15	62.25	40.99	103.40	349.63
Organizational Development Expenses	7.55	12.34	7.35	22.15	9.43	58.82
Training	10.13	10.20	11.84	40.83	27.60	100.60
Water Charges	14.92	26.20	22.31	25.54	26.96	115.93
<b>Sub Total.</b>	<b>249.95</b>	<b>293.86</b>	<b>264.68</b>	<b>305.35</b>	<b>332.86</b>	<b>1446.70</b>



<b>Additional expenses</b>						
EDP Expenditure	6.12	6.53	4392	0.17	0.89	18.63
<b>Sub Total</b>	<b>6.12</b>	<b>6.53</b>	<b>4.92</b>	<b>0.17</b>	<b>0.89</b>	<b>18.63</b>
<b>Total</b>	<b>399.92</b>	<b>430.75</b>	<b>427.49</b>	<b>447.14</b>	<b>531.35</b>	<b>2236.65</b>

60. The Petitioner *vide* affidavit dated 7.10.2020 has submitted the cost break-up of A&G expenses along with the clarification of certain expenses, which are described below:

**Details of "Miscellaneous" head under (A & G Expenses) in Form- 7D**

(₹ in lakh)

DESCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Expenses on Meetings	7.65	12.51	11.78	3.21	8.52	<b>43.67</b>
Cultural Meet Expenses	0.00	5.77	6.74	5.46	31.63	<b>49.60</b>
Rebate to customers	46.27	47.73	36.56	26.30	39.11	<b>195.97</b>
National Day/ Ceremonial Expenses	0.48	0.60	0.93	1.54	1.74	<b>5.29</b>
Safety/ Hindi/ Vigilance/ Environment day celebrations	4.97	7.69	6.22	3.40	1.31	<b>23.58</b>
Expenses such as Parliamentary Committee Expenses, Brokerage & Commission-Office & Residential accommodation, Horticulture expenses etc.	4.47	4.85	0.02	1.08	21.09	<b>31.52</b>
<b>Total</b>	<b>63.84</b>	<b>79.15</b>	<b>62.25</b>	<b>40.99</b>	<b>103.40</b>	<b>349.63</b>

61. The Petitioner has incurred substantial amount on meetings, cultural meet, National Day/ ceremonial expenses, safety/ Hindi/ vigilance/ Environment Day celebrations. We note that expenditure incurred by the Petitioner during 2014-19 under aforesaid heads is approx. Rs 122.00 lakh. In our view, expenditure on celebrations and ceremonial expenses should be incurred prudently with the approval of the Board of Directors of the Company to avoid any unreasonable expenditure. The planned expenses corresponding to such items should be furnished at the time of seeking approval for the next control period. We are, however, allowing these expenses under 'Miscellaneous head' for the current



control period as detailed in paragraph 60 above with a direction to the Petitioner to be more prudent while incurring such expenses in future.

62. Further, the Petitioner has claimed expense of ₹195.97 lakh on account of rebate to customers. Rebate is allowed to the Users by RLDCs on gross bill amount as per the provision in Regulation 34 of RLDC Fees and Charges Regulation. It cannot be treated as an expense. Accordingly, expenses shown under "Rebate to Customers" is not allowed.

63. The Commission vide order dated 26.12.2016 in Petition No. 241/TT/2015 has observed the following:

*"38. We have considered the submissions of the petitioner. The donations and other charges which do not form part of O&M Expenses are disallowed. As regards the training expenditure, it has been decided in order dated 30.8.2015 in Petition No. 222/MP/2015 that the expenditure incurred for training the personnel from SLDC would be met from the LDC Fund. Since the expenditure on training of the personnel of WRLDC has been considered as part of the O&M Expenses of WRLDC, the same shall be met from the O&M Expenses. Accordingly, the training expenditure related to employees of POSOCO (WRLDC) is allowed as part of O&M Expenses. It is observed that the petitioner has booked certain expenses under the head 'Organization Developmental Expenses'. However, the petitioner has not clarified whether this expenditure is related to employee welfare development or other expenses. Thus, only 50% of the expenses claimed under the head 'Organization Developmental Expenses' is allowed. The same will be reviewed at the time of truing up of 2014-19 charges on submission of clarification by the petitioner."*

64. The Petitioner vide affidavit dated 7.10.2020 has submitted that 'Organization Developmental Expenses' include the fees paid to different educational institutes such as IITs, IIMs, Jamia Milia Islamia, NPTI etc. and fees paid against various conferences and seminars. We observe that the Petitioner has complied with the directions of the Commission as quoted above. Accordingly, the expenditure incurred under Organizational Development Expenses is allowed.

