

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 296/TT/2022**

**Coram:**

**Shri I.S. Jha, Member  
Shri Arun Goyal, Member  
Shri P. K. Singh, Member**

**Date of Order: 28.04.2023**

**In the matter of:**

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 for determination of transmission tariff from COD to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for 2 Nos. 765 kV line bays at Raigarh (Tamnar) POWERGRID Pooling Station and 2 Nos. 765 kV line bays at 765kV Dharamajaygarh POWERGRID Pooling Station (For Termination of Dharamajaygarh PS section B – Raigarh (Tamnar) PS 765 kV D/c line, Under TBCB) under “Additional System for Power Evacuation from Generation Projects pooled at Raigarh (Tamnar) Pool” in 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. Maharashtra State Electricity Distribution Company Limited,  
Hongkong Bank Building, 3rd Floor  
M.G. Road, Fort, Mumbai – 400001.
3. Gujarat Urja Vikas Nigam Limited,  
Sardar Patel Vidyut Bhawan,  
Race Course Road, Vadodara – 390 007.
4. Electricity Department,  
Government of Goa, Vidyut Bhawan, Panaji,



Near Mandvi Hotel, Goa – 403001.

5. Electricity Department  
Administration of Daman & Diu  
Daman – 396210
6. DNH Power Distribution Corporation Limited,  
Vidyut Bhawan, 66kV Road, Near Secretariat Amla,  
Silvassa – 396230
7. Chhattisgarh State Power Distribution Company Limited  
P.O. Sunder Nagar, Dangania, Raipur  
Chhattisgarh – 492013
8. Gujarat Power Corporation Limited  
Block No. 8, Sixth Floor,  
Udhyog Bhavan, Sector 11,  
Gandhinagar – 382011
9. Goa Tamnar Transmission Projects Limited  
F-1, Mira Corporate Suits, 1 & 2,  
Mathura Road, Ishwar Nagar,  
New Delhi – 110065

... Respondent(s)

**For Petitioner** : Shri Zafrul Hasan, PGCIL  
Shri Ashish Alankar, PGCIL

**For Respondents** : Shri Aryaman Saxena, GTTPL  
Shri Sandeep Rajpurohit, GTTPL

### **ORDER**

Power Grid Corporation of India Limited (PGCIL), has filed the instant petition for determination of transmission tariff for the period from the Date of Commercial operation (COD) to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of 2 Nos. 765 kV line bays at Raigarh (Tamnar) POWERGRID Pooling Station and 2 Nos. 765 kV line bays at



765kV Dharamajaygarh POWERGRID Pooling Station (for termination of Dharamajaygarh PS section B-Raigarh (Tamnar) PS 765 kV D/C line, Under TBCB)(hereinafter referred to as the “transmission asset”)under “Additional System for Power Evacuation from Generation Projects pooled at Raigarh (Tamnar) Pool in Western Region(hereinafter referred to as “the transmission project”):

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

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

*2) Approve the Transmission Tariff for the tariff block 2019-24 block for the asset covered under this petition, as per para –8.4 above.*

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

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

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

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

*7) Allow the Petitioner to claim the overall security expenses and consequential IOWC on that security expenses separately.*

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

*9) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any*



*statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

*10) Allow interim tariff in accordance with Regulation 10 (3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.*

*11) Allow Final tariff in accordance with Regulation 10 (5) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.*

*and pass such other relief as 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) of the transmission project was accorded by Board of Directors (BOD) of the Petitioner's company in its 358<sup>th</sup> meeting held on 20.9.2018 and as communicated vide Memorandum No. C/CP/PA1617-09-00-IA009 dated 12.10.2018, at an estimated cost of ₹9587lakh including IDC of ₹618lakh, at June 2018 price level.

(b) The transmission project was approved in the 38<sup>th</sup> and 39<sup>th</sup> meetings of the Standing Committee on Power System Planning in Western Region held on 17.7.2015 and 30.11.2015 respectively. The transmission project has been later discussed and agreed in the 31<sup>st</sup> RPC of Western Region held on 30.3.2016 and 31.3.2016.

(c) Subsequently, the transmission project was discussed in the 36<sup>th</sup> Empowered Committee Meeting on Transmission held on 26.7.2016 wherein it was approved that the Raigarh (Tamnar)-Dharamjaygarh Pooling Station Section B 765kV D/C line would be implemented through TBCB route and 2



nos. of 765kV line bays each at Dharmajaygarh Pool and Raigarh (Tamnar) Pool are to be implemented by the Petitioner.

(d) The scope of work covered under “Additional System for Power Evacuation from Generation Projects pooled at Raigarh (Tamnar) Pool” in Western Region is as follows:

**Sub-station:**

**(a) 765/400kV Raigarh (Tamnar) Pooling Station Extension**

**(i) Line bays:** 2 Nos. of 765kV Line Bays for termination of Raigarh (Tamnar)-Dharamjaygarh PS Section B 765 kV D/C line\*

**(b) 765/400kV Dharamjaygarh Sub-station Extension**

**(i) Line bays:** 2 Nos. of 765kV Line Bays for termination of Raigarh (Tamnar)-Dharamjaygarh PS Section B 765 kV D/C line\*

*\*765kV D/CDharajaygarh Pool Section B-Raigarh (Tamnar) pool line is being constructed by Goa Tamnar Transmission Projects Limited under TBCB route.*

(e) As per IA dated 20.9.2018, the transmission asset was scheduled to be put into commercial operation within 32 months from the date of IA i.e., by 20.5.2021.

(f) The details of transmission assets including SCOD, COD and time over-run are as follows:

SCOD	COD claimed	Time over-run
20.5.2021	20.5.2021	-

(g) The Respondents, mainly beneficiaries of the Western Region, are distribution licensees, power departments and transmission licensees, who are procuring transmission services from the Petitioner.



