

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 135/TT/2025**

**Coram:**

**Shri Ramesh Babu V., Member  
Shri Harish Dudani, Member**

**Date of Order: 15.03.2025**

**In the matter of:**

Approval under Section 62 read with Section 79 (1) (d) of the Electricity Act, 2003 and under the Regulation 15 (1) (a) and Regulation 23 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for truing up of fees and charges for 2019-24 for Sub-Load Dispatch Centre at Modipuram under UPPCL in the Northern Region

**And in the matter of:**

**Power Grid Corporation of India Limited**

“Saudamini”, Plot No. 2,  
Sector-29, Gurgaon-122001 (Haryana).

**...Petitioner**

**Uttar Pradesh Power Corporation Limited**

Shakti Bhawan, 14, Ashok Marg  
Lucknow - 226 001

**...Respondent**

**Parties Present** : Shri Mohd. Mohsin, PGCIL  
Shri Vishal Sagar, PGCIL  
Shri A. Naresh Kumar, PGCIL  
Shri Vivek Kumar Singh, PGCIL  
Shri Amit Yadav, PGCIL  
Shri Arjun Malhotra, PGCIL  
Shri Piyush Awasthi, PGCIL

**ORDER**

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) for truing up of fees and charges for 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019

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(hereinafter referred to as “the 2019 Tariff Regulations”) for Sub-Load Dispatch Centre at Modipuram under UPPCL in the Northern Region

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

*“a) Approve the trued-up fees and changes for 2019-24 block for the asset covered under this petition, as per para 14 above.*

*b) Allow to recover income tax directly from the beneficiaries.*

*c) 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.*

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

*e) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 16 above.*

*f) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 16 above.*

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

*and pass such other relief as the 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 Sub-Load Dispatch Centre (SLDC) at Modipuram under UPPCL was put under commercial operation w.e.f. 01.09.2006. The Commission, vide order dated 18.03.2009 in Petition No.87/2007, has approved the fee and charges, for the period from COD to 31.03.2009, based on the Gross Capital Cost of ₹353.21 lakh as on 31.03.2009. Later, the Commission, vide order dated 21.02.2014 in

Petition No. 73/TT/2012, approved the fee and charges for the period 2009-14. Thereafter, *vide* order dated 16.5.2016 in Petition No. 427/TT/2014, fees and charges for the 2014-19 period were approved by the Commission. Subsequently, the Commission, *vide* order dated 25.01.2021 in Petition No. 510/TT/2019, has approved trued-up Fee and Charges for the period 2014-19 and determined Fee and Charges for the period 2019-24.

(b) The Sub-Load Dispatch Centre (SLDC) at Modipuram under UPPCL comprised “Microwave” and “Non-Microwave” portion. As per directions of Ministry of Communications & Information Technology, the digital microwave links were replaced with optic fibre on 31.3.2012 wherein the Commission, *vide* aforesaid order dated 21.2.2014, allowed accelerated depreciation for the microwave links and the corresponding capital cost was recovered completely up to 31.3.2012. Capital cost of the non-microwave portion was recovered in the usual manner for the 2009-14 period.

(c) The Commission, in its orders, has approved the recovery of loan and equity based on the weighted average rate of interest & Return on Equity using the monthly Capital Recovery Factor concept. The Commission in its order dated 18.3.2009 in Petition No. 87/2007, approved the fee and charges for the SLDC Asset in the same manner as in the case of the assets under the Unified Load Despatch and Communication Scheme. The monthly Capital Recovery Factor for loan and equity for 15 years (180 months) is as under:

$$\text{Recovery Factor} = ix(1+i)^n / (1+i)^n - 1$$

Where n = period of recovery, and i = rate of recovery

(d) Further, vide order dated 08.12.2011, in Petition No. 68/2010, the Commission specified the line of action to be followed. Vide para 9 of this order, Commission had decided to continue with the levelised tariff for the existing asset in the absence of any provision in 2009 Tariff Regulations regarding determination of tariff of communication system and ULDC system of the Petitioner. Also, while determining fees and charges for fibre optic communication system in lieu of existing Unified Load Despatch and Communication (ULDC) Microwave links in Northern Region, the Commission vide order dated 01.09.2015 in Petition No. 240/TT/2013 decided that the annual fee and charges of optic fibre needs to be determined as per the principles approved by the Commission vide order dated 8.12.2011 in Petition No 68/2010.