65. Regarding expenses under the 'Training' sub-head in Administrative & General Expenses, the Petitioner has submitted that these expenses under the

head 'Training' were incurred on its own employees. Hence, we approve such expenses to be recovered as part of O&M expenses. We observe that there is mixing up of expenses under "Training" and "Organizational Development Expenses". We direct the Petitioner to have a transparent policy to categorise expenses under "training" or "Organisational Development Expenses" to avoid any overlap for subsequent control periods.

66. The Petitioner has stated that "Other Charges" under "Professional Charges" include expenses related to Audit and the expenses related to Watch & Ward including expenses for payment to different security agencies. Further, the Petitioner has submitted the break-up of expenses in sub-head "Others" under the head 'R&M Expenses' and breakup of expenses in "Miscellaneous" under the head 'A&G Expenses'.

67. Accordingly, the expenditure under the head "Miscellaneous" allowable as a part of Administrative & General Expenses for the Control period 2014-19 is as under:

(₹ in lakh)						
DESCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Expenses on Meetings	7.65	12.51	11.78	3.21	8.52	<b>43.67</b>
Cultural Meet Expenses	0.00	5.77	6.74	5.46	31.63	<b>49.60</b>
National Day/ Ceremonial Expenses	0.48	0.60	0.93	1.54	1.74	<b>5.29</b>
Safety/ Hindi/ Vigilance/ Environment day celebrations	4.97	7.69	6.22	3.40	1.31	<b>23.58</b>
Expenses such as Parliamentary Committee Expenses, Brokerage & Commission-Office & Residential accommodation,	4.47	4.85	0.02	1.08	21.09	<b>31.52</b>



DESCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Horticulture expenses etc.						
<b>Total</b>	<b>17.57</b>	<b>31.42</b>	<b>25.69</b>	<b>14.69</b>	<b>64.29</b>	<b>153.66</b>

68. Consequently, the allowable Administrative & General Expenses for the Control period 2014-19 are as under:

(₹ in lakh)

Items	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Property related expenses	1.86	3.24	2.83	2.20	2.81	12.94
Communication	27.51	33.51	49.19	30.78	56.76	197.75
Professional charges	17.92	17.01	12.23	20.94	10.73	78.83
Conveyance and travelling	96.56	76.60	93.64	87.70	127.30	481.80
Other Expenses	203.68	246.13	228.12	279.05	293.75	1250.73
Additional Expenses	6.12	6.53	4.92	0.17	0.89	18.63
<b>Total</b>	<b>353.65</b>	<b>383.02</b>	<b>390.93</b>	<b>420.84</b>	<b>492.24</b>	<b>2040.68</b>

69. Thus, the allowable trued-up O&M Expenses for WRLDC as per the 2015 RLDC Fees Regulations for the control period 2014-19 are as follows:

(₹ in lakh)

O & M Expenses	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Repairs and Maintenance	437.87	313.32	71.45	174.65	177.30	1174.59
Administrative and General Expenses, etc.	353.65	383.02	390.93	420.84	492.24	2040.68
<b>Total O&amp;M Expenses</b>	<b>791.52</b>	<b>695.74</b>	<b>462.38</b>	<b>595.49</b>	<b>669.54</b>	<b>3215.27</b>

