

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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CASE No. 230 of 2022

In the matter of

Case of Adani Electricity Mumbai Limited – Transmission (AEML-T) for Truing-up of Aggregate Revenue Requirement (ARR) for FY2019-20, FY 2020-21 and FY 2021-22, Provisional Truing-up of ARR for FY2022-23 and approval of Revised ARR for FY 2023-24 and FY 2024-25

Coram

Sanjay Kumar, Chairperson
I. M. Bohari, Member
Mukesh Khullar, Member

ORDER

Date: 31 March, 2023

Adani Electricity Mumbai Limited’s Transmission Business (“**AEML-T**”), having its office at CTS 407/A (New), Eksar, Devidas Lane, Off SVP Road, Borivali (W), Mumbai 400103, has filed a Mid Term Review Tariff (**MTR**) Petition on 1 November, 2022 comprising of Truing-up of Aggregate Revenue Requirement (**ARR**) for FY 2019-20, FY 2020-21 and FY 2021-22, Provisional Truing-up for FY 2022-23 and approval of Revised ARR for FY 2023-24 and FY 2024-25. Subsequently, the revised Petition was filed on 21 December, 2022.

The Petition has been filed in accordance with the MERC (Multi Year Tariff) Regulations, 2015 (“**MYT Regulations, 2015**”) for Truing-up of FY 2019-20 and the MERC (Multi Year Tariff) Regulations, 2019 (“**MYT Regulations, 2019**”) for Truing-up for FY 2020-21, FY 2021-22, Provisional Truing-up for FY 2022-23 and revised projections of ARR for FY 2023-24 and FY 2024-2025.

The Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act (EA), 2003 and all other powers enabling it in this behalf, and after taking into consideration the submissions made by AEML-T, upon Public consultation process, and upon considering all other relevant material, has approved the Truing-up of FY 2019-20, FY 2020-21 and FY 2021-22, Provisional Truing-up of FY 2022-23 and approval of ARR for FY 2023-24 and FY 2024-25 in this Order.

TABLE OF CONTENTS

1	INTRODUCTION	16
1.1	Background	16
1.2	MYT Regulations	17
1.3	Petition and Prayers of AEML-T.....	17
1.4	Admission of Petition and Public Consultation process	18
1.5	Organisation of the Order.....	19
2	SUGGESTIONS/ OBJECTIONS RECEIVED, AEML-T'S RESPONSE AND THE COMMISSION'S RULING.....	20
2.1	MSEDCL Suggestions / Comments.....	20
3	TRUING-UP OF ARR FOR FY 2019-20, FY 2020-21 and FY 2021-22.....	46
3.1	Background	46
3.2	Capital Expenditure and Capitalization	46
3.3	Operation and Maintenance Expenses	73
3.4	Sharing of Gains and Losses of O&M Expenses.....	93
3.5	Depreciation	95
3.6	Interest on Loan Capital.....	96
3.7	Refinancing of Loans and Refinancing Charges	98
3.8	Financing Charges and Other Related Charges	111
3.9	Interest on Working Capital	128
3.10	Sharing of Gains and Losses of IoWC.....	131
3.11	Return on Equity (RoE)	136
3.12	Contribution to Contingency Reserve.....	144
3.13	Income Tax.....	145
3.14	Revenue from Transmission Charges	148
3.15	Non -Tariff Income.....	150
3.16	Income from Other Business	155
3.17	Incentive on Availability of AEML-T Network.....	155
3.18	Revenue Gap / (Surplus) for FY 2019-20, FY 2020-21 and FY 2021-22.....	156
4	PROVISIONAL TRUING-UP OF ARR FOR FY 2022-23.....	162
4.1	Background	162
4.2	Capital Investment Plan and Capitalization	162

4.3	Operation and Maintenance Expenses	171
4.4	Depreciation	174
4.5	Interest on Loan Capital	175
4.6	Interest on Working Capital	177
4.7	Return on Equity.....	178
4.8	Contribution to Contingency Reserve.....	181
4.9	Revenue from Transmission Charges	182
4.10	Non -Tariff Income	182
4.11	Income from Other Business	183
4.12	Provisional Revenue Gap / (Surplus) for FY 2022-23.....	184
5	REVISED ARR FOR 2023-24 and FY 2024-25.....	186
5.1	Background	186
5.2	Capital Investment Plan and Capitalization	186
5.3	Operation and Maintenance Expenses	192
5.4	Depreciation	195
5.5	Interest on Loan Capital.....	196
5.6	Interest on Working Capital	199
5.7	Return on Equity.....	202
5.8	Contribution to Contingency Reserve.....	205
5.9	Non -Tariff Income	206
5.10	Carrying Cost on Revenue Gap / (Surplus) for FY 2019-20, FY 2020-21 and FY 2021-22 208	
5.11	ARR for FY 2023-24 and FY 2024-25	211
6	Recovery of Transmission Charges.....	214
7	Applicability of the Order	215
8	Appendix-1: List of Persons Present at the Technical Validation Session on 12 December, 2022.....	216
9	Appendix-2: List of Persons Present at the Public Hearing on 25 January, 2023 216	
10	Appendix-3: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22	217

