CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

<u>Petition No. 645/TT/2020</u>

Coram:

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

Date of order: 10.06.2022

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for determination of Transmission Tariff from COD to 31.3.2019 in respect of **Asset** 1- OPGW link (242 km) for 765 kV Sasan-Satna Ckt- 1 under Central Sector, **Asset 2-** OPGW link (36 km) for 220 kV Indore - Pithampura (MPPTCL) under State Sector and **Asset 3-** OPGW link (336 km) for Satna Gwalior Ckt-1 under the Central Sector under "Establishment of Fiber Optic Communication System under Master Communication Plan in the Western Region".

And in the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No-2,
Sector-29, Gurgaon – 122001 (Haryana). **.....Petitioner**

Vs.

1. Madhya Pradesh Power Management Company Limited,
   Shakti Bhawan, Rampur,
   Jabalpur – 482008.

2. Madhya Pradesh Power Transmission Company Limited,
   Shakti Bhawan, Rampur,
   Jabalpur – 482008.

3. Madhya Pradesh Audyogik Kendra,
   Vikas Nigam (Indore) Limited, 3/54, Press Complex,
   Agra-Bombay Road, Indore – 452008.

4. Maharashtra State Electricity Distribution Company Limited,
Hongkong Bank Building, 3rd Floor,
M.G. Road, Fort, Mumbai – 400001.

5. Maharashtra State Electricity Transmission Company Limited,
Prakashganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051.

6. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road,
Vadodara – 390007.

7. Electricity Department,
Government of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa – 403001.

8. Electricity Department,
Administration of Daman & Diu,
Daman – 396210.

9. DNH Power Distribution Corporation Limited,
Vidyut Bhawan, 66 kV Road, Near Secretariat Amli,
Silvassa – 396230.

10. Chhattisgarh State Power Transmission Company Limited,
Office of the Executive Director (C&P),
State Load Despacth Building, Dangania,
Raipur – 492013.

11. Chhattisgarh State Power Distribution Company Limited,
P.O. Sunder Nagar, Dangania,
Raipur, Chhattisgarh – 492013. **...Respondent(s)**

For Petitioner: Shri S. S. Raju, PGCIL
Shri D. K. Biswal, PGCIL
Shri Ved Prakash. Rastogi, PGCIL
Shri A. K. Verma, PGCIL

For Respondent: Ms. Poorva Saigal, Advocate, MPPTCL
Ms. Tanya Sareen, Advocate, MPPTCL
Shri. Vincent D Souza, MPPTCL
Shri Anindya Khare, MPPMCL

ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Limited (PGCIL), a deemed transmission licensee, for determination of transmission tariff from COD to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations") in respect of the following assets (hereinafter referred to as "the transmission asset") under "Establishment of Fiber Optic Communication System under Master Communication Plan in the Western Region" (hereinafter referred to as "the transmission project"):

Asset 1- OPGW link (242 km) for 765 kV Sasan-Satna Ckt- 1 under Central Sector,

Asset 2- OPGW link (36 km) for 220 kV Indore-Pithampura (MPPTCL) under State Sector and

Asset 3- OPGW link (336 km) for Satna-Gwalior Ckt-1 under Central Sector.

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

"1) Approve the Transmission Tariff for the tariff block 2014-19 block for the assets covered under this petition, as per para -8.2 above.

2) Allow tariff at 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

3) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred.

4) Allow the Petitioner to approach Hon'ble Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19.

5) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided under clause 25 of the Tariff Regulation 2014.

6) Approve the reimbursement of expenditure by the beneficiaries towards petition filing *fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition.*

7) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

8) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the respondents.

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

10) Allow the initial spare as procured in the current petition in full as given in para-6.1 under Regulation 54 of the CERC (Terms and Condition of Tariff) Regulation, 2014.

11) Allow the petitioner to bill tariff from actual DOCO.

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

Background

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

a. The Investment Approval (IA) in respect of the transmission project was accorded by the Board of Directors of the Petitioner's Company in the 267th meeting dated 8.2.2012 vide Memorandum letter No. C/CP/Master Comm. In WR dated 9.2.2012 at an estimated cost of ₹21807 lakh including IDC of ₹1305 lakh (based on 4th Quarter, 2011 price level).

b. The transmission project was discussed and deliberated in the 14th , 18th , and 21st WRPC meeting held on 19.8.2010, 1.10.2011 and 9.11.2012 respectively. The Revised Cost Estimate (RCE) was approved on 21.9.2020 at an estimated cost of ₹24061 lakh including IDC of ₹2710 lakh (based on December, 2019 price level)

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

i. Installation of OPGW fiber optic cable on the existing EHV transmission line of the Petitioner and constituents, the estimated length of such cable is approximately 5536 km.

ii. Installation of OPGW fiber optic cable on the new EHV transmission line of the Petitioner, the estimated length of such cable is approximately 1355 km.

iii. Utilization of six (6) numbers of fibres from existing OPGW cable of the Petitioner Telecom network (535 km) for 2 numbers of links on cost sharing basis.

iv. 72 numbers of terminal equipment for communication based upon Synchronous Digital Hierarchy (SDH) technology will be mostly installed in the sub-stations of the Petitioner and few on the constituents. The transmission project also includes installation of 117 numbers of Multiplexer (Mux.) / Drop & Insert (D&I) / Digital Access Cross Connect Switch (DACS) at wideband nodes. To monitor the network, Network Management System (NMS) is also envisaged.

v. For MPPTCL, 15 numbers of terminal equipment for communication based upon SDH technology, 14 numbers of Mux / D&I at and one set of NMS system is also envisaged.

vi. Presently DC Power Supply has been envisaged at all the wideband locations. However, the requirement shall be optimized during detailed engineering.

d. The item wise break-up of the scope of the work for Central Sector and State Sector (MPPTCL) is as follows:

Sl. No.	Description	Central Sector	State Sector (MPPTCL)
1	OPGW cable on existing lines (in km)	5297	239
2	OPGW cable on new lines (in km)	1355	NIL
3	SDH Equipment (in Numbers)	72	15
4	Mux/D&I/DACS (Numbers)	117	14
5	DC Power Supply (Numbers)	72	NIL

e. The details of assets covered in the instant petition are as follows:

Assets	Name of Assets	Actual COD
Asset-1	OPGW link (242 km) for 765 kV Sasan-Satna Ckt-1 under Central Sector	16.1.2019
Asset-2	OPGW link (361 km) for 220 kV Indore-Pithampura (MPPTCL) under State Sector	1.3.2019
Asset-3	OPGW link (336 km) for Satna Gwalior Ckt-1 under Central Sector	30.3.2019

f. The details of the remaining assets covered under the transmission project is as follows:

Assets	Description	SCOD	COD	Order No.
Asset-1	14 numbers OPGW links (1513.36 km) under Central Sector	8.8.2014	22.9.2015	5/TT/2018
Asset-2	27 numbers OPGW links (1892.58 km) under Central Sector		21.10.2016	
Asset-3A	14 numbers OPGW links (1423.69 km) under Central Sector		30.11.2017	
Asset-3B	3 numbers OPGW links (123.33 km) under Central Sector		1.7.2018	
Asset-4A	2 numbers OPGW links (9.22 km) under State Sector (MPPTCL)		30.11.2017	
Asset-4B	6 numbers OPGW links (191.421 km) under State Sector (MPPTCL)		1.7.2018	
Asset-5A	3 numbers OPGW links (392.63 km) under Central Sector		1.5.2017	
Asset-5B	2 numbers OPGW links (546 km) under Central Sector		1.9.2017	
Asset-5C	2 numbers OPGW links (274 km) under Central Sector		1.3.2018	

g. The Petitioner claimed the tariff of the above mentioned transmission assets in its Petition No. 5/TT/2018. As they were not put into commercial operation, the

Commission had directed the Petitioner to file a fresh petition for determination of the tariff for the above mentioned transmission assets after achieveing its actual COD. Accordingly, the Petitioner has filed the instant petition after actual COD of the transmission assets.