### Human Resource Expenses (HR Expenses)

70. Regulation 21 of 2015 RLDC Fees Regulations provides as under:-

*“(1) Human resource expenses shall be derived on the basis of actual human resource expenses for the years 2009-10 to 2013-14 based on the audited balance sheets. The human resource expenses shall be normalized by excluding abnormal Human resource expenses, ex-gratia, VRS expenses, prior-period adjustments, claims and advances written-off, provisions, etc., if any, after prudence check by the Commission: Provided that performance related pay computed in accordance with*



*DPE guidelines shall be met from the incentive allowed in accordance with sub-clause (5) of Regulation 29 of these Regulations.*

*(2) The normalized human resource expenses, after prudence check, for the year 2009-10 to 2013-14, shall be escalated at the rate of 5.72% to arrive at the normalized human resource expenses at the 2013-14 price level respectively and then averaged to arrive at normalized average human resource expenses for the 2009-10 to 2013-14 at 2013-14 price level.*

*(3) The manpower approved during the year 2013-14 shall be the basis for computation of the HR expenses for 2014-15. Thereafter, for the subsequent years, the HR expenses shall be escalated at the annual escalation rate.*

*(4) The average normalized human resource expenses of 2013-14 price level shall be escalated at the escalation rate as worked out in accordance with clause (6) this Regulation to arrive the operation and maintenance expenses for the year 2014-15.*

*(5) The human resource expenses for the year 2014-15 shall be escalated further at the annual escalation rate as worked out in accordance with clause (6) this Regulation to arrive at permissible human resource expenses for the subsequent years of the control period:*

*Provided that the human resource expenses from 1.1.2017 onwards shall be further rationalized after considering 50% increase in employee cost on account of pay revision of the employees of the Public Sector Undertakings to arrive at the permissible human resource expenses for the year 2017-18 and 2018-19.*

*(6) The escalation rate shall be worked out by considering the compound annual growth rate, inflation rate, rationalization of human resource and other factors, if any.*

*(7) The cost of anticipated increase in the manpower of each year of the control period shall also be considered after prudence check."*

71. The Petitioner has submitted summary of the HR Expenses approved by the Commission vide order date 26.12.2016 in Petition No. 241/TT/2015 and additional HR Expenses approved vide order dated 10.6.2019 in Petition No. 344/MP/2018, which is as follows:

(₹ in lakh)						
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Human Resource Expenses (Order in Petition no. 241/TT/2015 dated 26.12.2016)	1528.10	1647.29	1775.76	1914.26	2063.55	8929.97
Pay Revision (Order in Petition no. 344/MP/2018 dated 10.6.2019)	0.00	0.00	64.57	351.29	386.42	802.28
Certification Linked Incentive (Order in Petition no.	0.00	0.00	0.00	0.00	131.70	131.70





Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total
344/MP/2018 dated 10.6.2019)						
<b>Total HR Expenses</b>	<b>1528.10</b>	<b>1647.29</b>	<b>1840.33</b>	<b>2265.55</b>	<b>2581.67</b>	<b>9862.95</b>

72. The Actual HR Expenses incurred and claimed by the Petitioner for period 2014-19 are as follows:

(₹ in lakh)						
Description	2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>SALARY AND ALLOWANCE</b>						
Salaries	388.16	384.91	369.2	365.71	822.51	2330.49
Dearness allowance	372.14	415.85	437.39	451.59	191.24	1868.21
Other Allowances	195.79	194.81	183.85	184.48	311.35	1070.28
Productivity link Incentive	0.00	0.00	0.00	0.00	131.70	131.70
Wage Revision Provisional Expenses	0.00	0.00	64.57	351.29	127.20	543.06
<b>Sub Total</b>	<b>956.09</b>	<b>995.57</b>	<b>1055.01</b>	<b>1353.07</b>	<b>1584.00</b>	<b>5943.74</b>
<b>OTHER STAFF COST</b>						
Reimbursement of Medical Expenses	34.44	72.39	118.99	64.24	51.42	341.48
Reimbursement of House Rent/ Lease	90.95	79.76	72.33	73.66	134.58	451.28
Encasement of earned Leaves	127.04	107.04	95.39	131.63	146.61	607.71
<b>Sub Total</b>	<b>252.43</b>	<b>259.19</b>	<b>286.71</b>	<b>269.53</b>	<b>332.61</b>	<b>1400.47</b>
Staff welfare Expenses	49.12	37.44	42.97	47.84	74.79	252.16
Terminal Benefits	212.45	262.84	281.85	217.87	359.78	1334.79
<b>Sub Total.</b>	<b>261.57</b>	<b>300.28</b>	<b>324.82</b>	<b>265.71</b>	<b>434.57</b>	<b>1586.95</b>
<b>Total</b>	<b>1470.09</b>	<b>1557.04</b>	<b>1666.54</b>	<b>1888.31</b>	<b>2351.18</b>	<b>8933.16</b>