11 Appendix-4: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2022-23 228

12 Appendix-5: List of Unutilised Bays as of end of January 2023, as submitted by AEML-T..... 230

13 Appendix-6: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2023-24 and FY 2024-25 232

LIST OF TABLES

Table 1: Summary of Capitalization (including IDC) for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)	47
Table 2: Capitalisation (including IDC) of Non-DPR Schemes for FY 2019-20, as submitted by AEML-T (Rs. Crore).....	48
Table 3: Capitalisation (including IDC) of Non-DPR Schemes for FY 2020-21, as submitted by AEML-T (Rs. Crore).....	50
Table 4: Capitalisation (including IDC) of Non-DPR Schemes for FY 2021-22, as submitted by AEML-T (Rs. Crore).....	52
Table 5: Summary of Capital Expenditure and Capitalization for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)	53
Table 6: Capitalisation (including IDC) of DPR Schemes for FY 2019-20, as approved by the Commission (Rs. Crore).....	54
Table 7: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2019-20, by the Commission (Rs. Crore)	59
Table 8: Capitalisation (including IDC) of DPR Schemes for FY 2020-21, as approved by the Commission (Rs. Crore).....	59
Table 9: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2020-21, by the Commission (Rs. Crore)	66
Table 10: Capitalisation (including IDC) of DPR Schemes for FY 2021-22, as approved by the Commission (Rs. Crore).....	66
Table 11: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2021-22, by the Commission (Rs. Crore)	71
Table 12: Capitalization for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore).....	72
Table 13: Normative O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	74
Table 14: Actual O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	75
Table 15: Revised Normative O&M Expenses FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	78
Table 16: Corporate Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	80
Table 17: Actual O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	81
Table 18: Approved Utilisation of the Bays earlier considered as Unutilised for FY 2019-20, FY 2020-21 and FY 2021-22	82
Table 19: Status of 53 no of 33 kV Bays earlier considered as Unutilised for FY 2019-20, FY 2020-21 and FY 2021-22	83
Table 20: Addition / Conversion of Bays for FY 2019-20, FY 2020-21 and FY 2021-22.....	83
Table 21: Net Addition of Bays for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission	84

Table 22: Normative O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	84
Table 23: Corporate Expense Allocation for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	88
Table 24: Shared Services Costs for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	88
Table 25: Shared Services Costs for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	90
Table 26: Revised (Actual) Repairs & Maintenance Costs for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	91
Table 27: Revised (Actual) O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	91
Table 28: Actual O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	92
Table 29: Net Entitlement of O&M for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	93
Table 30: Net entitlement of O&M for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	94
Table 31: Depreciation for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	95
Table 32: Depreciation for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore).....	96
Table 33: Interest on Loan Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T, in Rs. Crore	97
Table 34: Interest on Loan Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	98
Table 35: Rupee Term Loans (RTL) Balance in February 2020, as submitted by AEML-T (Rs. Crore)	99
Table 36: New Capex Loans as on February 2020, as submitted by AEML-T (Rs. Crore)	99
Table 37: Refinancing of Loans in FY 2019-20, as submitted by AEML-T	100
Table 38: Interest Rates for Bond and Sub-Debt for FY 2019-20	101
Table 39: Refinancing Charges for FY 2019-20, as submitted by AEML-T.....	102
Table 40: Segregation of Refinancing Charges among AEML-G, AEML-T and AEML-D, as submitted by AEML-T (Rs. Crore).....	102
Table 41 : Summary of Refinancing Charges in FY 2019-20, as submitted by AEML-T (Rs. Crore)	103
Table 42 : Net Saving in Interest in FY 2019-20, as submitted by AEML-T (Rs. Crore).....	103
Table 43 : Summary of Refinancing Charges in FY 2019-20, as approved by the Commission (Rs. Crore).....	105
Table 44 : Revised Calculations for Refinancing Cost for FY 2019-20 to be used for Net Savings Computation, as approved by the Commission (Rs. Crore)	106
Table 45 : Refinancing Cost and Sharing of Net Saving for FY 2019-20, as approved by the Commission (Rs. Crore).....	107