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

5. The Petitioner has served the petition on the Respondents and notice regarding filing of this petition has been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspaper by the Petitioner. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No. 1, *vide* affidavit dated 3.11.2020 has filed its reply and has raised the issues of replaced earth-wire treatment, implementation schedule, completion cost, wage revision of employees and demand of GST. Madhya Pradesh Power Transmission Company Limited (MPPTCL), Respondent No. 2, *vide* affidavit dated 10.9.2021 has filed its reply and has raised the issues of delay in declaring the COD of Asset-2. The Petitioner, vide affidavit dated 22.9.2021 and 23.9.2021, has filed rejoinder to the reply of MPPMCL and MPPTCL respectively. The issues raised by MPPMCL and MPPTCL and clarifications thereto given by the Petitioner have been dealt in the relevant paragraphs of this order.

6. This order is issued considering the submissions made by the Petitioner in the petition *vide* affidavit dated 16.3.2020 and vide affidavit dated 21.9.2021, MPPMCL's reply *vide* affidavit dated 3.11.2020, MPPTCL's reply *vide* affidavit dated 10.9.2021 and the Petitioner's rejoinder to MPPMCL's reply vide affidavit dated 22.9.2021 and MPPTCL's reply affidavit dated 23.9.2021.

7. The hearing in this matter was held on 24.9.2021 through video conference and the order was reserved.

8. Having heard the representatives of the Petitioner and the Respondent and after perusal of the materials on record, we proceed to dispose of the petition.

Determination of Annual Fixed Charges for 2014-19 Tariff Period

9. The details of transmission charges claimed by the Petitioner in respect of the transmission assets for 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-1	Asset-2	Asset-3
	2018-19 (Pro-rata 75 days)	**2018-19 (Pro-rata 31 days)**	**2018-19 (Pro-rata 2 days)**
Depreciation	6.94	0.68	0.23
Interest on Loan	6.47	0.65	0.21
Return on Equity	6.50	0.64	0.21
O&M Expenses	10.14	0.00	11.55
Interest on Working Capital	0.92	0.04	0.59
Total	**30.97**	**2.01**	**12.79**

10. The details of the Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission assets for 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	Asset-1 2018-19 (Pro-rata 75 days)	Asset-2 2018-19 (Pro-rata 31 days)	Asset-3 2018-19 (Pro-rata 2 days)
O&M Expenses	4.11	0.00	175.66
Maintenance Spares	7.40	0.00	316.18
Receivables	25.12	3.95	389.00
Total Working Capital	36.63	3.95	880.84
Rate of Interest (in %)	12.20	12.20	12.20
Interest on Working Capital (Pro-rated for 75 days)	**0.92**	**0.04**	**0.59**

<u>Date of Commercial Operation ("COD")</u>

11. The Petitioner has claimed the COD of the Asset-1, Asset-2 and Asset-3 as 16.1.2019, 1.3.2019 and 30.3.2019.

12. Regulation 4(3) of the 2014 Tariff Regulations provides as follows:

> "***4. Date of Commercial Operation:*** *The date of commercial operation of a generating station or unit or block thereof or a transmission system or element thereof shall be determined as under:*
> *xxx*
> *(3) Date of commercial operation in relation to a transmission system shall mean the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from sending end to receiving end:*
>
> *Provided that:*
>
> *(i) where the transmission line or substation is dedicated for evacuation of power from a particular generating station, the generating company and transmission licensee shall endeavour to commission the generating station and the transmission system simultaneously as far as practicable and shall ensure the same through appropriate Implementation Agreement in accordance with Regulation 12(2) of these Regulations:*
>
> *(ii) in case a transmission system or an element thereof is prevented from regular service for reasons not attributable to the transmission licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system, the transmission licensee shall approach the Commission through an appropriate application for approval of the date of commercial operation of such transmission system or an element thereof.*"

13. The Petitioner has submitted the following documents in support of COD of the transmission assets covered under the instant petition:

Assets	COD	Document Submitted
Asset-1	16.1.2019	RLDC certificate dated 11.2.2019
Asset-2	1.3.2019	RLDC certificate dated 29.3.2019
Asset-3	30.3.2019	RLDC certificate dated 8.4.2019

14. Accordingly, taking into consideration the RLDC Certificates pertaining to successful commissioning of the transmission assets, COD of Asset-1, Asset-2, and Asset-3 is approved as 16.1.2019, 1.3.2019, 30.3.2019 respectively for the purpose of tariff in the instant petition.

Time over-run

15. As per IA dated 8.2.2012, the transmission assets were scheduled to be put into commercial operation within 30 months from the date of IA. Accoridngly,the SCOD of the transmission assets was 8.8.2014. However, the instant assets were put into commercial operation as per the details given below:

Assets	Details of Assets being filed	SCOD	Actual COD	Delay (in days)
Asset-1	OPGW link (242 km) for 765 kV Sasan-Satna Ckt-1 under Central Sector	8.8.2014	16.1.2019	1622
Asset-2	OPGW link (361km) for 220 kV Indore-Pithampura (MPPTCL) under State Sector		1.3.2019	1666
Asset-3	OPGW link (336 km) for Satna Gwalior Ckt-1 under Central Sector		30.3.2019	1695

16. The Petitioner has submitted the following reasons for time over-run in case of Asset-1 and Asset-3:

(i) During the installation works there were issues relating to varying terrain, landscape, crop pattern and rising expectations of landowners towards compensation. The transmission project was discussed and approved in 14th WRPC on 19.8.2010. Further, modifications were approved in the 25th WRPC meeting on 4.2.2014 (Addition of 765 kV Satna-Gwalior (Asset-3) and 765 kV Sasan-Satna links (Asset-1) and deletion of 400 kV Vindhyachal-Satna fink).

(ii) Drum schedule for 765 kV Sasan-Satna and 765 kV Satna-Gwalior was finalised on survey and material was supplied by October, 2014. Keeping in view the criticality of 765 kV lines for grid stability, PTW for working on both links was not issued by RLDC simultaneously, therefore, at a time working on only one link was possible.

(iii) Area around 25 km radius of Satna Sub-station caused most severe RoW issues, with work interrupted in March 2017, October 2017 and April 2018 with almost no work progress achieved. Letters were issued from Satna site to district administration on 26.5.2016, 10.3.2017, 25.3.2017, 28.10.2017 and contractor letter dated 12.5.2015 and 25.3.2018. Thus, one year period from March, 2017 to April, 2018 was severely hampered due to RoW issues around Satna causing delay in COD of Sasan-Satna and Satna-Gwalior links. As per letter dated 5.9.2016, all the work on Sasan-Satna and Satna-Gwalior link was completed except for 30 km portion around Satna which was pending due to very severe RoW issues.

(iv) Further the commissioning of both the links of Sasan-Satna and Satna-Gwalior required a repeater station. Repeater station can only be placed in safe and secure location owned by state transmission utilities. Repeater station for Sasan-Satna was finalized at 132 kV Rampur Naikin Sub-station of MPPTCL and MOU was signed on 1.10.2016 with 11 km OPGW installation on 132 kV Rampur Naikin-Beohari line with cable design specific for suitability on 132 kV line. While repeater station for Satna-Gwalior was finalized at 132 kV Sub-station of UPPTCL at Mahoba in February, 2017. Repeater at Mahoba required laying of 3.5 km underground cable from nearest tower to Mahoba Sub-stations.

17. In case of delay in execution of Asset-2, the Petitioner has submitted that Indore-Pithampur 400 link of MPPTCL was included in Master Communication Plan for Western region. However, link commissioning was delayed due to LILO of Indore-Pithampur line at Pithampur 220, further the LILO portion of Indore-Pithampur line was covered in Master Communication Plan-Additional requirement. So, the commissioning work of Indore-Pithampur 400 was linked to LILO work of Pithampur 220 kV Sub-station. In view of this, delay in commissioning of Indore-Pithampur link was not in control of the Petitioner.

18. The Petitioner has further submitted that although best efforts were made to commission the links at the earliest, owing to reasons such as grid stability, law and order, agreement with other agency for repeater there was delay and the delays were beyond the control of the Petitioner. The Petitioner has requested that concurrent delays for both the links of Sasan-Satna and Satna-Gwalior be condoned.