73. The Petitioner has submitted following reasons for decrease in the actual HR expenses w.r.t the expenses approved by the Commission.

- Up to 2016-17, manpower has almost remained unchanged even though there has been gradual addition to the manpower (mainly Executive/Diploma Trainees) every year due to retirements at regular intervals and migration of employees to erstwhile holding company, PGCIL. The Commission vide order dated 10.6.2019 in Petition No. 344/MP/2018 observed that as on 31.3.2019 manpower at WRLDC got reduced to 87 from 93 in 2014-15 after considering fresh recruitment/ superannuation.



b) During 2017-18, even though manpower has increased, but the actual amount of HR expenses remained same as that of the approved expenses. This is due to the fact that increase in manpower is primarily at the induction level and there was substantial gap in the remuneration of employees getting retired and those being recruited at the trainee Level.

74. The Commission *vide* ROP of hearing dated 25.2.2020 directed the Petitioner to furnish Form 7B with complete details of expenses in different heads, like bonus, ex-gratia, expenditure on VRS and revenue recovered, if any, and breakup of head 'Staff Welfare Expenses'. In response, the Petitioner *vide* affidavit dated 16.3.2020 has submitted that such expenses have been 'Nil'. The Petitioner has enclosed the break-up of head 'Staff Welfare Expenses' along with other information.

75. The Commission directed the Petitioner to clarify as to whether the Productivity Linked Incentive in Form 7B refers to Performance Linked Incentive or Certification Linked Incentive or any other amount. The Petitioner was also asked to furnish the details for the Performance Linked Incentive allowed by the Commission, audited actual incentive recovered from the Users and audited disbursed/paid to employees for the period 2014-19 and Certificate linked incentive allowed by the Commission in Petition No. 344/MP/2018 for period 2014-19 vis-à-vis the Audited actual disbursed to the employees. The Commission also directed the Petitioner to submit detailed note on methodology followed by POSOCO as per DPE Guidelines for PRP calculation for 2014-19 period for yearly Performance Linked Incentive claimed/ recovered from the Users.

76. In response, the Petitioner *vide* affidavit dated 16.3.2020 has submitted that the amount shown under the head 'Productivity Linked Incentive' refers to the amount provisioned towards payment of 'Certificate Linked Incentive'. The Petitioner has enclosed the Auditor Certificate and details of actual revenue collected from the



Users for the control period 2014-19. Further, the Petitioner has submitted that the 'PLI' allowed by the Commission is same as recovered from the Users as mentioned in the attached Certificate. The Petitioner has also enclosed the detailed note on methodology followed by POSOCO as per DPE OM for PRP calculation for 2014-19 period for yearly Performance Linked Incentive claimed/ recovered from the Users.

77. We have considered the submissions of the Petitioner. We have also perused order dated 14.3.2016 in Petition No. 522/TT/2014, order dated 26.12.2016 in Petition No. 241/TT/2015 and order dated 10.6.2019 in Petition No. 344/MP/2018, wherein the following has been allowed:

- a. The Commission vide order dated 10.6.2019 in Petition No. 344/MP/2018 allowed the wage revision of POSOCO's employees w.e.f. 1.1.2017 along with the recruitment of additional manpower, subject to true-up.
- b. Also, the Commission in the said order dated 10.6.2019, allowed the expenses on account of Certification Linked Incentive (CLI) for payment to Certified System Operators of NLDC/RLDCs.