4. The Petitioner has served the petition on the Respondents and notice of this petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Goa Tamnar Transmission Projects Limited (GTTPL) i.e. Respondent No. 9 has filed a reply vide affidavit dated 3.2.2023 and has mainly raised issues like non-coordination by LTTC's, *force majeure* events and sharing of transmission charges. Madhya Pradesh Power Management Company Limited (MPPMCL) i.e. Respondent No. 1 has filed a reply vide affidavit dated 5.1.2023 and has mainly raised issues like implementation schedule of the project, ACE and GST. In response, the Petitioner has filed rejoinder to the replies filed by GTTPL and MPPMCL vide affidavits dated 17.2.2023 and 9.1.2023 respectively. GTTPL has also filed their written submission dated 24.3.2023.

5. The hearing in this matter was held on 6.3.2023 and order was reserved.

6. This order is issued considering the submissions made by the Petitioner in the petition vide affidavit dated 20.5.2022 and Petitioner's affidavit dated 17.8.2022, replies by MPPMCL and GTTPL and the Petitioner's rejoinders thereto, as well as the written submission filed by GTTPL.

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



## Determination of Annual Fixed Charges from COD to 31.3.2024 for the 2019-

### 24 Tariff Period

8. The Annual Fixed Charges (AFC) claimed by the Petitioner in respect of the transmission asset for 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	2021-22 (Pro-rata for 316 days)	2022-23	2023-24
Depreciation	318.99	402.68	417.58
Interest on Loan	262.73	308.83	294.20
Return on Equity	322.69	408.50	424.13
Interest on working capital	18.20	22.27	22.69
O&M Expenses	167.02	199.72	206.72
<b>Total</b>	<b>1089.63</b>	<b>1342.00</b>	<b>1365.32</b>

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

(₹ in lakh)

Particulars	2021-22 (Pro-rata for 316 days)	2022-23	2023-24
O&M Expenses	16.08	16.64	17.23
Maintenance Spares	28.94	29.96	31.01
Receivables	155.17	165.45	167.87
<b>Total</b>	<b>200.19</b>	<b>212.05</b>	<b>216.11</b>
Rate of Interest (in %)	10.50	10.50	10.50
<b>Interest on Working Capital</b>	<b>18.20</b>	<b>22.27</b>	<b>22.69</b>

### Date of Commercial Operation (“COD”)

10. The Petitioner has sought approval of the COD of the asset as 20.5.2021 in terms of Regulation 5(2) of the 2019 Tariff Regulations, as the Petitioner was not able to put the transmission asset into use as the associated transmission line i.e. Dharmajaygarh PS section B-Raigarh (Tamnar) PS 765 kV D/C line being implemented by GTTPL under TBCB.



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

*“5. Date of Commercial Operation: (1) The date of commercial operation of a generating station or unit thereof or a transmission system or element thereof and associated communication system shall be determined in accordance with the provisions of the Grid Code.*

*(2) In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:*

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

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

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

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

- a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or*
- b) the first date of the year succeeding the year in which the value of production estimated in accordance with Regulation 7A of these regulations, exceeds total expenditure in that year; or*
- c) the date of two years from the date of commencement of production:*

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





*operation for reasons not attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause (3) of this Regulation; Provided also that the generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation.”*

12. We have considered the submissions of the Petitioner. As per Regulation 5(2) of the 2019 Tariff Regulations, the COD of a transmission system or an element thereof may be approved if the said system has been prevented from being put to regular service for reasons not attributable to the transmission licensee. As per Regulation 5(2) of Tariff Regulations, the Petitioner shall have to give prior notice of at least one month, to the transmission licensee regarding the date of commercial operation.

13. In support of actual COD of the transmission asset, the Petitioner has submitted 'Approval of Energization' certificates issued by CEA dated 1.4.2021 and 26.4.2021, 'Certificate of Idle Charging Operation of Transmission element' issued by WRLDC dated 24.5.2021 and 10.6.2021 certifying that idle charging operation was completed on 9.5.2021 and 16.5.2021; and CMD certificate in accordance with Regulation 5(2) of the 2019 Tariff Regulations. The Petitioner, vide letter dated 12.2.2021 and 5.5.2021, has issued prior notice as required under Regulation 5(2) of the 2019 Tariff Regulations, to GTTPL and informed that the transmission asset will be ready for charging.

14. Taking into consideration 'Approval of Energization' certificates dated 1.4.2021 and 26.4.2021 issued by CEA, 'Certificate of Idle Charging Operation of



Transmission element' dated 24.5.2021 and 10.6.2021 issued by WRLDC, certifying that idle charging operation completed on 9.5.2021 and 16.5.2021; and CMD certificate as required under the Grid Code, COD of the subject transmission assets is hereby approved as 20.5.2021 under Regulation 5(2) of the 2019 Tariff Regulations.

### **Capital Cost**

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

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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) Capitalised Initial Spares subject to the ceiling rates in accordance with these regulations;*
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) Adjustment of revenue earned by the transmission licensee by using the Asset-before the date of commercial operation;*
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway.*
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*



(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;  
(m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;  
(n) Expenditure on account of change in law and force majeure events; and  
(o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

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

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

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

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

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

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



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

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

16. The Petitioner, vide Auditor's Certificate dated 6.5.2022, has claimed the following capital cost incurred as on COD and Additional Capital Expenditure (ACE) projected to be incurred, in respect of the transmission asset:

FR Apportioned Approved Cost as per	Capital Cost claimed as on COD	Projected ACE			Total Capital Cost as on 31.3 2024
		2021-22	2022-23	2023-24	
9587.13	6258.5	816.78	351.53	200.81	7627.62

### **Cost Over-run**

17. The estimated completion cost of the transmission asset based on the Auditor's certificate works out to ₹7627.62 lakh including IEDC and IDC and FR apportioned approved cost of ₹9587.13 lakh. Therefore, there is no cost over-run w.r.t FR cost.