Table 46: Refinancing Charges for FY 2020-21, as submitted by AEML-T (Rs. Crore)	107
Table 47: Bifurcation of GMTN Fees between New Capex and Refinance, as submitted by AEML-T.....	108
Table 48: Refinancing Charges for FY 2021-22, as submitted by AEML-T (Rs. Crore)	109
Table 49: Net Saving in Interest Cost in FY 2021-22, as submitted by AEML-T (Rs. Crore)..	109
Table 50: Revised Refinancing Charges for FY 2021-22, as approved by the Commission (Rs. Crore)	110
Table 51: Revised Net Saving in Interest Cost in FY 2021-22, as approved by the Commission (Rs. Crore).....	110
Table 52 : Rate of Interest for ECB for FY 2019-20, as submitted by AEML-T	111
Table 53: Summary of Financing Charges for Long Term Loans for FY 2019-20, as submitted by AEML-T (Rs. Crore).....	112
Table 54: Summary of Financing Charges for Working Capital Loans for FY 2019-20, as submitted by AEML-T (Rs. Crore).....	112
Table 55: Total Financing Charges for FY 2019-20, as submitted by AEML-T (Rs. Crore)....	113
Table 56: Summary of Financing Charges for Long Term Loans for FY 2019-20, as approved by the Commission (Rs. Crore)	115
Table 57: Summary of Financing Charges for Long Term Loans for FY 2019-20, as claimed by AEML-T and as approved by the Commission (Rs. Crore)	115
Table 58: Summary of Financing Charges for Working Capital Loans for FY 2019-20, as approved by the Commission (Rs. Crore)	116
Table 59: Summary of Financing Charges for Working Capital Loans for FY 2019-20, as claimed by AEML-T and as approved by the Commission (Rs. Crore)	116
Table 60: Total Financing Charges for FY 2019-20, as approved by the Commission (Rs. Crore)	116
Table 61: Summary of Total Financing Charges for FY 2019-20, as claimed by AEML-T and as approved by the Commission (Rs. Crore).....	117
Table 62: Summary of Financing Charges for Long Term Loans for FY 2020-21, as submitted by AEML-T (Rs. Crore).....	117
Table 63: Summary of Financing Charges for Working Capital Loans for FY 2020-21, as submitted by AEML-T (Rs. Crore).....	118
Table 64: Total Financing Charges for FY 2020-21, as submitted by AEML-T (Rs. Crore)....	118
Table 65: Summary of Financing Charges for Long Term Loans for FY 2020-21, as approved by the Commission (Rs. Crore)	119
Table 66: Summary of Financing Charges for Long Term Loans for FY 2020-21, as claimed by AEML-T and as approved by the Commission (Rs. Crore)	120
Table 67: Summary of Financing Charges for Working Capital Loans for FY 2020-21, as approved by the Commission (Rs. Crore)	120
Table 68: Summary of Financing Charges for Working Capital Loans for FY 2020-21, as claimed by AEML-T and as approved by the Commission (Rs. Crore)	120
Table 69: Total Financing Charges for FY 2020-21, as approved by the Commission (Rs. Crore)	121

Table 70: Summary of Total Financing Charges for FY 2020-21, as claimed by AEML-T and as approved by the Commission (Rs. Crore)	121
Table 71: Bifurcation of GMTN Fees between New Capex and Refinancing for FY 2021-22, as submitted by AEML-T	121
Table 72: Summary of Financing Charges for Long Term Loans for FY 2021-22, as submitted by AEML-T (Rs. Crore).....	122
Table 73: Summary of Financing Charges for Working Capital Loans for FY 2021-22, as submitted by AEML-T (Rs. Crore).....	122
Table 74: Total Financing Charges for FY 2021-22, as submitted by AEML-T (Rs. Crore)....	123
Table 75: Summary of Financing Charges for Long Term Loans for FY 2021-22, as approved by the Commission (Rs. Crore)	124
Table 76: Summary of Financing Charges for Long Term Loans for FY 2021-22, as claimed by AEML-T and as approved by the Commission (Rs. Crore)	124
Table 77: Summary of Financing Charges for Working Capital Loans for FY 2021-22, as approved by the Commission (Rs. Crore)	124
Table 78: Summary of Financing Charges for Working Capital Loans for FY 2021-22, as claimed by AEML-T and as approved by the Commission (Rs. Crore)	125
Table 79: Total Financing Charges for FY 2021-22, as approved by the Commission (Rs. Crore)	125
Table 80: Summary of Total Financing Charges for FY 2021-22, as claimed by AEML-T and as approved by the Commission (Rs. Crore)	125
Table 81 : FERV claimed for AEML-G, AEML-T and AEML-D (Rs. Crore)	126
Table 82: Foreign Exchange Rate Variation claimed on Loans and LC Repayment for FY 2021-22 (Rs. Crore)	127
Table 83: Foreign Exchange Rate Variation on Loans for FY 2019-20 and FY 2021-22, as approved by the Commission (Rs. Crore)	127
Table 84: Summary of Foreign Exchange Rate Variation on Loans for FY 2019-20 and FY 2021-22, as claimed by AEML-T and as approved by the Commission (Rs. Crore).....	128
Table 85: Rate of interest on Working Capital for FY 2019-20, as submitted by AEML-T	128
Table 86: Rate of Interest on Working Capital for FY 2020-21, as submitted by AEML-T	129
Table 87: Rate of Interest on Working Capital for FY 2021-22, as submitted by AEML-T	129
Table 88: Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	130
Table 89: Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	131
Table 90: Actual Interest on Working Capital for FY 2019-20, as submitted by AEML-T (Rs. Crore)	132
Table 91: Actual Interest on Working Capital for FY 2020-21, as submitted by AEML-T (Rs. Crore)	132
Table 92: Actual Interest on Working Capital for FY 2021-22, as submitted by AEML-T (Rs. Crore)	132
Table 93: Net Entitlement in Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)	134