Sl. No.	Start date	End date	Duration (in days)	Remarks
1	9.2.2012	4.2.2014	725	As Sasan-Satna and Satna-Gwalior links were included in MCP scope only on 4.2.2014 during 25th WRPC meeting. So, the duration from date of IA to date of WRPC approval should be excluded.
2	4.2.2014	4.10.2014	240	Minimum time required after RPC approval for survey, design, manufacturing in Korea and supply.
3	26.5.2016	25.3.2018	668	Very severe RoW issues with a threat of law and order situation.
4	10.10.2016	10.6.2017	240	Minimum time required after MOU finalization for survey, design, engineering, manufacturing and supply from Korea for 48F OPGW required to be laid on MPPTCL line to connect the repeater.
Total delay requested to be condoned			1633 days (excluding concurrent delay of Sl. No. 4)	

19. MPPMCL has submitted that the Petitioner is aware of all issues right from the inception of the project. The reasons mentioned by the Petitioner are not convincing as none of these are new issues. Normally such issues arrive in almost every large project. MPPMCL has further submitted that the Petitioner is hiding its inefficiency under the umbrella of meaningless reasons and trying to impose the burden of inefficiency on the beneficiaries. MPPMCL has prayed not to condone the extraordinary delay as prayed by the Petitioner and disallow the IDC and IEDC accordingly.

20. MPPTCL has submitted that the Petitioner has failed to substantiate the delay and has merely sought the condonation of the time over-run by attaching various communications without establishing the correlation and explaining the circumstances due to which the time over-run occurred. The Petitioner has not provided any details with regard to the delay in achieving the COD of Asset-2. A perusal of the letters/ communications between the Petitioner and its sub-contractors indicates that the work relating to OPGW started only after March, 2017 and was completed on 1.3.2019 i.e. within a period of 24 months. This establishes the approximate timeline within which the OPGW works could have been completed. A perusal of the documents attached by the Petitioner shows that there has been slackness on the part of the Petitioner in executing the project and there were issues between the Petitioner and its sub-contractors, hence, the delay in executing the works is due to factors entirely attributable to the Petitioner. MPPTCL has further submitted that LILO of Indore-Pithampur line at 220 kV Sub-station Pithampur of MPPTCL was completed on 10.6.2016 and was put to the commercial use on the same date. Therefore, the Petitioner's contention that work of OPGW link (Asset-2) was delayed due to delay in commissioning by MPPTCL is wrong and misplaced.

21. In response, the Petitioner has submitted that OPGW link (36 km) for 220 kV Indore-Pithampura (Asset-2) has been implemented for 220 kV Indore-Pithampura transmission line of MPPTCL. The 220 kV D/C Indore-Pithampura transmission line of MPPTCL has been executed on 4.9.2014 (Ckt-1) and 7.8.2014 (Ckt-2) and the associated OPGW link being implemented by the Petitioner was also to be executed with the line. However, LILO of Indore-Pithampur line at Pithampur Sub-station was started by MPPTCL from 4.3.2014 and requirement of OPGW on this LILO portion was approved in 26th WRPC on 21.6.2014. Thereafter, the execution of Indore-Pithampur was linked to the progress on Pithampur-Pithampur LILO portion OPGW work. The Petitioner has provided the detailed justification regarding the delay of OPGW link (36km) for 220 kV Indore-Pithampura and the same is as follows:

Sl. No.	Delay requested to be condoned		Description	Supporting Documents
	Start Date	**End Date**		
1	9.2.2012	21.6.2014	Original master communication plan was approved on 9.2.2012. In this 36 km Indore-Pithampur link was also included. However, this line was LILOed by MPPTCL at 220 kV Pithampur Sub-station and requirement of OPGW on this LILO portion was approved in 26th WRPC on 21.6.2014. So thereafter commissioning of Indore-Pithampur was linked to the progress on Pithampur-Pithampur LILO portion OPGW work.	1. Investment approval of MCP. 2. Minutes of meeting 26th WRPC.

2	21.6.2014	8.2.2017	As the requirement of OPGW for LILO portion of Pithampur-Pithampur was now covered in another project of MCP-Additional, Some clarification from MPPTCL was required pertaining to requirement on multi circuit portion of this line, This clarification was received vide MPPTCL letter ref: 1500/17/626 dated 8.2.2017.	1. MPPTCL letter dated 8.2.2017 2. Approved drum schedule based on this information dated 17.5.2017
3	8.2.2017	17.5.2017	After receipt of above clarification on multi circuit portion, additional information on parameters of existing earth wire required, Mail in this regard was sent on 17.4.2017 and based on confirmation, Drum schedule for Pithampur-Pithampur was issued to the OPGW supplier on 17.5.2017.	1. The Petitioner's mail dated 17.4.2017 2. Approved drum schedule issued to agency.
4	17.5.2017	17.9.2017	Minimum 04 month required for manufacturing at China, inspection, dispatch through sea route, custom clearance, transportation in land and delivery at designated stores.	
5	17.10.2017	8.5.2018	Delay in availing shutdown on MPPTCL lines for completion of Pithampur-Pithampur LILO portion link	1. Letter from D(O), POWERGRID to MD-MPPTCL dated 17.10.2017. 2. Mail dated 8.5.2018 from the Petitioner to MPPTCL for allowing shutdown on MPPTCL lines for completion of Pithamour OPGW link.

6	8.6.2018	28.2.2019	Apparently Indore 400-Pithampur 400 link was commissioned on 8.6.2018. Mail communication from POWERGRID-WRII and Tejas networks informing about proper working of Pithampur 400 links is enclosed. Trial run certificate was applied in August, 2018 and MPPTCL confirmed the working of this link to WRLDC on 6.10.2018 but here was delay from WRLDC for issue of certificate for this link and same was only issued on 29.3.2019 and that too with effective date as 28.2.2019.	1. Mail dated 8.6.2018 from the Petitioner informing commissioning of Indore-Pithampur link. 2. Mail dated 8.6.2018 from Tejas Netwoks informing working of telemetry from Pithampur. 3. The Petitioner's request letter dated 6.8.2018 for issue of trial run certificate for 10 links including Indore-Pithampur. 4. Mail from MPPTCL dated 6.10.2018 confirming proper working of both Pithampur links. 5. WRLDC certificate dated 29.3.2019 confirming trial run for Indore-Pithampur and other links from 28.2.2019. 6. COD letter from the Petitioner confirming COD of Indore-Pithampur link from 1.3.2019.

22. We have considered the submissions of the Petitioner, MPPMCL and MPPTCL. As stated above, the SCOD of the transmission assets was 8.8.2014 and considering the actual COD, the delay in declaring the COD of Asset-1, Asset-2 and Asset-3 ranges from 1622 days, 1666 days and 1695 days respectively. The Petitioner vide affidavit dated 16.3.2020 and 21.9.2021 has submitted the asset-wise details of reasons for time over-run. However, it does not contain the details of the period affected by each activity, without which it is difficult to analyse the admissibility of time over-run. Therefore, we are not inclined to condone the time over-run in case of the transmission assets.

However, the Petitioner is at liberty to approach the Commission, at the time of truing up, with proper details of the time period affected by each events.

Cost over-run

23. The Petitioner has claimed the following capital cost as on COD and estimated Additional Capital Expenditure (ACE) up to 31.3.2019 in respect of the transmission assets:

(₹ in lakh)

Assets	FR Approved Apportioned Cost	RCE Approved Apportioned Cost	Capital Cost upto COD	ACE in 2018-19	Capital Cost as on 31.3.2019
Asset-1	305.73	1055.31	680.28	-260.10	420.18
Asset-2	78.84	193.17	127.53	6.86	134.39
Asset-3	305.73	1055.31	794.35	-254.61	539.74

24. The Petitioner vide affidavit dated 21.9.2021 has submitted RCE where the approved apportioned cost as per RCE is ₹2303.79 lakh for the transmission assets.