### **Time Over-run**

18. As per I.A., the transmission asset was scheduled to be put into commercial operation within 32 months from the date of I.A. Accordingly, the SCOD out of the transmission asset was 20.5.2021, and the transmission asset has been put under commercial operation on 20.5.2021. Therefore, there is no time over-run in case of the transmission asset.



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

19. The Petitioner has claimed IDC in respect of the transmission asset and has submitted the Auditor's Certificate dated 5.5.2022 in support of the same. The Petitioner has submitted the computation of IDC along with year-wise details of the IDC discharged.

20. The loan amount as on COD has been mentioned in Form-6 and Form-9C. The loan details submitted in Form-9C for 2019-24 tariff period and IDC computation statement have been considered for the purpose of IDC calculation on cash basis and on accrued basis. The un-discharged IDC as on COD has been considered as ACE during the year in which it has been discharged. However, in the statement showing IDC discharged up to COD, the Petitioner has indicated the floating rate of interest of the loans deployed. IDC on cash basis up to COD has been worked out on the basis of loan details given in the statement showing discharge of IDC and Form-9C for the transmission assets. The Petitioner is directed to submit information on actual interest rates at the time of truing-up.

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

(₹ in lakh)

IDC as per Auditor's Certificate	IDC Admissible	IDC disallowed	IDC Discharged as on COD	IDC Un-discharged as on COD	IDC Discharge During	
					2021-22	2022-23
A	B	C=A-B	D	E=B-D	F	G
331.59	326.94	4.65	228.33	98.61	95.98	2.63



22. The Petitioner has claimed IEDC of ₹596.09 lakh and has submitted Auditor's Certificate in support of the same. The Petitioner has also submitted that entire IEDC has been discharged as on COD in respect of the transmission asset. Accordingly, IEDC of ₹596.09 lakh is allowed.

### **Initial Spares**

23. Regulation 23(d) of the 2019 Tariff Regulations provides for the following norms for Initial Spares:

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

24. The Petitioner has claimed the following Initial Spares:

<b>Particulars</b>	<b>Plant &amp; Machinery Cost up to cut-off date (excluding IDC and IEDC) (₹ in lakh)</b>	<b>Initial Spares Claimed (₹ in lakh)</b>	<b>Ceiling limit (in %)</b>
Sub-station	6547.24	216.88	6.00

25. We have considered the submissions of the Petitioner. The Initial Spares claimed by the Petitioner is within norm of 6%. The Initial Spares allowed for the transmission assets are as follows:



Particulars	Plant & Machinery Cost up to cut-off date (excluding IDC and IEDC) (₹ in lakh)	Initial Spares Claimed (₹ in lakh)	Allowable Initial Spares (₹ in lakh)	Ceiling limit (in%)	Initial Spares allowed (₹ in lakh)
Sub-station	6547.24	216.88	404.07	6.00	216.88

### Capital Cost allowed as on COD

26. Accordingly, capital cost allowed in respect of the transmission asset as on COD is as follows:

(₹ in lakh)			
Capital Cost claimed in Auditor's Certificate as on COD (A)	Less: IDC disallowed as on COD (B)	Less: Un-discharged IDC as on COD (C)	Capital Cost allowed as on COD (D) = (A-B-C)
6258.51	4.65*	98.61	6155.25

\* Disallowed due to computational error.

### Additional Capital Expenditure ("ACE")

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

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

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

*(a) Undischarged liabilities recognized to be payable at a future date;*

*(b) Works deferred for execution;*

*(c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*

*(d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*

*(e) Change in law or compliance of any existing law; and*



(f) Force Majeure events:

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

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

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

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

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

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

*(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations.*

*(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*

*(c) The replacement of such asset or equipment is necessary on account of*

*(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”*

28. The Petitioner has claimed projected ACE for 2019-24 tariff period on account of balance and retention payments under Regulation 24(1)(a) and 24(1)(b) of the





2019 Tariff Regulations for works executed within the cut-off date. The details are as follows:

**(₹ in lakh)**

<b>Projected ACE</b>		
<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
816.78	351.53	200.81

29. MPPMCL has submitted that the Petitioner has supported the petition with Form-7 and has claimed ACE on account of balance/retention payments, without providing proper details and justification for the same. Hence, the claims of the Petitioner may only be allowed during true-up.

30. In response, the Petitioner has submitted that element wise breakup and liability flow statement has already been furnished and hence the ACE may be allowed as claimed. The details are as follows:

**(₹ in lakh)**

<b>Head wise/ Party wise</b>	<b>Particulars</b>	<b>Discharge</b>			<b>Work Deferred for execution</b>		
		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
CG Power & Industrial Solution (supply)	Sub-station	36.86	44.02	27.76	194.96	5.04	0.73
CG Power & Industrial Solution (supply)	IT Equipment	7.66	1.49	0.62	1.98	0.49	0.46
CG Power & Industrial Solution (supply)	PLCC	5.26	0.73	0.59	1.70	0.73	0.25
CG Power & Industrial Solution (supply)	Sub-station	10.25	40.45	23.51	67.10	3.74	0.74
CG Power & Industrial Solution (supply)	IT Equipment	3.79	2.24	0.79	1.00	0.76	0.76
CG Power & Industrial Solution (supply)	PLCC	0.69	0.26	0.20	0.28	0.28	0.10
CG Power & Industrial Solution (supply)	Sub-station	43.91	216.42	135.04	408.21	24.15	3.65
Viswakarma Construction	Civil	0.00	0.00	0.00	23.67	1.47	0.62
Vindhya Construction	Civil	0.00	2.37	1.28	0.00	2.76	1.49
S H Construction	Civil	0.00	0.32	0.17	0.00	0.37	0.20
R K Lala	Civil	4.37	1.52	0.82	5.09	1.77	0.95
Durga Medical Store	Civil	0.00	0.07	0.04	0.00	0.08	0.04
<b>Total</b>		<b>112.79</b>	<b>309.89</b>	<b>190.82</b>	<b>703.99</b>	<b>41.64</b>	<b>9.99</b>