Table 94: Actual Interest on Working Capital for AEML-T for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	134
Table 95: Net Entitlement in Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	135
Table 96: Income Tax on Standalone Basis for FY 2020-21 and FY 2021-22 (on Regulatory PBT), as submitted by AEML-T (Rs. Crore)	138
Table 97: Effective Rate of Grossing up RoE for FY 2020-21 and FY 2021-22, as submitted by AEML-T.....	139
Table 98: Return on Equity for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	140
Table 99: Effective Rate of Grossing up RoE for FY 2020-21 and FY 2021-22, as approved by the Commission	143
Table 100: Return on Equity for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore).....	143
Table 101: Contribution to Contingency Reserve for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	144
Table 102: Contribution to Contingency Reserve for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)	145
Table 103: Income Tax for FY 2019-20, as submitted by AEML-T (Rs. Crore)	146
Table 104: Income Tax for FY 2019-20, as approved by the Commission (Rs. Crore).....	147
Table 105: Revenue from InSTS for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	149
Table 106: Revenue from InSTS for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore).....	149
Table 107: Non-Tariff Income for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore).....	150
Table 108: Contribution to Contingency Reserve for FY 2020-21, as submitted by AEML-T (Rs. Crore).....	151
Table 109: Income from Contingency Reserve for FY 2020-21, as submitted by AEML-T (Rs. Crore)	152
Table 110: Contribution to Contingency Reserve for FY 2021-22, as submitted by AEML-T (Rs. Crore).....	152
Table 111: Income from Contingency Reserve for FY 2021-22, as submitted by AEML-T (Rs. Crore)	153
Table 112: Non-Tariff Income for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore).....	155
Table 113: Incentive on Availability of AEML-T Network for FY 2019-20, as approved by the Commission (Rs. Crore).....	156
Table 114: Summary of Truing-up of ARR for FY 2019-20, as submitted by AEML-T (Rs. Crore)	156
Table 115: Summary of Truing-up of ARR for FY 2020-21, as submitted by AEML-T (Rs. Crore)	157