25. MPPMCL has submitted that there is nearly 85% cost over-run, and this is due to the fact that project was delayed by a period of nearly four and half years. The Petitioner has not been successful in justifying the delay and therefore, the excess cost be disallowed in total. MPPMCL has further submitted that the Petitioner is trying to hide the cost escalation under the ambit of the RCE and has prayed that the RCE be disallowed as the Petitioner has not come up with a clear motive and clean hands.

26. In response, the Petitioner has submitted that RCE in respect of the transmission project has been approved vide Memorandum No. PA2021-06-0K-RCE005 dated 21.9.2020 and against the RCE approved cost of ₹2303.79 lakh, the estimated

completion cost is ₹1270.19 lakh. Therefore, the Petitioner has submitted that there is no cost over-run with respect to RCE.

27. The Petitioner in response to the Commission query regarding justification for cost over-run with respect to IA has submitted the following details:

(₹ in lakh)

Asset-1	As per FR estimate	As per actual	Cost over-run	Reason
Communication cost	261.60	354.68	93.08	Variation is due to higher awarded rates received in competitive bidding
IEDC	27.90	35.48	7.58	While estimation 10.75% of equipment cost has been considered as IEDC. The actual amount of IEDC, has been taken at the time of claim.
IDC	16.23	135.41	119.18	Increase in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. The actual IDC accrued upto COD has been considered at the time of claim of tariff.
Total	**305.73**	**525.57**	**219.84**	

(₹ in lakh)

Asset-2	As per FR estimate	As per actual	Cost over-run	Reason
Communication cost	65.2	110.25	45.05	Variation is due to higher awarded rates received in competitive bidding
IEDC	8.93	6.67	-2.26	While estimation 10.75% of equipment cost has been considered as IEDC. The actual amount of IEDC, has been taken at the time of claim.

IDC	4.72	29.3	24.58	Increase in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall Capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. The actual IDC accrued upto COD has been considered at the time of claim of tariff.
Total	**78.85**	**146.22**	**67.37**	

(₹ in lakh)

Asset-3	As per FR estimate	As per actual	Cost over-run	Reason
Communication cost	261.60	451.96	190.36	Variation is due to higher awarded rates received in competitive bidding
IEDC	27.90	43.03	15.13	While estimation 10.75% of equipment cost has been considered as IEDC. The actual amount of IEDC has taken at the time of claim.
IDC	16.23	103.4	87.17	Increase in IDC is attributable to variation in rate of interest considered in FR v/s Actuals, decrease in overall capital cost w.r.t. FR and deployment of funds based on actuals. In FR, IDC was calculated considering rate of interest for domestic loans @10.5%. The actual IDC accrued upto COD has been considered at the time of claim of tariff.
Total	**305.73**	**598.39**	**292.66**	

28. The opening capital cost and the ACE during 2018-19 were not matching with the figures given in the Auditor Certificates. Therefore, the Petitioner was directed to reconcile and submit the correct statement. In response, the Petitioner vide affidavit dated 21.9.2021 has submitted the reconciled statement, which is given in the following table. As per the revised statement submitted by the Petitioner, the total estimated completion cost of the transmission assets is ₹1065.06 lakh.

(₹ in lakh)

Expenditure	PLCC		
	Asset-1	Asset-2	Asset-3
Cost as on DOCO as per auditor certificate	680.28	127.53	794.35
Less: Accrual IDC upto DOCO	16.87	3.96	8.74
Exp. Upto DOCO excluding accrual IDC	**663.41**	**123.57**	**785.61**
Expenditure 2018-19 as per auditor certificate	-260.1	6.86	-254.61
Add: Accrual IDC discharged during 2018-19	0.32	0.00	0.00
Total Add-cap in 2018-19	**-259.78**	**6.86**	**-254.61**
Total estimated completion cost	**403.63**	**130.43**	**531.00**

29. We have considered the submissions of the Petitioner and MPPMCL. The total estimated completion cost of ₹1065.06 lakh as on 31.3.2019 is within the RCE cost. The cost variation is due to higher awarded rates received in competitive bidding and variation in the IDC and IEDC considered in the FR and the actuals, which is not attributable to the Petitioner and accordingly the cost variation is allowed.

Earth Wire Treatment

30. The Petitioner has submitted that OPGW was required to be installed on various transmission lines to provide reliable communication system required for effective monitoring and control of power system. The decision to install OPGW was not initiated by the Petitioner suo-moto but due to systemic requirement and as per directives given in various forums such as RPC, CEA, MOP and the Commission from time to time. Further OPGW is serving the dual purpose of earth wire and providing Fibre Optic connectivity. The Petitioner has submitted that Regulation 4.6.2 of the Central Electrcirty Regulatory Comission (Indian Electricity Grid Code, Regulations, 2010 (" the 2010 IEGC Regulations") provides as follows:

> *"Reliable and efficient speech and data communication system shall be provided to facilitate necessary communication and data exchange, and supervision/control of the grid by the*

RLDC, under normal and abnormal conditions. All users, STUs and CTUs provides system to telemeter power system parameter such as flow, voltage etc. in line with Interface requirement and other guide line made available by RLDC. The associated communication system to facilitated data flow upto appropriate data collection point on CTUs Systems shall also be established by concern user or STU as specified by CTU in connection agreement".

31. Further, Clause 6(3) of the Central Electricity Authority (Technical Standard for Connectivity to the Grid), RegulationS, 2007 provides as follows;

"…..the requester and user shall provide necessary facilities for voice and data communication and transfer of online operational data, such as voltage, Frequency, line flows and status of breaker and isolators position and other parameters as prescribed by the appropriate load dispatch Centre"

32. In view of above, it is necessary to provide these facilities by the user/ requester. Further, the scheme for providing reliable communication and links on which fiber optic are to be installed has been prepared in consultation with all constituents and approved by respective RPCs. In view of the above and looking at reliable and high capacity data requirement communication system comprising of microwave, fiber optic system, SCADA/EMS was commissioned under first ULDC project (During 2002 to 2006). Further, in the meeting chaired by Secretary (Power), GoI dated 16.9.2015, it was decided that there shall be provision of OPGW in place of one of the earth wire(s). In the 30th NRPC meetings held on 27th and 28th February 2014, the issue of buy back of earth wire after replacement with OPGW system was discussed and it has been agreed to make a provision in the contract for buy back of the earth wire by the executing agencies. The Petitioner has been mandated to install OPGW (in place of the Earth wire (EW)) on the various existing transmission lines to facilitate smooth flow of data and communication from RTUs to NLDC. In the transmission line configuration, OPGW can be installed only in live line condition by removing existing Earth Wire. In other words, the newly installed OPGW performs both functions of Earth Wire as well as Optical Fiber. Some of the new

transmission lines were also identified to install OPGW from the beginning and therefore no replacement of EW is required in such cases. The instant petition is being filed as per the scope of the OPGW IA. The Petitioner has further submitted that scrap value of the EW realized after dismantling shall be credited to the cost of the subject asset of central sector covered under the instant petition at the time of truing up. The replacement of EW is purely technological up-gradation/ systemic requirement for data and communication of the power system. Payment of charges has been agreed by the beneficiaries in the RPCs at both the stages i.e. at the time of fresh investments as well as investment for replacement. The Petitioner has submitted that as proposed in the petition, credit to be given to the beneficiaries by the scrap value of EW removed is a fair compensation and tariff for old investments can be continued without change as the decision for technological up gradation was taken by the various controlling authorities forums like RPC, CEA and as per provision of Grid Code and not by the Petitioner alone. Further, this kind of up-gradation is a natural and continuous process to meet the system requirement and therefore the Petitioner deserves to get return on capital deployed. In the past, efforts were made to dispose off the replaced EW through bidding process. However, due to non-responsiveness of the bidders, the EW could not be disposed. Therefore, the Petitioner will endeavor to make fresh efforts and scrap value will be adjusted at the time of truing up.

33. MPPMCL has submitted that the Petitioner has mentioned that the issue of buy back of EW after replacement with OPGW system was discussed in the 30th NRPC meeting held on 27th and 28th February, 2014 and it had been agreed to make a provision in the contract for buy back of EW by executing agencies. MPPMCL has submitted that

the scrap value of the EW removed should be credited to the beneficiaries. MPPMCL has further submitted that it is not clear and rather remain unexplained why the decision taken in NRPC meeting was not implemented in letter and spirit and the Petitioner has taken a lame excuse that in the past due to non-responsiveness of the bidder, the replaced earth wire could not be disposed. It is also not clear why the Petitioner has not brought the same to the knowledge of NRPC for further deliberations.