31. We have considered the submissions of the Petitioner and MPPMCL. ACE



claimed is on account of balance and retention payments and it is allowed under Regulation 24(1)(a) and Regulation 24(1)(b) of the 2019 Tariff Regulations. The projected ACE allowed is subject to truing up in respect of the transmission asset is as follows:

Particulars	Proposed ACE		
	2021-22	2022-23	2023-24
Proposed ACE allowed under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	816.78	351.53	200.81
Add: IDC discharge	95.98	2.63	0.00
<b>Total</b>	<b>912.76</b>	<b>354.16</b>	<b>200.81</b>

### **Capital Cost as on 31.3.2024**

32. Accordingly, capital cost allowed in respect of the transmission asset as on 31.3.2024 is as follows:

Capital Cost allowed as on COD	Projected ACE			Total Capital Cost as on 31.3 2024
	2021-22	2022-23	2023-24	
6155.25	912.76	354.16	200.81	7622.98

### **Debt-Equity Ratio**

33. Regulations 18 of the 2019 Tariff Regulations provides as follows:

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

*Provided that:*

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



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

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

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

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

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

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

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

(6) Any expenditure incurred for the emission control system during the tariff period as may be admitted by the Commission as additional capital expenditure for determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation.”

34. The details of debt-equity considered for the purpose of computation of tariff for 2019-24 period in respect of the transmission asset is as follows:



Funding	Capital Cost as on COD (₹ in lakh)	(in %)	Total Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	4308.68	70.00	5336.08	70.00
Equity	1846.58	30.00	2286.89	30.00
<b>Total</b>	<b>6155.25</b>	<b>100.00</b>	<b>7622.98</b>	<b>100.00</b>

### Depreciation

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

36. We have considered the submissions of the Petitioner. The IT equipment has been considered as part of the Gross Block and depreciated using Weighted Average Rate of Depreciation (WAROD). WAROD has been worked out and placed as Annexure-I after considering the depreciation rates of IT and non-IT assets as prescribed in the 2019 Tariff Regulations. The salvage value of IT equipment has been considered nil, i.e., IT asset has been considered as 100% depreciable. Depreciation allowed in respect of the transmission assets for the 2019-24 tariff period is as follows:

(₹ in lakh)				
	Particulars	2021-22 (Pro-rata for 316 days)	2022-23	2023-24
A	Opening Gross Block	6155.25	7068.01	7422.17
B	Addition during the year 2019-24 due to projected ACE	912.76	354.16	200.81
C	Closing Gross Block (A+B)	7068.01	7422.17	7622.98
D	Average Gross Block (A+C)/2	6611.63	7245.09	7522.57
E	Average Gross Block (90% depreciable assets)	6402.53	7024.68	7298.32
F	Average Gross Block (100% depreciable assets)	209.10	220.41	224.25
G	Depreciable value (excluding IT equipment and software) (E*90%)	5762.28	6322.21	6568.49
H	Depreciable value of IT equipment and software (F*100%)	209.10	220.41	224.25
I	Total Depreciable Value (G+H)	5971.38	6542.62	6792.74
J	Weighted average rate of Depreciation (WAROD) (in %)	5.57	5.55	5.55
K	Elapsed useful life at the beginning of the year (Year)	0.00	0.00	1.00
L	Balance useful life at the beginning of the year (Year)	24.00	24.00	23.00
<b>M</b>	<b>Depreciation during the year (D*J)</b>	<b>318.83</b>	<b>402.43</b>	<b>417.31</b>
N	Cumulative Depreciation at the end of the year	318.83	721.26	1138.57
O	Remaining Aggregate Depreciable Value at the end of the year	5652.55	5821.36	5654.17



## **Interest on Loan (“IoL”)**

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

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

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

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

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

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

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

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

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

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

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

38. The weighted average rate of interest of IoL has been considered on the basis of the rates prevailing as on COD for respective loans. The Petitioner has



prayed that the change in interest rate due to floating rate of interest applicable, if any, during 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true-up.

39. In view of above, the following IoL has been approved for the transmission asset in accordance with Regulation 32 of the 2019 Tariff Regulations:

(₹ in lakh)				
	Particulars	2021-22 (Pro-rata for 316 days)	2022-23	2023-24
A	Gross Normative Loan	4308.68	4947.61	5195.52
B	Cumulative Repayments up to Previous Year	0.00	318.83	721.26
C	Net Loan-Opening (A-B)	4308.68	4628.78	4474.26
D	Addition due to ACE	638.93	247.91	140.57
E	Repayment during the year	318.83	402.43	417.31
F	Net Loan-Closing (C+D-E)	4628.78	4474.26	4197.51
G	Average Loan (C+F)/2	4468.73	4551.52	4335.89
H	Weighted Average Rate of Interest on Loan (in %)	6.79	6.78	6.78
I	<b>Interest on Loan (G*H)</b>	<b>262.60</b>	<b>308.63</b>	<b>294.01</b>

### **Return on Equity ("RoE")**

40. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations provide as follows:

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

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of-river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

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





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

Provided further that:

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

Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.

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

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

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

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



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

**Illustration-**

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

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

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

- (a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;
- (b) Estimated Advance Tax for the year on above is Rs 240 crore;
- (c) Effective Tax Rate for the year 2019-20 =  $\text{Rs } 240 \text{ Crore} / \text{Rs } 1000 \text{ Crore} = 24\%$ ;
- (d) Rate of return on equity =  $15.50 / (1 - 0.24) = 20.395\%$ .