78. We observe from paragraph 72 that there is a substantial increase in component "salaries" in year 2018-19 over year 2017-18. The Petitioner has submitted details about actual manpower at WRLDC in petition no. 344/MP/2018, as under:

Description	2014-15	2015-16	2016-17	2017-18	2018-19
Actual Manpower deployed in WRLDC (NOS.)	93	89	88	94	87

79. We observe that actual HR expenses are less than that allowed by the Commission vide orders in Petition No. 241/TT/2015 and Petition No. 344/MP/2018. We observe that there is considerable increase in component "salaries" in year 2018-19 over year 2017-18. It is seen that manpower of WRLDC is reduced to 87 in



the year 2018-19 against 94 in the year 2017-18. There has also been wage revision w.e.f. January 2017. Considering implementation of pay revision, we are of the view that the increase in 'Salaries' is justified.

80. The Petitioner has furnished the cost break-up of "Staff Welfare Expenses" indicated in the Auditor Certificate dated 18.10.2019, as under:

**Details of head "Staff Welfare Expenses" in HR Expenses Form 7B**

(₹ in lakh)

DESCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Other Employee Welfare Expenses	35.75	23.66	34.69	31.19	15.57	140.86
PF and other Funds Administration Charge	1.40	1.46	3.01	4.73	6.24	16.84
Games and Sports Expenses	0.34	0.04	0.00	3.33	0.75	4.46
Awards to Employees	4.51	3.53	0.87	0.04	2.80	11.75
Family Planning - Cash Incentives	2.45	2.47	2.35	2.00	1.40	10.67
Liveries and Uniforms	4.67	6.28	2.05	6.55	48.03	67.58
<b>Total</b>	<b>49.12</b>	<b>37.44</b>	<b>42.97</b>	<b>47.84</b>	<b>74.79</b>	<b>252.16</b>

81. The Petitioner has submitted cost break-up of the head 'Other Employee Welfare Expenses' under 'Staff Welfare Expenses' in the above table, as under:

**Details of head 'Other Employee Welfare Expenses' under "Staff Welfare Expenses" in HR Expenses Form 7B**

(₹ in lakh)

DESCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Death Relief Employee	0.00	0.00	9.19	8.92	0.00	18.10
Vigilance/Safety week expenses	0.00	4.42	0.00	1.07	0.00	5.49
Misc. such as expenses on Preventive Health Check-up of Employees, Republic day, Independence Day etc.	35.75	19.24	25.51	21.21	15.57	117.28
<b>Total</b>	<b>35.75</b>	<b>23.66</b>	<b>34.69</b>	<b>31.19</b>	<b>15.57</b>	<b>140.86</b>

82. We note that under 'Miscellaneous expense', the Petitioner has claimed multiple expenses clubbed together which include expenditure related to Republic Day and Independence Day celebrations. The expenditure shown under this head



has wide variation, year-to-year, ranging from ₹15.57 lakh to ₹35.75 lakh. In the instant case, the amount is being allowed as claimed. However, the Petitioner should claim such expenditure under appropriate heads in the next control period.

83. In view of above, the allowed 'Staff welfare expense' under HR Expenses for the control period 2014-19 are as under:

						(₹ in lakh)
DESCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Other Employee Welfare Expenses	35.75	23.66	34.69	31.19	15.57	140.86
PF and other Funds Administration Charge	1.40	1.46	3.01	4.73	6.24	16.84
Games and Sports Expenses	0.34	0.04	0.00	3.33	0.75	4.46
Awards to Employees	4.51	3.53	0.87	0.04	2.80	11.75
Family Planning - Cash Incentives	2.45	2.47	2.35	2.00	1.40	10.67
Liveries and Uniforms	4.67	6.28	2.05	6.55	48.03	67.58
<b>Total</b>	<b>49.12</b>	<b>37.44</b>	<b>42.97</b>	<b>47.84</b>	<b>74.79</b>	<b>252.16</b>