34. In response, the Petitioner has submitted that scrap value of EW realized after dismantling will be credited to the cost of the transmission asset of central sector covered under the instant petition at the time of truing up. The replacement of EW is purely technological up-gradation/ systemic requirement for data and communication of the power system. The payment of charges has been agreed by the beneficiaries in the RPCs at both the stages i.e. at the time of fresh investments as well as investment for replacement. In the past, efforts were made to dispose the replaced EW through bidding process. However, due to non-responsiveness of the bidders EW could not be disposed. The Petitioner will endeavour to make fresh efforts and scrap value will be adjusted at the time of truing up.

35. We have considered the submissions of the Petitioner and the MPPMCL. We tend to agree with MPPMCL that the Petitioner should have disposed the EW and submitted the details of the amount realised for adjustment in the capital cost of the transmission assets. The Petitioner has submitted that its attempts to dispose of EW did not succeed. The Petitioner is directed to take action to dispose of the EW and submit the details of the amount realised at the time of truing up for adjustment in the capital cost.

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

36. IDC claimed by the Petitioner are as follows:

(₹ in lakh)

Assets	IDC as per Auditor's Certificate	IDC discharged up to COD	Accrual IDC discharged in					
			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Asset-1	135.42	118.55	0.00	0.00	0.00	0.00	0.32	16.55
Asset-2	29.29	25.33	0.00	0.00	0.00	0.00	0.00	3.96
Asset-3	103.39	94.65	0.00	0.00	0.00	0.00	0.00	8.74

37. The Petitioner has submitted IDC computation statement which consists of the name of the loan, drawl date, loan amount, interest rate and interest claimed. IDC is worked out based on the details given in the IDC statement. Further, the loan amount as on COD has been mentioned in Form 6 and Form 9C. While going through these documents, certain discrepancies have been observed such as mismatch in loan amount between IDC statement and Form 6 and Form 9C. The allowable IDC has been worked out based on the information available on record and relying on loan amount as per Form 9C. The time over-run has not been condoned in case of Asset-1, Asset-2 and Asset-3. Accordingly, IDC is worked out based on the details given in the IDC statement. IDC claimed and considered as on COD and summary of discharge of IDC liability up to the COD and thereafter for the purpose of tariff determination is as follows:

(₹ in lakh)

Assets	IDC as per Auditor's Certificate	IDC Disallowed	IDC allowed	IDC Discharged			
		Due to time over-run not condoned		Upto COD	2017-18	2018-19	2019-20
	1	2	3=2-1				
Asset-1	135.42	128.93	6.49	6.49	0.00	0.00	0.00
Asset-2	29.29	27.44	1.85	1.85	0.00	0.00	0.00
Asset-3	103.39	92.06	11.33	11.33	0.00	0.00	0.00

38. The Petitioner has claimed IEDC in respect of the transmission assets as per the Auditor's Certificate. The Petitioner has submitted that the entire IEDC mentioned in the Auditor's Certificate is on cash basis and was paid up to COD. As the time over-run with respect to Asset-1, Asset-2 and Asset-3 has not been condoned, there is dis-allowance of IEDC. Accordingly, IEDC claimed as per Auditor's Certificate, IEDC considered and discharged up to COD and the details of IEDC allowed are as follows:

(₹ in lakh)

Assets	IEDC claimed as per Auditor's Certificate (A)	IEDC and disallowed due to time over-run not condoned (B)	IEDC Allowed (A-B)
Asset-1	35.48	22.71	12.77
Asset-2	6.67	4.31	2.36
Asset-3	43.03	27.98	15.05

<u>Initial Spares</u>

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

> *"**13. Initial Spares:** Initial spares shall be capitalised as a percentage of the Plant and Machinery cost upto cut-off date, subject to following ceiling norms:*
> *…….*
> *(d) Transmission System*
> *Transmission line: 1.00%*
> *Transmission sub-station (Green Field): 4.00%*
> *Transmission sub-station (Brown Field): 6.00%*
> *Series Compensation devices and HVDC Station: 4.00%*
> *Gas Insulated sub-station :5.00%*
> *Communication System: 3.5%"*

40. Initial Spares claimed by the Petitioner are as follows:

(₹ in lakh)

Assets	Plant and Machinery Cost	Initial Spares claimed by the Petitioner	Initial Spares allowable as claimed by Petitioner
	OPGW (Communication Equipment)	OPGW (Communication Equipment)	OPGW (Communication Equipment)
Asset-1	354.69	12.41	12.41
Asset-2	110.25	3.86	3.86
Asset-3	451.96	15.82	15.82

41. The Petitioner has submitted that the expenditure incurred towards Initial Spares is considered in the COD cost while the amount towards balance Initial Spares liabilities is considered as ACE. The discharge statement of Initial Spares as submitted by the Petitioner are as follows:

(₹ in lakh)

Assets	Initial spares allowable as claimed by the Petitioner	Initial spares discharged up to COD	Initial spares discharged during 2018-19
	OPGW (Communication Equipments)	OPGW (Communication Equipments)	OPGW (Communication Equipments)
Asset-1	12.41	11.44	0.97
Asset-2	3.86	3.51	0.36
Asset-3	15.82	14.44	1.38

42. We have considered the submissions of the Petitioner. The Initial Spares claimed are within the norm specified in Regulation 13(d) of the 2014 Tariff Regulations. Initial Spares allowed in respect of the transmission assets as per norm under the 2014 Tariff Regulations are as follows:

(₹ in lakh)

Assets	Plant and Machinery cost (excluding IDC and IEDC, land cost & cost of civil works) (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per 2014 Tariff Regulations (in %)	Initial Spares allowable (₹ in lakh)	Initial Spares disallowed (₹ in lakh)	Initial Spares allowed (₹ in lakh)
Asset-1	354.69	12.41	3.50	12.41	-	12.41
Asset-2	110.25	3.86	3.50	3.86	-	3.86
Asset-3	451.96	15.82	3.50	15.82	-	15.82

43. The details of the capital cost approved as on the COD after adjustment of IDC, IEDC and Initial Spares are as follows:

(₹ in lakh)

Assets	Capital Cost claimed as per Auditor's Certificate (A)	IDC disallowed due to time over-run not condoned (B)	IEDC disallowed due to time over-run not condoned (C)	Undischarged IDC (D)	Capital Cost allowed as on COD (A-B-C-D)
Asset-1	680.28	128.93	22.71	0.00	528.64
Asset-2	127.53	27.44	4.31	0.00	95.78
Asset-3	794.35	92.06	27.98	0.00	674.31

Additional Capital Expenditure ("ACE")

44. Regulation 14(1) of the 2014 Tariff Regulations provide as follows:

> ***"14. Additional Capitalisation and De-capitalisation:***
> *(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*
>
> *(i) Undischarged liabilities recognised to be payable at a future date;*
> *(ii) Works deferred for execution;*
> *(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;*
> *(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and*
> *(v) Change in Law or compliance of any existing law:*
>
> *Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff."*

45. Regulation 3(13) of the 2014 Tariff Regulations defines "cut-off" date as follows:

> ***"(13) 'Cut-off Date'*** *means 31st March of the year closing after two years of the year of commercial operation of whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of the year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation:*

Provided that the cut-off date may be extended by the Commission if it is proved on the basis of documentary evidence that the capitalisation could not be made within the cut-off date for reasons beyond the control of the project developer."