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

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



(₹ in lakh)

	Particulars	2021-22 (Pro-rata for 316 days)	2022-23	2023-24
A	Opening Equity	1846.58	2120.40	2226.65
B	Addition due to ACE	273.83	106.25	60.24
C	Closing Equity (A+B)	2120.40	2226.65	2286.89
D	Average Equity (A+C)/2	1983.49	2173.53	2256.77
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500
F	Tax Rate applicable (in %)	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax)	18.782	18.782	18.782
H	<b>Return on Equity (Pre-tax) (D*G)</b>	<b>322.53</b>	<b>408.23</b>	<b>423.87</b>

### Operation & Maintenance Expenses (“O&M Expenses”)

42. The O&M expenses claimed by the Petitioner for the transmission asset is as follows:

(₹ in lakh)

2021-22 (Pro-rata for 316 days)	2022-23	2023-24
167.02	199.72	206.72

43. Regulation 35(3)(a) and Regulation 35(4) of the 2019 Tariff Regulations provide as follows:

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 Kv	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
<i>Norms for Transformers (₹ Lakh per MVA)</i>					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867



<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
<b>Norms for HVDC stations</b>					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

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

*Provided further that:*

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



*Double Circuit quad AC line;*

- iii. *the O&M expenses of  $\pm 500$  kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for  $\pm 500$  kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*
- iv. *the O&M expenses of  $\pm 800$  kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for  $\pm 800$  kV, Bishwanath-Agra HVDC bi-pole scheme;*
- v. *the O&M expenses of  $\pm 800$  kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for  $\pm 800$  kV, Bishwanath-Agra HVDC bi-pole scheme; and*
- vi. *the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.*

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

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

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

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

44. O&M Expenses claimed by the Petitioner are within the norms under the 2019 Tariff Regulations. Accordingly, O&M Expenses approved in respect of the transmission asset for 2019-24 tariff period are as follows:



(₹ in lakh)

Particulars	2021-22 (Pro-rata for 316 days)	2022-23	2023-24
<b>Sub-station Bays</b>			
765kV: Raigarh:Line Bays (Dharamajaygarh-Raigarh Line at Raigarh)	2	2	2
765kV: Dharamjaigarh:Line Bays(Dharmajaygarh-Raigarh D/C Line at Dharamajaygarh)	2	2	2
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Norms</b>			
765kV	48.23	49.93	51.68
<b>Total Sub-station Bays</b>	<b>192.92</b>	<b>199.72</b>	<b>206.72</b>
Total O&M Expenses allowed	<b>167.02</b>	<b>199.72</b>	<b>206.72</b>

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

45. Regulations 34(1)(c), Regulation 34(3) and Regulation 34(4) and Regulation 3(7) of the 2019 Tariff Regulations provide as follows:

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

.....

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

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

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

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

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

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

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



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

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

46. The Petitioner has submitted that it has computed IWC for 2019-24 period considering the SBI base rate plus 350 basis points as on 1.4.2021. The Petitioner has considered the rate of IWC as 10.50%. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The rate of IWC considered is 10.50% (SBI 1year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for 2021-24. The components of the working capital and interest allowed thereon is as follows:

(₹ in lakh)			
Particulars	2021-22 (Pro-rata for 316 days)	2022-23	2023-24
Working Capital for O&M Expenses (O&M expenses for one month)	16.08	16.64	17.23
Working Capital for Maintenance Spares (15% of O&M expenses)	28.94	29.96	31.01
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	155.10	165.36	167.78
<b>Total Working Capital</b>	<b>200.12</b>	<b>211.96</b>	<b>216.01</b>
Rate of Interest for working capital (in %)	10.50	10.50	10.50
<b>Interest of working capital</b>	<b>18.19</b>	<b>22.26</b>	<b>22.68</b>

#### **Annual Fixed Charges for 2019-24 Tariff Period**

47. The transmission charges allowed in respect of the transmission asset for 2019-24 tariff period are as follows:

(₹ in lakh)			
Particulars	2021-22 (Pro-rata for 316 days)	2022-23	2023-24
Depreciation	318.83	402.43	417.31
Interest on Loan	262.60	308.63	294.01
Return on Equity	322.53	408.23	423.87



<b>Particulars</b>	<b>2021-22 (Pro-rata for 316 days)</b>	<b>2022-23</b>	<b>2023-24</b>
Operation and Maintenance Expenses	167.02	199.72	206.72
Interest on Working Capital	18.19	22.26	22.68
<b>Total</b>	<b>1089.17</b>	<b>1341.27</b>	<b>1364.59</b>

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

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

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

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

#### **Goods and Services Tax**

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





51. MPPMCL has submitted that the demand for GST is premature and hence liable to be rejected.

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

### **Security Expenses**

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

54. We have considered the above submissions of the Petitioner. The Petitioner has claimed consolidated security expenses for all the transmission assets owned by it on projected basis for 2019-24 tariff period on the basis of actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The said petition has already been disposed of by the Commission vide order dated 3.8.2021. Therefore, the Petitioner's prayer in the instant petition for allowing it to file a separate petition for claiming the overall security expenses and consequential IWC has become infructuous.

### **Capital Spares**

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



### **Sharing of Transmission Charges**

56. MPPMCL has submitted that the instant asset could not be utilized due to the delay in completion of associated 765kV D/C Dharamjaygarh Pool Section B-Raigarh (Tamnar) Pool Line, which is under the scope of GTTPL. Therefore, the transmission charges of above assets should not be passed on to the beneficiaries until entire scope of works get completed and power flow starts in the system through newly created assets. The transmission charges for the period from proposed COD of the transmission asset to the actual DOCO of 765kV D/C Dharamjaygarh Pool Section B-Raigarh (Tamnar) Pool Line should be borne either by the Petitioner or by GTTPL.

57. In response, the Petitioner has submitted that the Petitioner's asset could not be serviced due to non-readiness of assets under the scope of GTTPL and hence no liability can be fastened upon the Petitioner.