84. The Petitioner has submitted Auditor's Certificate dated 18.10.2019 indicating the expense of ₹131.70 lakh w.r.t. 'Productivity Linked Incentive' for FY 2018-19. However, the Petitioner *vide* affidavit dated 16.3.2020, has clarified that the said head is 'Certification Linked Incentive' (CLI) instead of 'Productivity Linked Incentive'. Also, the Petitioner has submitted that the said CLI amount has not been disbursed yet and this amount was just provisioned against CLI. The Petitioner has submitted that WRLDC has not been able to disburse this amount due to various reasons and, therefore, this amount shall be refunded to the Users. Since the CLI amount has not been disbursed by the Petitioner, we are not inclined to allow this expenditure in this control period. Moreover, the Performance Linked Incentive payments made by the Petitioner are being dealt by the Commission in separate petition filed by the Petitioner.



85. The Petitioner has submitted that expenses under the head "Other Allowances", Perks and allowances @49 % (before 3<sup>rd</sup> pay revision) & 35% (after 3<sup>rd</sup> pay revision) of basic pay have been booked as permitted under the concept of "Cafeteria Approach" in accordance with 2<sup>nd</sup> and 3<sup>rd</sup> Pay Revision Guidelines of DPE respectively .

86. The Petitioner has claimed expenses under various heads such as salaries, dearness allowance, other allowances, wage revision provisional expenses, reimbursement of medical expenses, leave travel concession, reimbursement of house rent/ lease, encashment of earned leave and terminal benefits. We note that these expenditures are part of individual employee's salary and other defined benefits as per company policy/ DPE guidelines. Therefore, we allow the expenditure claimed under above said heads to be recovered from beneficiaries/ Users.

87. The Petitioner *vide* affidavit dated 7.10.2020 has submitted that the Petitioner had inadvertently missed to include, in the Petition, the expenses against the IND AS w.e.f. FY 2016-17 in Staff Welfare expenses. The Petitioner has sought the reimbursement of the said expenses under the head "Human Resources Expenses" as under:

(₹ in lakh)				
RLDCs	FY 2016-17	FY 2017-18	FY 2018-19	Total
WRLDC	17.98	18.03	28.09	64.10

88. The Petitioner has submitted that the Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies (Indian Accounting Standard (IND AS)) Rules



2015, which stipulated adoption and applicability of IND AS beginning from the accounting period 2016-17. IND AS is also applicable on POSOCO from 2016-17.

89. As per paragraph 4.1.2 of IND AS 109, all financial assets shall be measured at amortized cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

90. The Petitioner has submitted that both the above conditions are met in case of loans provided by the POSOCO to its employees. Hence, said asset is required to be valued as per IND AS.

91. In line with the above provisions of IND AS, the expenditure accounted for under “Human Resources expenses” in the Annual Accounts of POSOCO from FY 2016-17 to FY 2018-19 are as under:

(₹ in lakh)				
RLDCs	FY 2016-17	FY 2017-18	FY 2018-19	Total
NLDC	18.17	6.04	53.73	77.94
NRLDC	13.30	6.78	96.20	116.28
WRLDC	17.98	18.03	28.09	64.10
SRLDC	8.16	1.66	49.16	58.98
ERLDC	18.01	2.24	58.01	78.26
NERLDC	3.65	2.46	7.17	13.28
<b>Total</b>	<b>79.27</b>	<b>37.21</b>	<b>292.36</b>	<b>408.84</b>

92. The Petitioner has submitted that such expenses were inadvertently excluded in the truing up petitions of NLDC and RLDCs for 2014-19. The Petitioner has requested to consider allowing these expenses under the head ‘Staff Welfare Expenses’.



93. We have considered the submissions of the Petitioner. Paragraph 4.1.2 of IND AS 109 stipulates as below:

*“4.1.2 A financial asset shall be measured at amortized cost if both of the following conditions are met:*

*(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and*

*(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

*Paragraphs B4.1.1–B4.1.26 provide guidance on how to apply these conditions.”*

94. It is observed that loans have been provided by POSOCO to its employees, which, under the patronage of Employees' Benefits, could be interest free or low-interest bearing loans. The Petitioner has requested that the said financial asset be valued as per IND AS. Under IND AS, all financial assets and liabilities are required to be recorded at fair value at initial recognition instead of the actual cost. Difference between the same is required to be accounted in the P&L Account in most cases. The interest-free loans or low-interest bearing loans given or taken are required to be apportioned indicating principal and notional interest. Such notional interest is recognized as income/ expense in the P&L account over the period of loan. In the instant case, the expenses being notional and not actual, we are not inclined to include the additional Human Resources expenses claimed as above for fee and charges calculations.