(e) Accordingly, the Commission, vide order dated 25.01.2021 in Petition No. 510/TT/2019, had considered the following Capital Cost for 'Non-Microwave Portion' for the purpose of calculation of trued-up Fee and Charges for the 2014-19 and determination of Fee and Charges for the 2019-24 tariff periods in respect of the asset "*Sub-Load Dispatch Centre at Modipuram under UPPCL*":

(₹ in lakh)

Particulars	Net Capital Cost as on 01.04.2014	Capital Recovered during 01.04.2014 to 31.03.2019	Net Capital Cost as on 31.03.2019
Loan	152.76	92.19	60.58
Equity	75.71	41.15	34.55
<b>Total</b>	<b>228.47</b>	<b>133.34</b>	<b>95.13</b>

(f) In the instant Petition, the Petitioner has claimed the trued-up Fee & Charges for the 2019-24 tariff period in respect of 'Non-Microwave Portion' for *Sub-Load Dispatch Centre (SLDC) at Modipuram under UPPCL*.

4. The Respondent, UPPCL, is a Distribution Licensee in Northern Region and is procuring transmission services from the Petitioner.

5. The Petitioner has served a copy of the Petition on the Respondent and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (the Act). No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. The Respondent has not filed any reply in the matter.

6. The hearing in the matter was held on 12.2.2025 and the order was reserved. This order is being issued considering the Petitioner's submissions in the Petition vide affidavit dated 27.11.2024.

7. Having heard the Petitioner's representative and perused the material available on record, we proceed to dispose of the Petition.

**Truing-up of SLDC Fees & Charges for the period from 01.04.2019 to 31.03.2024**

8. Regulation 8 (1) (iii) of the 2019 Tariff Regulations specify as under:

*"(iii) Tariff of the associated communication system forming part of transmission system which has achieved commercial operation prior to 1.4.2014 shall be as per the methodology approved by the Commission prior to 1.4.2014."*

9. The methodology adopted in order dated 25.01.2021 in Petition No. 510/TT/2019 was similar to that specified by the Commission vide order dated



08.12.2011 in Petition No 68/2010 and that applied in orders related with Fee and Charges of ULDC of various regions during 2014-19 tariff period.

10. In view of the above, the same methodology with associated assumptions has been continued for truing-up the Fee & Charges for the 2019-24 period in respect of 'Non-Microwave Portion' for *Sub-Load Dispatch Centre (SLDC) at Modipuram under UPPCL*.

11. Further, the useful life of 15 years of the asset has been completed on 31.08.2021, the Capital Cost of the asset has been fully recovered as on 31.08.2021. Therefore, the Fee and Charges for the 2019-24 tariff period, up to 31.08.2021, has been allowed as discussed in the subsequent paragraphs.

#### **Capital Cost for the 2019-24**

12. The Commission, vide order dated 25.01.2021 in Petition No. 510/TT/2019, had admitted the following Capital Cost for 'Non-Microwave Portion' as on 01.04.2014 and 31.03.2019:

(₹ in lakh)

<b>Funding</b>	<b>Net Capital Cost as on 01.04.2014</b>	<b>Capital Recovered during 01.04.2014 to 31.03.2019</b>	<b>Net Capital Cost as on 31.03.2019</b>
Loan	152.76	92.19	60.58
Equity	75.71	41.15	34.55
<b>Total</b>	<b>228.47</b>	<b>133.34</b>	<b>95.13</b>

13. As indicated above, the Net Capital Cost of ₹95.13 Lakh has been approved by the Commission for the transmission asset as on 31.03.2019 in Petition No. 510/TT/2019. The same has been considered as opening Net Capital Cost as on

01.04.2019 for the purpose of working out the Trued-up Fee and Charges for the 2019-24 tariff period for 'Non-Microwave Portion' of SLDC.