Table 116: Summary of Truing-up of ARR for FY 2021-22, as submitted by AEML-T (Rs. Crore)	158
Table 117: Summary of Truing-up of ARR for FY 2019-20, including Sharing of Efficiency Gains / (Losses), as approved by the Commission (Rs. Crore)	159
Table 118: Summary of Truing-up of ARR for FY 2020-21 including Sharing of Efficiency Gains / (Losses), as approved by the Commission (Rs. Crore)	160
Table 119: Summary of Truing-up of ARR for FY 2021-22 including Sharing of Efficiency Gains / (Losses), as approved by the Commission (Rs. Crore)	161
Table 120: Summary of Scheme-wise Capital Expenditure and Capitalisation for FY 2022-23, as submitted by AEML-T (Rs. Crore).....	162
Table 121: Capitalisation (including IDC) of Non-DPR Schemes for FY 2022-23, as submitted by AEML-T (Rs. Crore).....	164
Table 122: Capitalisation for FY 2022-23, as approved by the Commission (Rs. Crore).....	165
Table 123: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2022-23, by the Commission (Rs. Crore).....	167
Table 124: Schemes with Only Capital Expenditure Proposed during FY 2022-23, as submitted by AEML-T (Rs. Crore).....	167
Table 125: Summary of Scheme-wise Capitalization for FY 2022-23, as approved by the Commission (Rs. Crore).....	170
Table 126: Actual O&M Expense in H1 of FY 2022-23 (Provisional), as submitted by AEML-T (Rs. Crore).....	171
Table 127: Normative O&M Expense for FY 2022-23 (Estimated), as submitted by AEML-T (Rs. Crore).....	171
Table 128: Normative O&M Expenses for FY 2022-23, as approved by the Commission (Rs. Crore)	174
Table 129: Depreciation for FY 2022-23, as submitted by AEML-T (Rs. Crore).....	175
Table 130: Depreciation Cost for FY 2022-23, as approved by the Commission (Rs. Crore) ..	175
Table 131: Interest on Loan Capital for FY 2022-23, as submitted by AEML-T (Rs. Crore)...	176
Table 132: Interest on Loan Capital for FY 2022-23, as approved by the Commission (Rs. Crore)	177
Table 133: Interest on Working Capital for FY 2022-23, as submitted by AEML-T (Rs. Crore)	177
Table 134: Interest on Working Capital for FY 2022-23, as approved by the Commission (Rs. Crore)	178
Table 135: Return on Equity for FY 2022-23, as submitted by AEML-T (Rs. Crore)	179
Table 136: Return on Equity for FY 2022-23, as approved by the Commission (Rs. Crore)....	180
Table 137: Contribution to Contingency Reserve for FY 2022-23, as submitted by AEML-T (Rs. Crore).....	181
Table 138: Contribution to Contingency Reserve for FY 2022-23, as approved by the Commission (Rs. Crore).....	181
Table 139: Revenue from Transmission Charges for FY 2022-23, as approved by the Commission (Rs. Crore).....	182

Table 140: Non-Tariff Income for FY 2022-23, as submitted by AEML-T (Rs. Crore).....	183
Table 141: Non-Tariff Income for FY 2022-23, as approved by the Commission (Rs. Crore).	183
Table 142: Summary of Truing-up of ARR for FY 2022-23, as submitted by AEML-T (Rs. Crore)	184
Table 143: Summary of Provisional True up for FY 2022-23, as approved by the Commission (Rs. Crore).....	185
Table 144: Capital Expenditure and Capitalisation for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore).....	186
Table 145: Capitalization for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)	188
Table 146: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2023-24 and FY 2024-25, by the Commission (Rs. Crore).....	191
Table 147: Capitalization for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)	192
Table 148: Normative O&M Expenses for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore).....	193
Table 149: Normative O&M Expenses for FY 2023-24 and FY 2024-25, as approved by the Commission.....	195
Table 150: Depreciation for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)	196
Table 151: Depreciation Cost for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore).....	196
Table 152: Interest on Loan Capital for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore).....	197
Table 153: Interest on Loan Capital for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore).....	199
Table 154: Interest on Working Capital for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore).....	200
Table 155: Interest on Working Capital for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore).....	201
Table 156: Return on Equity for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)	202
Table 157: Return on Equity for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore).....	204
Table 158: Contribution to Contingency Reserve for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore).....	205
Table 159: Contribution to Contingency Reserve for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)	206
Table 160: Non-Tariff Income for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)	207
Table 161: Non-Tariff Income for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore).....	207

Table 162: Carrying Cost on Incremental Gap / (Surplus) for FY 2019-20, as submitted by AEML-T (Rs. Crore).....	208
Table 163: Carrying Cost on Gap / (Surplus) for FY 2020-21, as submitted by AEML-T (Rs. Crore)	208
Table 164: Carrying Cost on Gap / (Surplus) for FY 2021-22, as submitted by AEML-T (Rs. Crore)	208
Table 165: Past Gap / (Surplus) till FY 2022-23 with Carrying / (Holding) Cost, as submitted by AEML-T (Rs. Crore).....	209
Table 166: Carrying / (Holding) Cost for FY 2019-20, as approved by the Commission (Rs. Crore)	210
Table 167: Carrying / (Holding) Cost for FY 2020-21, as approved by the Commission (Rs. Crore)	210
Table 168: Carrying / (Holding) Cost for FY 2021-22, as approved by the Commission (Rs. Crore)	210
Table 169: Carrying / (Holding) Cost on Revenue Gap / (Surplus) up to FY 2022-23, as approved by the Commission (Rs. Crore)	210
Table 170: ARR for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore).....	211
Table 171: Impact of Carrying / (Holding) Cost, as approved by the Commission (Rs. Crore)	212
Table 172: ARR for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)	213