46. Accordingly, the cut-off date in case of the transmission assets is 31.3.2022.

47. The details of ACE claimed by the Petitioner under Regulation 14(1) of the 2014 Tariff Regulations are as follows:

(₹ in lakh)

Assets	2018-19
Asset-1	(260.10)
Asset-2	6.86
Asset-3	(254.61)

48. ACE claimed by the Petitioner has been verified from the Auditor's Certificate. Accordingly, ACE has been allowed under Regulation 14(1)(i) and Regulation 14(1)(ii) of the 2014 Tariff Regulations as applicable. The capital cost allowed for 2014-19 tariff period is as follows:

(₹ in lakh)

Assets	FR Apportioned Approved Cost	RCE Apportioned Approved Cost	Capital Cost allowed as on COD	ACE	Capital cost as on 31.3.2019
				2018-19	
Asset-1	305.73	1055.31	528.64	(260.10)	268.54
Asset-2	78.84	193.17	95.78	6.86	102.64
Asset-3	305.73	1055.31	674.31	(254.61)	419.70

Debt-Equity ratio

49. Regulation 19(1) of the 2014 Tariff Regulations provides as follows:

*"**Debt-Equity Ratio:** (1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:*

Provided that:

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

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

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

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

50. The Petitioner has claimed debt-equity ratio of 70:30 as on COD. Debt-equity ratio of 70:30 is considered as provided under Regulation 19 of the 2014 Tariff Regulations. The details of the debt-equity as on COD and 31.3.2019 in respect of the transmission assets considered for the purpose of tariff determination for 2014-19 period is as follows:

Asset-1						
Particulars	**Capital Cost as on 1.4.2014 (₹ in lakh)**	**(in %)**	**ACE 2014-19 (₹ in lakh)**	**(in %)**	**Capital Cost as on 31.3.2019 (₹ in lakh)**	**(in %)**
Debt	370.05	70.00	(182.07)	70.00	187.98	70.00
Equity	158.59	30.00	(78.03)	30.00	80.56	30.00
Total	**528.64**	**100.00**	**(260.10)**	**100.00**	**268.54**	**100.00**

Asset-2						
Particulars	**Capital Cost as on 1.4.2014 (₹ in lakh)**	**(in %)**	**ACE 2014-19 (₹ in lakh)**	**(in %)**	**Capital Cost as on 31.3.2019 (₹ in lakh)**	**(in %)**
Debt	67.05	70.00	4.80	70.00	71.85	70.00
Equity	28.74	30.00	2.06	30.00	30.79	30.00
Total	**95.78**	**100.00**	**6.86**	**100.00**	**102.64**	**100.00**

Asset-3						
Particulars	**Capital Cost as on 1.4.2014 (₹ in lakh)**	**(in %)**	**ACE 2014-19 (₹ in lakh)**	**(in %)**	**Capital Cost as on 31.3.2019 (₹ in lakh)**	**(in %)**
Debt	472.02	70.00	(178.23)	70.00	293.79	70.00
Equity	202.29	30.00	(76.38)	30.00	125.91	30.00
Total	**674.31**	**100.00**	**(254.61)**	**100.00**	**419.70**	**100.00**

Depreciation

51. Regulation 27 of the 2014 Tariff Regulations provides as follows:

*"**27. Depreciation:***

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

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

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

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

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

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

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

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

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

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

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

(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2014 from the gross depreciable value of the assets.

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

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

52. Regulation 3(67) of 2014 Tariff Regulations defines useful life as follows:

"3. ……

(67) ***'Useful life'*** *in relation to a unit of a generating station and transmission system from the COD shall mean the following, namely:*

(a) Coal/Lignite based thermal generating station	*25 years*
(b) Gas/Liquid fuel based thermal generating station	*25 years*
(c) AC and DC sub-station	*25 years*
(d) Gas Insulated Sub-station (GIS)	*25 years*
(e) Hydro generating station including pumped Storage hydro generating stations	*35 years*
(f) Transmission line (including HVAC & HVDC)	*35 years*
(g) Communication system	*15 years*

Provided that the useful life for AC and DC Sub-stations and GIS for which Notice Inviting Tender is floated on or after 01.04.2014 shall be considered as 35 years.

Provided further that the extension of life of the projects beyond the completion of their useful life shall be decided by the Commission."

53. The Gross Block during 2014-19 tariff period has been depreciated at Weighted Average Rate of Depreciation (WAROD) and the working of WAROD is placed at (Annexure-I). WAROD has been worked out after taking into account the depreciation rates of assets as prescribed in the 2014 Tariff Regulations. Depreciation claimed by the Petitioner in the instant petition and as allowed in the instant order are as follows:

(₹ in lakh)

Particulars	Asset-1 FY 2018-19 (Pro-rata 75 days)	Asset-2 FY 2018-19 (Pro-rata 31 days)	Asset-3 FY 2018-19 (Pro-rata 2 days)
Opening Gross Block	528.64	95.78	674.31
ACE	(260.10)	6.86	(254.61)
Closing Gross Block	268.54	102.64	419.70
Average Gross Block	398.59	99.21	547.00
Weighted average rate of Depreciation (WAROD) (in %)	6.33	6.33	6.33
Balance useful life of the asset (Year)	15.00	15.00	15.00
Lapsed life (Year)	0.00	0.00	0.00
Depreciable Value	358.73	89.29	492.30
Combined Depreciation during the year	**5.18**	**0.53**	**0.19**
Cumulative depreciation at the end of the year	5.18	0.53	0.19
Remaining Depreciable Value at the end of the year	353.55	88.76	492.11

54. Depreciation claimed by the Petitioner in the instant petition and allowed in the instant order are as follows:

Asset-1

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 75 days)**
Claimed by the Petitioner in the instant petition	6.94
Allowed in the instant order	5.18

Asset-2

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 31 days)**
Claimed by the Petitioner in the instant petition	0.68
Allowed in the instant order	0.53

Asset-3

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 2 days)**
Claimed by the Petitioner in the instant petition	0.23
Allowed in the instant order	0.19

Interest on Loan ("IoL")

55. Regulation 26 of 2014 Tariff Regulations defines IoL as follows:

*"**26. Interest on loan capital:** (1) The loans arrived at in the manner indicated in Regulation 19 shall be considered as gross normative loan for calculation of interest on loan.*

(2) The normative loan outstanding as on 1.4.2014 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2014 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2014-19 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of decapitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.

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

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

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

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

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

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

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

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as

amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiaries or the long term transmission customers /DICs shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of refinancing of loan."

56. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and rate of interest. We have considered the submissions of the Petitioner. IoL has been calculated based on actual interest rate submitted by the Petitioner in accordance with Regulation 26 of the 2014 Tariff Regulations. IoL allowed are as follows:

(₹ in lakh)

	Asset-1	**Asset-2**	**Asset-3**
Particulars	**2018-19 (Pro-rata 75 days)**	**2018-19 (Pro-rata 31 days)**	**2018-19 (Pro-rata 2 days)**
Gross Normative Loan	370.05	67.05	472.02
Cumulative Repayments up to Previous Year	0.00	0.00	0.00
Net Loan-Opening	370.05	67.05	472.02
Additions due to ACE	(182.07)	4.80	(178.23)
Repayment during the year	5.18	0.53	0.19
Net Loan-Closing	182.79	71.32	293.60
Average Loan	276.42	69.18	382.81
Weighted Average Rate of Interest on Loan (in %)	8.39	8.61	8.16
Interest on Loan	**4.76**	**0.51**	**0.17**

57. The details of IoL claimed by the Petitioner in the instant petition and allowed in the instant order are as follows:

Asset-1

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 75 days)**
Claimed by the Petitioner in the instant petition	6.47
Allowed in the instant order	4.76

Asset-2

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 31 days)**
Claimed by the Petitioner in the instant petition	0.65
Allowed in the instant order	0.51

Asset-3

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 2 days)**
Claimed by the Petitioner in the instant petition	0.21
Allowed in the instant order	0.17

Return on Equity ("RoE")

58. The Petitioner has claimed RoE in respect of transmission asset in terms of Regulation 24 and Regulation 25 of the 2014 Tariff Regulations, which provides as follows:

> *"**24. Return on Equity:** (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.*
>
> *(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage:*
>
> *Provided that:*
>
> *(i) in case of projects commissioned on or after 1st April, 2014, an additional return of 0.50 % shall be allowed, if such projects are completed within the timeline specified in Appendix-I:*
>
> *(ii) the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever:*
>
> *(iii) additional RoE of 0.50% may be allowed if any element of the transmission project is completed within the specified timeline and it is certified by the Regional Power Committee/National Power Committee that commissioning of the particular element will benefit the system operation in the regional/national grid:*
>
> *(iv) the rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system:*

(v) as and when any of the above requirements are found lacking in a generating station based on the report submitted by the respective RLDC, RoE shall be reduced by 1% for the period for which the deficiency continues:

(vi) additional RoE shall not be admissible for transmission line having length of less than 50 kilometers."