### **Additional Capital Expenditure**

14. The Petitioner has not claimed any additional capitalization for 'Non-Microwave Portion' of SLDC for the 2019-24 tariff period.

15. Accordingly, Capital Recovered in respect of Capital cost for 'Non-Microwave Portion' for the period from 01.04.2019 to 31.08.2021 has been worked out by considering the recovery of loan and equity based on the weighted average rate of interest and Return on Equity using the monthly Capital Recovery Factor concept. The details of which are as below:

(₹ in Lakh)		
<b>Funding</b>	<b>Net Capital Cost as on 01.04.2019</b>	<b>Capital Recovered during 01.04.2019 to 31.08.2021</b>
Loan	60.58	60.58
Equity	34.55	34.55
<b>Total</b>	<b>95.13</b>	<b>95.13</b>

### **Debt- Equity Ratio:**

16. Following are the details of debt-equity ratio, as on 01.04.2019, considered for calculations:

(₹ in Lakh)	
<b>Net Capital Cost for Non-Microwave Portion</b>	<b>As on 01.04.2019</b>
Loan	60.58
Equity	34.55
<b>Total</b>	<b>95.13</b>
<b>Debt-Equity Ratio</b>	
Debt (%)	63.68
Equity (%)	36.32
<b>Total (%)</b>	<b>100.00</b>

### **Rates for Recovery of loan and equity:**

17. The net/ outstanding capital cost of ₹95.13 lakh as on 01.04.2019, has been considered for working out the fee and charges for 'Non-Microwave Portion' of the SLDC Asset for the 2019-24 tariff period. The capital recovery has been worked out by considering the recovery of loan and equity based on the year wise weighted average rate of interest and rate of Return on Equity using the monthly Capital Recovery Factor concept.

18. The weighted average rate of interest works out to be 8.5340% for FY 2019-20, 8.6906% for FY 2020-21 and 9.2500% for FY 2021-22, which have been applied for calculating the Capital Recovery Factors for loan in respect of the Asset.

19. Similar to the approach adopted vide order dated 25.01.2021 in Petition No. 510/TT/2019, rate of return on equity of 15.50% has been applied for calculating the monthly Capital Recovery Factor (CRF) for equity without grossing up of RoE with the applicable tax rate.

20. The interest rates considered on annual basis, have been converted to monthly rates.

### **Monthly Capital Recovery Charges:**

21. Monthly Recovery factors for 'Non-Micro-wave System' have been worked out as under:

Year	Monthly Capital Recovery Factor	
	Loan	Equity
2019-20	0.038283	0.041563
2020-21	0.062731	0.065896
2021-22	0.204649	0.207816



22. In view of above, the monthly capital recovery charges for loan and equity for the SLDC asset have been arrived at by using respective monthly Capital Recovery Factors and are as follows:

Year	(₹ in lakh)	
	Monthly Capital Recovery Charges	
	Loan	Equity
2019-20	2.32	1.44
2020-21	2.32	1.44
2021-22	2.33	1.44

**Operation & Maintenance Expenses:**

23. The Petitioner has not claimed O&M expense for 'Non-Micro-wave System'.

**Interest on Working Capital:**

24. The components of the working capital and the interest thereon are discussed hereunder:

**a) Maintenance Spares:**

Maintenance spares @15% Operation and maintenance expenses including security expenses. The Petitioner has not claimed O&M expenses. Therefore 'NIL' maintenance spares has been considered.