58. GTTPL in its reply and written submissions has made the following submissions:

- a. As per Article 4.3 read with Article 5.1 of TSA entered into between GTTPL and Long-Term Transmission Customers (LTTTC) dated 28.6.2017, the LTTTCs should monitor and coordinate the development of inter-connection facilities associated with DT Line in a matching timeframe. As per the provisions of the TSA, GTTPL has to provide the Monthly Progress Report(s) to LTTTCs and CEA capturing various details on month-by-month progress of the DT Line along with its SCOD and anticipated COD. GTTPL being a prudent utility has provided the copies of its monthly progress reports which are also published by CEA in its Monthly Progress Reports of ISTS



assets. Its monthly progress reports provided a clear, unambiguous and detailed report on the status of DT Line along with various *force majeure* and Change in Law issues faced by GTTPL during the implementation of the DT Line.

b. LTTCs, along with the coordinating agencies such as CEA were having full knowledge of the status of commissioning of DT line. Further, GTTPL through various correspondences and letters have also appraised its LTTCs about uncontrollable delay due to *force majeure* events as required under Article 11 of the GTTPL TSA.

c. GTTPL has performed its obligations under the TSA in its entirety. The responsibilities assigned to the LTTCs under GTTPL's TSA were of monitoring the commissioning of the inter-connection facilities associated with the DT Line which was under the Petitioner's scope. LTTCs despite receiving all relevant information and inputs from GTTPL under its TSA completely failed in even making attempts to coordinate with the Petitioner and match the commissioning of the inter-connection facilities with its associated transmission line i.e. DT Line.

d. Inter-connection facilities under the scope of the Petitioner were stand-alone assets proposed to be constructed on existing green-field sub-station of the Petitioner and were not associated with any other upstream / downstream asset under the TSA. Therefore, it would have been feasible and possible for the Petitioner to align the commissioning of the inter-connection facilities with the commissioning of the DT lines. But, due to complete ignorance and non-compliance of the LTTCs, the Petitioner was never requested or informed by



LTTTCs to align the commissioning of its inter-connection facilities with the commissioning of the associated transmission line. A simple exercise on part of the lead LTTTC or other LTTTCs could have avoided the mismatch.

e. Article 6.1 of the TSA further casts responsibility upon LTTTCs including the lead LTTTC to coordinate with the Petitioner for matching the COD of associated inter-connection facility with the COD of DT Line. Whereas, in the instant case, the COD of the inter-connecting facilities associated with the DT line is May 2021 which does not match the SCOD of DT Line (i.e. July 2021) under GTTPL's TSA with its LTTTCs. Therefore, the LTTTCs have clearly defaulted in complying with the provisions of Article 6.1 of GTTPL's TSA, whereby, they are mandated to arrange the interconnection facility not before the SCOD defined under the TSA and only upon service of 60 days advance notice to the LTTTCs intimating the expected date of commissioning of DT Line.

f. It is a well settled principle of civil and contract law that, when a contract clearly assigns the responsibility on a party to perform certain obligations, such obligations are required to be performed by such party in the manner as prescribed under the contract and the same has been held by the Courts time and again.

g. LTTTCs have signed the Model Transmission Service Agreement (MTSA) with the Petitioner for implementing transmission projects under Regulated Tariff Mechanism and therefore has an existing contractual relationship with the Petitioner for implementing the inter-connection facilities.

h. In matching the commissioning of inter-connection facilities with the



actual commissioning of the DT line, there was no economic loss or technical impossibility or commercial unviability whatsoever, as both Dharamjaygarh and Tamnar Sub-stations were existing sub-stations which are recovering its tariff under PoC mechanism. Accordingly, the Petitioner could have matched the commissioning of the Inter-connection Facilities with DT Line.

i. Under the 2019 Tariff Regulations and the 2020 Sharing Regulations, GTTPL cannot be made liable to bear transmission charges for the period of mismatch.

j. GTTPL has faced several uncontrollable impediments and challenges in the form of *force majeure* events while implementing the DT Line such as the Covid-19 pandemic and delay in acquisition of SPV. These events hindered smooth implementation of the DT Line and have caused GTTPL to take additional time to complete the construction activities for DT Line. GTTPL had filed a petition highlighting that the transmission asset under its scope has been affected by *force majeure* which was dismissed as the transmission asset was not put into commercial operation.

k. GTTPL is not a privity to the contract between LTTCs and the Petitioner for construction of Inter-connection Facility. Therefore, liability of transmission charges in the absence of a contract are more in the nature of damages for delay in COD of the DT Line for reasons not attributable to GTTPL and cannot be qualified as sharing of transmission charges. Breach of contract is a pre-condition to claim damages under Section 73 and Section 74 of the Indian Contract Act, 1872. Since there exists no contract between the licensees implementing the interlinked transmission system in such cases, it



is not prudent to impose such liabilities on GTTPL which is not a privity to contract between LTTCs and the Petitioner.

l. The present *force majeure* events affecting GTTPL (and purportedly delaying the Petitioner) should be treated at par with any other *force majeure* event affecting the Petitioner. The occurrence of a *force majeure* event is a finding of fact. Thus, any *force majeure* event affecting GTTPL will equally be a *force majeure* event for the Petitioner as well. Therefore, any purported delay in putting the Petitioner asset to use on account of *force majeure* events affecting GTTPL should be treated as a *force majeure* event affecting the Petitioner. Further, any failure by the Petitioner in claiming such events as *force majeure* cannot prejudice GTTPL's rights under law.

m. The Petitioner is not a Section 63 licensee but operates under the cost-plus regime in accordance with Section 62 of the Electricity Act, 2003 being governed by this Commission's tariff regulations. Under the cost-plus regime, it is open for licensees to claim compensation for financial losses incurred on account of uncontrollable parameters such as *force majeure* events in tariff true-up proceedings. The Petitioner has the option of recovering the IDC and IEDC from the beneficiaries of its transmission system. However, a Section 63 licensee does not have such an option. Thus, it is submitted that the impact of the mismatch in COD ought to be treated as a *force majeure* event for the Petitioner.

n. In absence of any finding on GTTPL *force majeure* claims no liability whatsoever can be fastened upon the GTTPL for any purported mismatch between the GTTPL's DT Line and inter-connection facilities. In fact, any cost



over-run on account of the delay caused by *force majeure* events suffered by GTTPL ought to be recovered from the LTTCs to ensure no one entity is unreasonably burdened due to the impact of uncontrollable events. This would also be in line with the mechanism applied in assets covered under the regulated tariff mechanism to adjudicate the issue.