25. Tax on Return on Equity:

(1) The base rate of return on equity as allowed by the Commission under Regulation 24 shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in the respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax income from other business streams including deferred tax liability (i.e. income on business other than business of generation or transmission, as the case may be) shall not be considered for the calculation of effective tax rate.

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

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

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

Illustration-

(i) In case of the generating company or the transmission licensee paying Minimum Alternate Tax (MAT) @ 20.96% including surcharge and cess:

Rate of return on equity = 15.50/(1-0.2096) = 19.610%

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

(a) Estimated Gross Income from generation or transmission business for FY 2014-15 is Rs 1000 crore.

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

(c) Effective Tax Rate for the year 2014-15 = Rs 240 Crore/Rs 1000 Crore = 24%

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

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted

for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2014-15 to 2018-19 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/DICs as the case may be on year to year basis."

59. The Petitioner has submitted that they are liable to pay income tax at MAT rates and has claimed the following effective tax rates for 2014-19 tariff period:

Year	Claimed effective tax rate (in %)	Grossed up RoE (in %) [(Base Rate)/(1-t)]
2014-15	21.018	19.624
2015-16	21.382	19.715
2016-17	21.338	19.704
2017-18	21.337	19.704
2018-19	21.549	19.757

60. We have considered the submissions made by the Petitioner. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of RoE with the effective tax rate for the purpose of RoE. It further provides that in case the generating company or transmission licensee is paying Minimum Alternative Tax (MAT), the MAT rate including surcharge and cess will be considered for the grossing up of RoE. Accordingly, MAT rate applicable during 2018-19 has been considered for the purpose of RoE in accordance with Regulation 25(3) of the 2014 Tariff Regulations.

61. MAT rate considered in the instant petition for the purpose of grossing up of rate of RoE for truing up in terms of the provisions of the 2014 Tariff Regulations is as follows:

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

2017-18	21.342	15.50	19.705
2018-19	21.549	15.50	19.758

62. RoE allowed on the basis of the MAT rate applicable in the respective years for the 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	**Asset-1**	**Asset-2**	**Asset-3**
	2018-19 (Pro-rata 75 days)	**2018-19 (Pro-rata 31 days)**	**2018-19 (Pro-rata 2 days)**
Opening Equity	158.59	28.74	202.29
Additions due to ACE	(78.03)	2.06	(76.38)
Closing Equity	80.56	30.79	125.91
Average Equity	119.58	29.76	164.10
Return on Equity (Base Rate) (in %)	15.50	15.50	15.50
MAT Rate for respective year (in %)	21.55	21.55	21.55
Rate of Return on Equity (in %)	19.758	19.758	19.758
Return on Equity	**4.85**	**0.50**	**0.18**

63. The details of RoE claimed by the Petitioner in the instant petition and approved in the instant order are as follows:

Asset-1

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 75 days)**
Claimed by the Petitioner in the instant petition	6.50
Allowed in the instant order	4.85

Asset-2

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 31 days)**
Claimed by the Petitioner in the instant petition	0.64
Allowed in the instant order	0.50

Asset-3

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 2 days)**
Claimed by the Petitioner in the instant petition	0.21
Allowed in the instant order	0.18

Operation & Maintenance Expenses ("O&M Expenses")

64. O&M Expenses claimed by the Petitioner in respect of the transmission assets for 2014-19 tariff period are as follows:

(₹ in lakh)

Particulars	**2018-19**
Total O&M Expenses claimed for Asset-1	10.14
Total O&M Expenses claimed for Asset-2	0.00
Total O&M Expenses claimed for Asset-3	11.55

65. The Petitioner has submitted that only O&M Expenses for the assets under the Central portion are claimed and has submitted the Auditor's Certificate in support of the same.

66. MPPMCL has submitted that the Petitioner is a profit-making public sector company. By placing reliance on office memorandum dated 26.11.2008 of Ministry of Heavy Industries & Public Enterprises, MPPMCL has submitted that the Petitioner has to bear the financial implications on its own and the Respondents are not liable to bear the burden. It has further submitted that in view of huge profit earned by the Petitioner, MPPMCL should bear the burden of wage revision of its employees. There is no provision in the 2014 Tariff Regulations for revision of O&M Expenses hence, the Commission has no control over the wage hike.Therefore, the claim of the Petitioner to include wage

revision under O&M Expenses is baseless and is liable to be rejected. MPPMCL has further submitted that the Commission has arrived at the O&M rates based on past five years actual O&M Expenses including wage hike and 10% margin over and above, the effective cumulative annual growth rate of O&M expenses has also been allowed, if the O&M Expenses incurred by the Petitioner are compared with the O&M Expenses incurred by State Transmission Utilities then it may be found that the O&M Expenses incurred by the Petitioner are exorbitant. Further, high O&M rates will over burden beneficiaries and requested the revision of O&M rates may be disallowed.

67. In response, the Petitioner has submitted that O&M Expenses has been calculated @ 7.5% of the capital cost in line with the order dated 9.5.2006 in Petition No. 139/2005 for NRULDC (Communication portion) with escalation of 3.32% per annum in line with 2014 Tariff Regulations. The Petitioner has further submitted that O&M Expenses for the Central Portion shall be considered as per the O&M certificates duly signed by the Auditor at the time of truing up and O&M charges have not been considered for State portion.

68. The applicable norms for O&M Expenses as per the 2014 Tariff Regulations are as follows:

> ***"29. Operation and Maintenance Expenses:***
> *…….*
> ***(4) Transmission System***
> *(c) The operation and maintenance expenses of communication system forming part of inter-state transmission system shall be derived on the basis of the actual O&M expenses for the period of 2008-09 to 2012-13 based on audited accounts excluding abnormal variations if any after prudence check by the Commission. The normalized O&M expenses after prudence check, for the years 2008-09 to 2012-13 shall be escalated at the rate of 3.02% for computing base year expenses for FY 2012-13 and 2013-14 and at the rate of 3.32% for escalation from 2014-15 onwards."*

69. We have considered the submissions of the Petitioner and MPPMCL. The Petitioner has claimed expenditure towards self insurance, petition filing charges and advertisement and publicity charges as expenses under O&M Expenses.

70. As regards the self insurance, the Commission vide order dated 29.7.2016 in Petition No. 275/TT/2015 considered the Petitioner's claim towards self insurance and disallowed the same. The relevant portion of the said order is as follows:

> *"45. The petitioner was directed vide ROP dated 22.3.2016, to submit the actual O&M Expenses year wise along with details. In response, petitioner vide affidavit Order in Petition No. 275/TT/2015 has submitted that actual O&M Expenses for 2014-15 towards Asset-I and II are ₹5.75 lakh and ₹4.46 lakh respectively. Break up of O&M Expenses has also been provided vide Auditor's Certificate dated 15.6.2016. The petitioner has claimed self-insurance reserve as expenses under O&M Expenses which is not allowable as expenses….."*

71. As regards the petition filing charges and advertisement and publicity charges, the Commission in order dated 26.4.2022 in Petition No. 272/TT/2020 considered the Petitioner's claim towards petition filing charges and advertisement and publicity charges and disallowed the same. The relevant portion of the said order is as follows:

> *"31. Further, the Petitioner has also claimed the petition filing charges as part of the O&M Expenses, which has to be claimed directly from the beneficiaries, therefore, the same is not allowable under O&M Expenses and accordingly has been disallowed.*
>
> *32. The Petitioner has also claimed the Advertisement & Publicity charges as part of the O&M Expenses, which is not allowable as O&M Expenses and therefore has been disallowed."*