**b) O & M Expenses:**

Operation and maintenance expenses including security expenses for one month of the O&M expenses claimed is to be included in IWC. The Petitioner has not claimed O&M expenses. Therefore 'NIL' O&M expenses has been considered.

**c) Receivables:**

The receivables have been worked out on the basis of 45 days of fixed cost as worked out above.

**d) Rate of Interest on Working Capital:**

Interest on Working Capital have been worked out in line with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 01.04.2019 of 8.55% plus 350 basis points) for FY 2019-20,

11.25% (SBI 1-year MCLR applicable as on 01.04.2020 of 7.75% plus 350 basis points) for FY 2020-21 and 10.50% (SBI 1-year MCLR applicable as on 01.04.2021 of 7.00% plus 350 basis points) for FY 2021-22 for 'Non-Micro-wave System'.

25. Accordingly, components of the working capital and interest thereon allowed are as under:

(₹ in lakh)

Particulars	Non-Microwave Portion		
	2019-20	2020-21	2021-22
Maintenance Spares (15% of O&M)	0.00	0.00	0.00
O&M Expenses (1 Month)	0.00	0.00	0.00
Receivables (45 days)	5.62	5.64	5.64
<b>Total</b>	<b>5.62</b>	<b>5.64</b>	<b>5.64</b>
Rate of Interest on Working Capital (%)	12.05	11.25	10.50
<b>Total Interest on Working Capital (Annualized)</b>	<b>0.68</b>	<b>0.63</b>	<b>0.59</b>

#### **APPROVED Sub-LDC FEE AND CHARGES FOR 2019-24 PERIOD**

26. The trued-up annual fees and charges allowed for the SLDC Asset for the 2019-24 tariff period are summarized below:

(₹ in lakh)

Particulars	Non-Microwave Portion		
	2019-20	2020-21	2021-22 (Pro-rata) (Upto 31.08.2021)
Annual Capital Recovery Charge - Loan	27.83	27.86	11.62
Annual Capital Recovery Charge - Equity	17.23	17.23	7.18
<b>Annual Capital Recovery Charge - Total</b>	<b>45.06</b>	<b>45.09</b>	<b>18.79</b>
O&M Expenses	0.00	0.00	0.00
Interest on Working Capital	0.68	0.63	0.25
<b>Total Annual Fee &amp; Charges</b>	<b>45.74</b>	<b>45.73</b>	<b>19.04</b>

27. The Comparison of Fees and Charges for 'Non-Microwave Portion' is as under:

#### **Fee and Charges**

(₹ in lakh)

Particulars	Allowed	Claimed
2019-20	45.74	45.74
2020-21	45.73	45.73
2021-22 (Pro-rata) (Upto 31.08.2021)	19.04	19.05

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

28. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has further submitted that it shall be entitled to the reimbursement of the filing fee and the expenses incurred on publication of notices in the application for approval of tariff directly from the respondents or the long-term customers, as the case may be in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

29. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fees paid for filing the Petition and publication expenses incurred on this count directly from the respondents or long-term customers, as the case may be.

### **License Fee and RLDC Fees and Charges**

30. The Petitioner has claimed reimbursement of the license fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the license fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

### **Goods and Services Tax**

31. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST, and in case GST is levied in the future, the same shall also be paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the

demand from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the respondents.

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

### **Sharing of Transmission Charges**

33. The fee and charges allowed in this order for the transmission asset covered in the instant petition shall be borne by UPPCL.

34. To summarise, the trued-up fees and charges allowed for the SLDC Asset for the 2019-24 tariff period are as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22 (Pro-rata) (Upto 31.08.2021)	2022-23	2023-24
Total Fee and Charges	45.74	45.73	19.04	-	-

35. This order disposes of Petition No. 135/TT/2025 in terms of the above discussions and findings.

**sd/-**  
**(Harish Dudani)**  
**Member**

**sd/-**  
**(Ramesh Babu V.)**  
**Member**