95. Accordingly, the claimed vis-s-vis approved Human Resources (HR) Expenses for the control period 2014-19 is summarised as under:

(₹ in lakh)						
Description	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
HR Expenses Claimed	1470.09	1557.04	1666.54	1888.31	2351.18	8933.16
HR Expenses Allowed	1470.09	1557.04	1666.54	1888.31	2219.48	8801.46



96. Therefore, the claimed vis-à-vis allowed expenses for the control period 2014-19 are summarised as under:

(₹ in lakh)			
S.N.	Parameter	Claimed	Allowed
1	CAPEX & REPEX	2109.83	2039.35
2	O&M Expenses (Excluding Human Resource Expenses)	3411.24	3214.67
3	Human Resource Expenses	8933.16	8801.46

97. As explained in paragraph 31 of this Order, the allowed CAPEX is not being considered for working out the Fee and Charges.

#### **Apportioned NLDC Charges & Corporate Office expenses**

98. Clause 23 (3) of the 2015 RLDC Fees Regulations provide as under:

*"(3) All expenses of NLDC and Corporate Office expenses approved by the Commission shall be apportioned to the Regional Load Despatch Centre on the basis of the peak demand served (in MW) in the respective region as indicated in CEA's website for the preceding year."*

99. Accordingly, the NLDC charges and Corporate Office expenses to be apportioned to the Regional Load Despatch Centre on the basis of the demand served in the respective Region. The Petitioner has submitted category-wise Peak Demand met during 2014-19 period. Vide Order dated 25.2.2021 in Petition No 430/MP/2019, the Commission has allowed the NLDC Charges and Corporate Office expenses. Therefore, on the basis of the NLDC Charges & Corporate Office Expenses, the year-wise apportioned NLDC charges & Corporate Office expenses to the WRLDC has been worked out as under:

(₹ in lakh)						
Description	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
Apportioned NLDC Charges & Corporate Office expenses to WRLDC	883.86	790.05	814.31	1096.66	1658.98	5293.02





### **Interest on Working Capital**

100. Regulation 22 of the 2015 RLDC Fees Regulations provide as under:-

*"22. Interest on Working Capital:*

*(1) The working capital shall cover:*

- (i) Operation and maintenance expenses (excluding human resource expenses) for one month;*
- (ii) Human resource expenses for one month;*
- (iii) NLDC charges for one month; and*
- (iv) Receivables equivalent to two months of annual charges as approved by the Commission.*

*(2) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2014.*

*(3) Interest on working capital shall be payable on normative basis notwithstanding that the Power System Operation Company has not taken any loan for working capital from any outside agency."*

101. Accordingly, following expenses have been worked out for determination of

Interest on Working Capital:

- (i) O&M Expenses excluding human resource expenses have been considered for one month of the recommended O&M expenses.
- (ii) Human Resource Expenses have been considered for one month of the recommended O&M Expenses.
- (iii) NLDC charges for 1 month have been included in the computation of interest on working capital.
- (iv) The receivables have been worked out on the basis 2 months of Annual charges as worked out above.
- (v) Rate of interest on working capital has been arrived at as SBI Base Rate Plus 350 bps as on 1.4.2014 (i.e.13.50%).