72. In line with above order, the self insurance and advertisement and publicity charges are not allowable as expenses under O&M Expenses, therefore, the proportionate share self insurance reserve, entertainment, advertisement and publicity, brokerage and commission and out of pocket expenses pertaining to transmission assets covered in the instant petitions have been disallowed. The petition filing file is dealt later

in this order and accordingly is disallowed under the O&M Expenses. The self insurance, petition filing charges and advertisement & publicity charges disallowed are as follows:

(₹ in lakh)

Assets	2018-19
Asset-1	0.56
Asset-2	0.00
Asset-3	0.63

73. O&M Expenses claimed by the Petitioner and allowed in respect of the transmission assets as per norms specified in the 2014 Tariff Regulations are follows:

Asset-1

(₹ in lakh)

Particulars	2018-19 (Pro-rata 75 days)
Claimed by the Petitioner in the instant petition	10.14
Allowed in the instant order	9.58

Asset-2

(₹ in lakh)

Particulars	2018-19 (Pro-rata 31 days)
Claimed by the Petitioner in the instant petition	0.00
Allowed in the instant order	0.00

Asset-3

(₹ in lakh)

Particulars	2018-19 (Pro-rata 2 days)
Claimed by the Petitioner in the instant petition	11.55
Allowed in the instant order	10.92

Interest on Working Capital ("IWC")

74. Regulation 28(1)(c), Regulation 28(3) and Regulation 3(5) of the 2014 Tariff Regulations specify as follows:

*"**28. Interest on Working Capital:** (1) The working capital shall cover:*

(a) Xxxxx

(b) Xxxxx

(c) Hydro generating station including pumped storage hydro-electric generating station and transmission system including communication system:

(i) Receivables equivalent to two months of fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 29; and

(iii) Operation and maintenance expenses for one month

(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2014 or as on 1st April of the year during the tariff period 2014-15 to 2018-19 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later.

3….

***(5) "Bank Rate"** means the base rate of interest as specified by the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points;"*

75. IWC has been worked out as per the methodology provided in the Regulation 28 of the 2014 Tariff Regulations. IWC allowed is as follows:

(₹ in lakh)

	Asset-1	**Asset-2**	**Asset-3**
Particulars	**2018-19 (Pro-rata 75 days)**	**2018-19 (Pro-rata 31 days)**	**2018-19 (Pro-rata 2 days)**
Working Capital for O&M Expenses (O&M Expenses for one month)	3.89	0.00	166.01
Working Capital for Maintenance Spares (15% of O&M Expenses)	7.00	0.00	298.81
Working Capital for Receivables (Equivalent to two months of annual fixed cost)	20.42	3.08	365.27
Total Working Capital	**31.30**	**3.08**	**830.09**
Rate of Interest (in %)	12.20	12.20	12.20
Interest on Working Capital	**0.78**	**0.03**	**0.55**

76. IWC claimed by the Petitioner and allowed in the instant order are as follows:

Asset-1

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 75 days)**
Claimed by the Petitioner in the instant petition	0.92
Allowed in the instant order	0.78

Asset-2

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 31 days)**
Claimed by the Petitioner in the instant petition	0.04
Allowed in the instant order	0.03

Asset-3

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 2 days)**
Claimed by the Petitioner in the instant petition	0.59
Allowed in the instant order	0.55

Approved Annual Fixed Charges for 2014-19 Tariff Period

77. The approved Annual Fixed Charges (AFC) in respect of the transmission assets for the 2014-19 tariff period are as follows:

(₹ in lakh)

	Asset-1	**Asset-2**	**Asset-3**
Particulars	**2018-19 (Pro-rata 75 days)**	**2018-19 (Pro-rata 31 days)**	**2018-19 (Pro-rata 2 days)**
Depreciation	5.18	0.53	0.19
Interest on Loan	4.76	0.51	0.17
Return on Equity	4.85	0.50	0.18
O&M Expenses	9.58	0.00	10.92
Interest on Working Capital	0.78	0.03	0.55
Total	**25.17**	**1.57**	**12.01**

78. The details of AFC claimed by the Petitioner in the instant petition and allowed in the instant order are as follows:

Asset-1

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 75 days)**
Claimed by the Petitioner in the instant petition	30.97
Allowed in the instant order	25.17

Asset-2

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 31 days)**
Claimed by the Petitioner in the instant petition	2.01
Allowed in the instant order	1.57

Asset-3

(₹ in lakh)

Particulars	**2018-19 (Pro-rata 2 days)**
Claimed by the Petitioner in the instant petition	12.79
Allowed in the instant order	12.01

Filing Fee and the Publication Expenses

79. The Petitioner has sought reimbursement of fee paid by it for filing the Petition and publication expenses. We have considered the submissions of the Petitioner. Regulation 52 of the 2014 Tariff Regulations provides for reimbursement of filing fees and publication paid by the Petitioner. Accordingly, the Petitioner is entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly from the beneficiaries on pro-rata basis in accordance with Regulation 52 of the 2014 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

80. The Petitioner shall be entitled for reimbursement of licence fee and RLDC fee in accordance with Regulation 52 of the 2014 Tariff Regulations for 2014-19 tariff period.

Goods and Services Tax

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

82. MPPMCL has submitted that the GST is not applicable on electricity sector. Hence claim regarding the same may be disallowed. In response, the Petitioner has reiterated its submissions .

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

Sharing of Transmission Charges

84. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010 Sharing Regulations), sharing of transmission charges is governed by the 2020 Sharing Regulations. The transmission charges approved in this order for the State Sector, i.e. Asset-2, for the 2014-19 tariff period shall be shared by the respective States in accordance with the applicable Sharing Regulations as provided under Regulation 43 of the 2014 Tariff Regulations. The transmission charges approved in this order for the Central Sector, i.e. Asset 1 and Asset 3, for the 2014-19 tariff period shall be recovered in accordance with the appalicable Sharing Regulations in accordance with Regulation 43 of the 2014 Tariff Regulations

85. To summarise, AFC allowed in respect of the transmission asset for 2014-19 period are as follows:

(₹ in lakh)

Particulars	**Asset-1**	**Asset-2**	**Asset-3**
	2018-19 (Pro-rata 75 days)	**2018-19 (Pro-rata 31 days)**	**2018-19 (Pro-rata 2 days)**
AFC	25.17	1.57	12.01

86. The Annexures to this order form part of this order.

87. This order disposes of Petition No. 645/TT/2020 in terms of the above discussion and findings.

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

Annexure-I

Asset-1

2014-19	Admitted Capital Cost as on 1.4.2014/ COD (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)
Capital Expenditure		**2018-19**	**Total**			**2018-19**
PLCC	528.64	-260.10	-260.10	268.54	6.33%	25.23
Total	**528.64**	**-260.10**	**-260.10**	**268.54**	**Total**	**25.23**
				Average Gross Block (₹ in lakh)		**398.59**
				Weighted Average Rate of Depreciation (in %)		**6.33%**

Asset-2

2014-19	Admitted Capital Cost as on 1.4.2014/ COD (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Deprecia-tion as per Regula-tions	Annual Deprecia-tion as per Regula-tions (₹ in lakh)
Capital Expenditure		**2018-19**	**Total**			**2018-19**
PLCC	95.78	6.86	6.86	102.64	6.33%	6.28
Total	**95.78**	**6.86**	**6.86**	**102.64**	**Total**	**6.28**
				Average Gross Block (₹ in lakh)		**99.21**
				Weighted Average Rate of Depreciation (in %)		**6.33%**

Asset-3

2014-19	Admitted Capital Cost as on 1.4.2014/ COD (₹ in lakh)	ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2019 (₹ in lakh)	Rate of Deprecia-tion as per Regulations	Annual Depreciation as per Regula-tions (₹ in lakh)
Capital Expenditure		**2018-19**	**Total**			**2018-19**
PLCC	674.31	-254.61	-254.61	419.70	6.33%	34.63
Total	**674.31**	**-254.61**	**-254.61**	**419.70**	**Total**	**34.63**
				Average Gross Block (₹ in lakh)		**547.00**
				Weighted Average Rate of Depreciation (in %)		**6.33%**