59. In response, the Petitioner has made the following submissions:
- a. GTTPL is largely seeking to blame the LTTCs which are the beneficiaries of the system being developed by GTTPL and have an independent Transmission Service Agreement (“TSA”) dated 28.6.2017. It is an attempt on the part of GTTPL to travel beyond the scope of the present petition which is only for the tariff determination of the transmission line made ready by the Petitioner by 20.5.2021 which is the SCOD as per the IA dated 12.10.2018.
  - b. The present petition cannot be used by GTTPL to either get any declaration on the events being claimed as *force majeure* under the TSA or for claiming any order/relief against its LTTCs. The only issue to be considered is the approval of COD for the instant transmission asset of the Petitioner under Regulation 5(2) of the 2019 Tariff Regulations.
  - c. As per the reply of GTTPL, there is no dispute regarding the following:
    - i. The transmission assets were made ready by 20.5.2021, which is by the SCOD as per the IA.
    - ii. As per GTTPL, its 765 kV double circuit Dharmajaygarh Pooling Station has achieved COD on 27.6.2022.



iii. Regulation 5(2) recognizes the right of the Petitioner to claim a deemed COD by furnishing certain documentary evidence which in the present case have been furnished the following documents along with the petition:

Energization Certificate	1.4.2021
Trial Operation Certificate	24.5.2021
Letters of Coordination	12.2.2021, 6.3.2021, 4.5.2021, 5.5.2021, 10.5.2021
Notice issued by transmission licensee	10.5.2021
Certificate of the CMD	17.5.2021

iv. The right of the Petitioner to get its COD approved or recover tariff from the COD is as per the 2019 Tariff Regulations and cannot be made subject to any further contract or claim which GTTPL may or may not have.

d. The issues being faced by GTTPL in either the commissioning of its assets or as per the terms of the TSA entered into by it, cannot be pleaded as a defense to the present petition.

e. The terms of the TSA entered into by GTTPL and its LTTCs are not binding or cannot in any manner take away the rights of the Petitioner under the 2019 Tariff Regulations.

f. The rights of GTTPL against its LTTCs may be governed by the TSA and GTTPL is free to claim any such rights against its LTTCs for compliance or non-compliance of the TSA. If the LTTCs have not adhered to Article 4.2 and 5.3 of the TSA, it is for GTTPL to proceed against the LTTCs in





accordance with the TSA.

g. The principles of Civil and Contract Law sought to be invoked by GTTPL have nothing to do with the present case. There is no direct contractual relationship between the Petitioner and the LTTCs of GTTPL. The signing of a Model Transmission Service Agreement ('MTSA') has nothing to do with the present matter and does not mean that the tariff of the Petitioner which is under Section 61 and 62 of the Act will have to be recovered as per the MTSA.

h. GTTPL is misconstruing/misunderstanding the scope of the present proceedings and seeking to get its own issues with its LTTCs resolved in the present petition. The instant petition is not for adjudication of any disputes or declaration of any contractual rights of either GTTPL or its LTTCs under the TSA. Instead, it is a tariff proceeding under Section 61 read with Section 79(1)(d) of the Electricity Act.

i. GTTPL has itself referred to certain provisions of the 2019 Tariff Regulations as well as 2020 Sharing Regulations which crystallize the liability in case there is a mismatch between either the transmission systems of two transmission licensees or between a generating company and a transmission licensee.

j. GTTPL is trying to hair-split the term transmission system to contend that neither the 2019 Tariff regulations nor the 2020 Sharing Regulations, can be made applicable between a transmission line and an inter-connection facility forming part of the same transmission system. It is the first rule of



construction that the language used must be given its simple meaning. A transmission system consists of both transmission lines along with the associated sub-stations and includes any equipment associated with both transmission lines as well as sub-stations. This definition is provided in the TSA of GTTPL.

k. To contend that a mismatch between a line and its bays is not a mismatch is completely incorrect. The mismatch sought to be regulated by the 2019 Tariff Regulations, is only when a transmission system has achieved COD under Regulation 5(2) i.e. deemed COD by one licensee and the transmission system of another licensee is delayed.

l. The Petitioner had regularly intimated GTTPL about its progress and had requested GTTPL to match the commissioning of their transmission line with the bays.

m. The contention of GTTPL that no liability can be fastened on it until the adjudication of *force majeure* events that led to its delay is wrong and misplaced. The Petitioner, as a transmission licensee, requires to be paid for the asset that it is setting up. A tariff recovery is not akin to a claim for damages but goes towards servicing of the capital cost invested by the Petitioner in the construction of transmission assets. Under Section 61, 62 and 64 of the Electricity Act, 2003, there is a provision for cost plus tariff determination, which means that all the reasonable costs and expenses incurred by the Petitioner along with a reasonable Return on Equity ('RoE') should be paid to it.

n. It is incorrect on the part of GTTPL to equate the regulatory treatment of



its assets to that of the Petitioner's assets. The Petitioner is governed by the provisions of the 2019 Tariff Regulations and the time and cost over-run are decided by the Commission by applying a prudence check on case to case basis by exercising a plenary power of tariff determination. On the contrary, the *force majeure* pleaded by GTTPL are decided as per the contract i.e. TSA which has been entered into by a competitive bidding under Section 63 of the Electricity Act, 2003.