102. Interest on working capital worked out for the 2014-19 period is as follows:

<b>(₹ in lakh)</b>					
<b>Description</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
NLDC Charges	73.66	65.84	67.86	91.31	138.25
O & M Expenses Excluding Human Resource Expenses	65.96	57.98	38.53	49.62	55.80
Human Resource Expenses	122.51	129.75	138.88	157.36	184.96
Receivables	585.71	548.93	522.02	631.86	797.48
Total Working Capital	847.83	802.50	767.29	930.23	1176.48
Rate of Interest on Working Capital	13.50%	13.50%	13.50%	13.50%	13.50%



<b>Interest</b>	114.46	108.34	103.58	125.58	158.82
-----------------	--------	--------	--------	--------	--------

### **Annual Fee and charges**

103. The details of the trued up annual fee and charges allowed for WRLDC as per the 2015 RLDC Fees Regulations for control period 2014-19 tariff period is summarized below:

	<b>(₹ in lakh)</b>				
<b>Annual Fee &amp; Charges</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Depreciation	56.30	0.00	0.00	0.00	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	198.03	142.42	85.29	85.13	78.03
Interest on Working Capital	114.46	108.34	103.58	125.58	158.82
O & M Expenses (Excluding Human Resource Expenses)	791.52	695.74	462.38	595.49	669.54
Human Resource Expenses	1470.09	1557.04	1666.54	1888.31	2219.48
NLDC Charges and Corporate Office Expenses	883.86	790.05	814.31	1096.66	1658.98
<b>Total</b>	<b>3514.26</b>	<b>3268.37</b>	<b>3131.33</b>	<b>3845.30</b>	<b>4807.57</b>

### **Billing and payment of Charges**

104. Billing and payment of charges allowed shall be governed by Regulation 31 of the 2015 RLDC Fees Regulations. Accordingly, POSOCO will raise bills for these charges on monthly basis directly from the Users as per the said Regulation.

105. Further, in terms of Regulations 8(3) and 8(4) of the 2015 RLDC Fees Regulations, the amount under-recovered or over-recovered by Regional Load Despatch Centres or NLDC as that case may be along with simple interest at the rate equal to the bank rate as on 1<sup>st</sup> April of the respective year shall be recovered or refunded by the respective RLDCs or NLDC or Users, as the case may be, in 6 equal monthly instalments starting within 3 months from the date of this order issued by the Commission after carrying out the truing up exercise.



106. This order disposes of Petition No. 434/MP/2019.

Sd/-

**(Arun Goyal)**  
**Member**

Sd/-

**(I. S. Jha)**  
**Member**

Sd/-

**(P. K. Pujari)**  
**Chairperson**



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)  
FOR THE 2014-19 TARIFF PERIOD**

**WRLDC**

WRLDC (2014-19)	Admitted Capital Cost as on 1.4.2014	Admitted Additional Capitalisation during tariff period 2014-19	Admitted Capital Cost as on 31.3.2019	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations				
					2014-15	2015-16	2016-17	2017-18	2018-19
Capital Expenditure									
Freehold Land	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building & Other Civil Works	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Auxiliary Power Supply System	55.14	-10.15	44.99	5.28%	2.91	2.64	2.38	2.38	2.38
Office Furniture and furnishing (including Communication Equipment)	744.68	-18.48	726.20	6.33%	47.14	46.97	46.78	46.74	46.35
Others	0.00	-13.93	-13.93	5.28%	-0.30	-0.67	-0.74	-0.74	-0.74
SCADA Hardware with Test Equipment & Spares (IT Equipments)	875.66	-634.17	241.49	15.00%	131.35	84.05	36.75	36.49	36.22
Software (IT Equipments)	1211.77	-997.40	214.37	30.00%	363.53	213.92	64.31	64.31	64.31
<b>Total</b>	<b>2887.25</b>	<b>-1674.13</b>	<b>1213.12</b>	<b>Total</b>	<b>544.63</b>	<b>346.91</b>	<b>149.48</b>	<b>149.18</b>	<b>148.52</b>
<b>Average Gross Block (₹ in lakh)</b>					<b>2881.58</b>	<b>2052.82</b>	<b>1229.40</b>	<b>1227.12</b>	<b>1219.14</b>
<b>Weighted Average Rate of Depreciation (WAROD)</b>					<b>18.9004%</b>	<b>16.8995%</b>	<b>12.1587%</b>	<b>12.1571%</b>	<b>12.1827%</b>