LIST OF ABBREVIATIONS

A&G	Administrative and General
AEML	Adani Electricity Mumbai Limited
AEML-D	Adani Electricity Mumbai Limited – Distribution
AEML-G	Adani Electricity Mumbai Limited – Generation
AEML-T	Adani Electricity Mumbai Limited – Transmission
AEML-DW	Adani Electricity Mumbai Limited – Distribution Wires
AEML-DS	Adani Electricity Mumbai Limited – Distribution Supply
ARR	Aggregate Revenue Requirement
APTEL	Appellate Tribunal for Electricity
ATL	Adani Transmission Limited
Capex	Capital Expenditure
CWIP	Capital Works In Progress
DPR	Detailed Project Report
EA 2003	Electricity Act, 2003
EHV	Extra High Voltage
FY	Financial Year
GOM	Government of India
GFA	Gross Fixed Assets
GIS	Gas Insulated Sub-station
GTD	Generation, Transmission, Distribution
IDC	Interest During Construction
IOWC	Interest on Working Capital
InSTS	Intra-State Transmission System
ISTS	Inter State Transmission System
kV	Kilo Volt
MAT	Minimum Alternate Tax
MCGM	Municipal Corporation of Greater Mumbai
MCLR	Marginal Cost of Funds based Lending Rate
MERC	Maharashtra Electricity Regulatory Commission
MOM	Minutes of Meeting

MSETCL	Maharashtra State Electricity Transmission Company Limited
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MSLDC	Maharashtra State Load Despatch Centre
MTR	Mid Term Review
MVA	Mega Volt Amperes
MYT	Multi Year Tariff
NTI	Non-Tariff Income
O&M	Operation & Maintenance
PBT	Profit before tax
PWD	Public Works Department
R&M	Repair & Maintenance
REL	Reliance Energy Limited
REGSL	Reliance Electric Generation and Supply Ltd.
RInfra	Reliance Infrastructure Limited
RInfra-T	Reliance Infrastructure Limited - Transmission Business
RoE	Return on Equity
SC	Supreme Court
SCADA	Supervisory Control and Data Acquisition
SIS	System Improvement Scheme
SLDC	State Load Despatch Centre
STU	State Transmission Utility
TBCB	Tariff Based Competitive Bidding
TPC	Tata Power Company
TSU	Transmission System Users

1 INTRODUCTION

1.1 Background

- 1.1.1 Adani Electricity Mumbai Limited (“**AEML**”) is a vertically integrated utility carrying out the functions of generation, transmission, wheeling and retail supply of electricity in the suburbs of Mumbai. Adani Electricity Mumbai Limited has been granted Transmission Licence No. 1 of 2011 vide Order dated 11 August, 2011 in Case No. 70 of 2011. Adani Electricity Mumbai Limited is a Transmission Licensee under Alternative 2 as per the MERC (Transmission Licence Conditions) Regulations, 2004 as amended in 2006, for a period of 25 years w.e.f. 16 August, 2011. The Transmission License granted to AEML-T is an asset specific Licence, which includes list of existing and proposed Transmission Lines as well as Transmission Bays.
- 1.1.2 Reliance Infrastructure Limited (“**RInfra**”) and Reliance Electric Generation and Supply Ltd. (hereinafter referred to as “**REGSL**”) had filed Petition before the Commission in Case No. 139 of 2017 seeking approval of the Commission to assign the Transmission Licence granted to RInfra to REGSL & the transfer of assets of the transmission system of RInfra to REGSL and subsequent sale of shares of REGSL to Adani Transmission Limited (“**ATL**”).
- 1.1.3 Subsequently vide letter dated 29 August, 2018, the Commission was intimated about the implementation of the scheme of arrangement to transfer Mumbai Generation, Transmission & Distribution business of RInfra to REGSL w.e.f. 1 April, 2018 and the sale of 100% shareholding of REGSL to ATL on 29 August, 2018. Further, the Commission was informed about the application of REGSL for change of name to M/s Adani Electricity Mumbai Limited (hereinafter referred to as AEML) with the concerned Authority.
- 1.1.4 Subsequently, AEML, vide letter dated 1 September, 2018, informed the Commission about the change of name of M/s Reliance Electric Generation and Supply Ltd. (REGSL) to AEML, pursuant to a fresh Certificate of Incorporation issued by Registrar of Companies and requested the Commission to issue the Transmission Licence in the name of AEML.
- 1.1.5 The Commission vide letter dated 29 September, 2018 has assigned Transmission Licence to AEML.
- 1.1.6 Thus, Transmission Licence No. 1 of 2011 dated 11 August, 2011, amendment to the Transmission Licence dated 14 March, 2016 and amendment to the Transmission Licence dated 18 August, 2017 stands in the name of AEML.
- 1.1.7 Subsequently, AEML-T filed the Petition in Case No. 195 of 2019 for third licence amendment in the Transmission Licence No. 1 of 2011. The Commission issued an Order in this regard and amended the Licence on 13 March, 2021.