60. We have considered the submissions of the Petitioner, GTTPL and MPPMCL and have perused the material on record. MPPMCL has contended that as the transmission asset could not be utilised till the COD of the transmission line, the beneficiaries should not be burdened with the transmission charges for the period of mismatch. GTTPL has contended that as per the TSA and as held by the APTEL in its Patran judgment, there was a responsibility on the LTTCs to coordinate and as the LTTCs failed to coordinate the mismatch of the project, they are liable to bear the transmission charges for the period of mismatch. GTTPL has also contended that the transmission line under the scope of GTTPL delayed due to *force majeure* conditions and Change in Law issues faced by GTTPL and therefore it was incumbent upon the LTTCs to coordinate the interconnection, which they failed to do so. The Commission in its order dated 8.2.2022 in Petition No. 239/MP/2021 has already held that an appropriate view on the claims made by GTTPL due to *force majeure* events would be taken after the completion of the transmission project by GTTPL. The relevant portion of the order dated 8.2.2022 is as follows:



*“12. It is observed that the Petitioner has also claimed that various elements of the Project are affected by force majeure events and such events are still continuing. The Petitioner has approached the Commission for declaration of these events as force majeure events and requested for extension of SCOD of the Project, in advance. It is also clear that the Petitioner is unable to quantify and confirm the likely COD of the Project. Since the Project has not been completed by the Petitioner till date and there is uncertainty about the likely COD, it would not be appropriate to take any view on extension of SCOD at this stage. Accordingly, the Petitioner is granted liberty to approach the Commission to seek the appropriate relief for force majeure events, after completion of the Project.”*

61. Therefore, we are not inclined to go into the issue of extension of COD due to *force majeure* events in this petition.

62. GTTPL has contended that it is not liable under the 2019 Tariff Regulations and the 2020 Sharing Regulations, to bear transmission charges for the period of mismatch as it is a TBCB project under section 63 of the Act. The transmission asset of the Petitioner is being implemented under the RTM route and it is covered under section 62 of the Act. As per Regulation 2(1) of the 2019 Tariff Regulations, framed under section 178 read with section 61 of the Act, the 2019 Tariff Regulations are applicable for the transmission system or element thereof implemented under Section 62 of the Act. Accordingly, the 2019 Tariff Regulations are applicable for the instant transmission asset of the Petitioner covered under Section 62 of the Act.

63. Further, as per the scheme of Regulation 5(2) of the 2019 Tariff Regulations, if a transmission licensee is prevented from putting its transmission assets into regular use due to non-readiness of the downstream or upstream transmission licensee or a generating station, the transmission licensee can approach the Commission for declaration of COD of such transmission assets. In



the instant case, non-utilization of transmission asset of the Petitioner was on account of delay in completion of the transmission line under the scope of GTTPL. Accordingly, we have already approved COD of the transmission asset as 20.5.2021 under Regulation 5(2) of the 2019 Tariff Regulations as the associated transmission asset of GTTPL was not ready as on 20.5.2021.

64. Regulation 13(12) of the 2020 Sharing Regulations provides as follows:

*“(12) In case of a transmission system where COD has been approved in terms of proviso (ii) of Clause (3) of Regulation 4 of the Tariff Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019 or where deemed COD has been declared in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges for the transmission system shall be:*

*(a) paid by the inter-State transmission licensee whose transmission system is delayed till its transmission system achieves COD, or”*

65. As per Regulation 13(12) of the 2020 Sharing Regulations, when the COD of a transmission asset/ system is approved under Regulation 5(2) of the said Regulations, the Yearly Transmission Charges of the transmission asset/ system shall be paid by the ISTS licensee whose transmission system is delayed till its transmission system achieves COD. The said provision does not distinguish between a transmission project under the RTM route and the TBCB route. Therefore, the contention of GTTPL that it is not liable to bear the transmission charges under the 2019 Tariff Regulations and the 2020 Sharing Regulations is misconceived and rejected.

66. In view of the above, we are of the view that the yearly transmission charges of the instant transmission asset should be borne by GTTPL from COD of the transmission asset, i.e. from 20.5.2021 till the COD of the associated TBCB line of



GTTP. Thereafter, the billing, collection, and disbursement of transmission charges approved in this order for the transmission asset shall be in accordance with the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.

67. To summarise,

(a) AFC allowed in respect of the transmission assets for 2019-24 tariff period in the instant order are as follows:

(₹ in lakh)		
2021-22 (Pro-rata for 316 days)	2022-23	2023-24
1089.17	1341.27	1364.59

68. Annexure-I given hereinafter shall form part of the order.

69. This order disposes of Petition No.296/TT/2022 in terms of the above discussions and findings.

**sd/-**  
**(P.K. Singh)**  
**Member**

**sd/-**  
**(Arun Goyal)**  
**Member**

**sd/-**  
**(I.S. Jha)**  
**Member**



Annexure-I

2019-24	Admitted Capital Cost as on COD (₹ in lakh)	Projected ACE			Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation (%)	Annual Depreciation as per Regulations		
Capital Expenditure as on COD		2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)			2021-22 (₹ in lakh)	2022-23 (₹ in lakh)	2023-24 (₹ in lakh)
Building	119.05	34.99	10.78	5.61	170.43	3.34	4.56	5.32	5.60
Sub-station	5698.50	850.16	336.25	191.44	7076.35	5.28	323.33	354.65	368.58
PLCC	137.37	10.07	2.06	1.14	150.64	6.33	9.01	9.40	9.50
IT Equipment	200.33	17.54	5.07	2.62	225.56	15.00	31.37	33.06	33.64
<b>Total</b>	<b>6155.25</b>	<b>912.76</b>	<b>354.16</b>	<b>200.81</b>	<b>7622.98</b>		<b>368.26</b>	<b>402.43</b>	<b>417.31</b>
<b>Average Gross Block (₹ in lakh)</b>							6611.63	7245.09	7522.57
<b>Weighted Average Rate of Depreciation (%)</b>							5.57	5.55	5.55