1.1.8 AEML-T has filed its Petition in Case No. 127 of 2022 for fourth licence amendment in the Transmission Licence No. 1 of 2011 and the same is pending adjudication by the Commission. Public Notice in this Case was also published on 7 October 2022. Further, STU has also carried the asset verification and has submitted its report to the Commission on 23 November 2022 and 20 January 2023 validating all the amendments proposed by AEML-T in its Application for Licence Amendment. The Commission has also issued its Public Notice on 1 March 2023. The Public hearing is scheduled on 23 March 2023.

1.2 MYT Regulations

1.2.1 The Commission notified the MYT Regulations, 2015 on 8 December, 2015 which were amended vide notification dated 29 November, 2017. These Regulations are applicable for the 3rd Control Period FY 2016-17 to FY 2019-20.

1.2.2 Subsequently, the Commission has notified the MYT Regulations, 2019 on 1 August, 2019. These Regulations are applicable for the 4th Control Period from FY 2020-21 to FY 2024-25, and as may be extended by the Commission.

1.3 Petition and Prayers of AEML-T

1.3.1 Since the present Petition pertains to the Transmission business of AEML, AEML-T (transmission business of AEML) has filed its Mid Term Review ("MTR") MTR Petition on 1 November, 2019 for Truing-up of ARR for FY 2019-20, FY 2020-21 and FY 2021-22, Provisional Truing-up for FY 2022-23 and approval of ARR for FY 2023-24 and FY 2024-25. The main prayers of AEML-T in its revised Petition submitted on 21 December, 2022 are as below:

“

1. *Admit the petition as submitted herewith;*
2. *Approve the actual revenue gap/ surplus arising on account of truing-up for FY 2019-20, FY 2020-21 and FY 2021-22 along with the carrying / holding cost as worked out in this petition;*
3. *Approve the provisional ARR and revenue gap/ surplus for FY 2022-23 as worked out in this petition;*
4. *Approve the ARR for fourth and fifth year of the Control Period i.e. for FY 2023-24 and FY 2024-25, as projected in this Petition;*
5. *Allow specific deviations from the MYT Regulations, 2015 and MYT Regulations, 2019, wherever sought in this Petition;*
6. *Grant specific prayers, wherever made in this Petition, for reconsideration / relaxation of rulings made in previous Tariff Orders;*

7. *Allow additions / alterations / modifications/ changes to the Petition at a future date;*
8. *Condone any inadvertent errors/ inconsistencies/ omissions/ rounding off differences, etc. as may be there in the said Petition;*
9. *Allow any other relief or pass Order and direction, which the Commission deems fit to be issued.*

In light of the prayers made hereinabove, the Petitioner requests the Hon'ble Commission to consider the same and grant us appropriate relief."

- 1.3.2 On 16 November, 2022, the Commission conveyed the preliminary data gaps and information required from AEML-T. Subsequently a Technical Validation Session (TVS) on the Petition was held on 12 December, 2022. The List of persons who participated in the TVS is at **Appendix-1: List of Persons Present at the Technical Validation Session on 12 December, 2022.**
- 1.3.3 AEML-T filed the revised Petition on 21 December, 2022, in accordance with the relevant provisions of MYT Regulations, 2019, incorporating replies to the queries raised in preliminary data gaps and clarifications on the issues raised during the discussion.

1.4 Admission of Petition and Public Consultation process

- 1.4.1 The Commission admitted the Petition on 23 December, 2022 and directed AEML-T to publish it in accordance with Section 64 of the EA 2003, in the specified abridged form and manner, and to reply expeditiously to any suggestions and comments received.
- 1.4.2 On 28 December, 2022, AEML-T published a Public Notice inviting comments/suggestions/objections on its Petition. The Public Notice was published in English in Hindustan Times and Times of India, and in Marathi in Maharashtra Times and Saamana, all daily newspapers, on Wednesday, 28 December, 2022. The Petition and its Summary was made available for inspection / purchase at AEML-T's offices and AEML-T's website (www.adanielectricity.com/corporate/regulatory). The Public Notice and Executive Summary of the Petition is also made available on the website of the Commission (www.merc.gov.in) in downloadable format.
- 1.4.3 The Commission received one suggestion/ objection on the Petition. An e-Public Hearing was held on 25 January, 2023, at 11:30 hours at the office of the Commission in Mumbai and the same was tele-cast through Video Conference facility for interested participants and parties. No Oral suggestions/objections were put forward at the Public Hearing either. The List of Persons who attended the Public Hearing is at **Appendix-2: List of Persons Present at the Public Hearing on 25 January, 2023.**

1.4.4 The Commission has ensured the due process contemplated under the law to ensure transparency and Public participation is followed at every stage and adequate opportunity was given to all concerned to express their views.

1.5 Organisation of the Order

1.5.1 This Order is organised in the following Sections:

- **Section 1** provides a brief of the regulatory process undertaken by the Commission.
- **Section 2** deals with suggestions/ objections received, AEML-T's Response and the Commission's Ruling.
- **Section 3** deals with the Truing-up of ARR for FY 2019-20, FY 2020-21 and FY 2021-22.
- **Section 4** deals with the Provisional Truing-up of ARR for FY 2022-23.
- **Section 5** deals with the approval of the Revised ARR for FY 2023-24 and FY 2024-25.
- **Section 6** deals with the mechanism for Recovery of Transmission Charges
- **Section 7** deals with the Applicability of the Order.

2 SUGGESTIONS/ OBJECTIONS RECEIVED, AEML-T'S RESPONSE AND THE COMMISSION'S RULING

MSEDCL has submitted the following comments regarding the Mid Term Review (MTR) Petition filed by AEML-T (or "**Petitioner**"):

2.1 MSEDCL Suggestions / Comments

2.1.1 Suggestion / Objection No. 1

MSEDCL Suggestion / Objection

2.1.1.1 Petitioner at para 1.2 of the Petition has submitted that, Capital Expenditure and Capitalisation as below:

Particulars / (Rs. Crore)	Capitalization with IDC (MYT Order)	Capitalization with IDC (Actuals)
System Improvement Scheme		0.28
Aarey Borivali cable connectivity	291.39	250.34
AEML Saki - TPC Saki cable connectivity		0.02
3rd Transformer at Goregaon EHV SS	0.51	0.90
Bays extension at Versova	24.44	22.92
33 kV AIS to GIS conversion		0
2nd Feed at Chembur		0
3rd Transformer at Borivali S/s.		0
Non-DPR Schemes	33.00	24.28
Total	349.33	298.73

AEML-T has claimed capitalisation of Rs. 298.73 Crore as against Rs. 349.33 Crore approved by the Commission. Hence it is requested to Commission to kindly verify whether the assets claimed to be capitalised in FY 2019-20 are actually put to use or not. Further, requested to verify the loading on the proposed/completed transmission assets claimed. It is submitted that in case the entire cost of the transmission asset is loaded on the end consumers, the entire benefit also needs to be passed through to the consumers. The Commission has adopted this approach in approving capitalisation for MSETCL. Similar approach may be adopted in other Transmission Licensees.

AEML-T Response

2.1.1.2 The Objector has stated that the Commission should verify whether the assets claimed to be capitalized in FY 2019-20 are actually put to use or not. In this regard, AEML-T submitted that scheme commissioning reports regularly to the Commission, which have been submitted along with the MTR petition. The benefits of the projects are also provided in the commissioning and closing

reports. Accordingly, all assets commissioned and capitalized are put to use for the benefit of transmission system and its beneficiaries.

Commission's Analysis and Ruling

2.1.1.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, during the preparation of the Tariff Orders, reviews all the documentation submitted by the Petitioner in support of its claims before approving the cost to be included in the Tariff Order. The same approach is adopted by the Commission for the review of the Capitalisation claimed by all the Licensees / Petitioners in their respective ARR/Tariff Petitions. The review includes but is not limited to checking if the project is completed within the approved project cost and timelines and in case of cost or time overrun, the reasons provided by the Licensee to justify the delay or cost overrun, etc. and the assets are put to use or not. Accordingly, the Commission has also reviewed the details of the capitalisation claimed by AEML-T for the years under consideration and the rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.2 Suggestion / Objection No. 2

MSEDCL Suggestion / Objection

2.1.2.1 The Commission is also requested to compare the completion cost for each of the scheme based on the DPR approved by the Commission during in-principle approval.

AEML-T Response

2.1.2.2 The Objector has requested the Commission to compare completion cost of each scheme based on the In-Principle DPR approved. In this regard, it is submitted that most of the schemes have been completed within the cost approved by the Commission in the In-Principle DPR. Wherever the cost has exceeded the DPR approved cost (in case of completed DPR) or the estimated cost of an ongoing DPR is likely to exceed the DPR approved cost, AEML-T has provided detailed justification for the same in the Petition.

Commission's Analysis and Ruling

2.1.2.3 The Commission has noted the submissions of MSEDCL and AEML-T. As discussed in the rulings pertaining to previous comment of MSEDCL, the Commission has undertaken review of all the information/details submitted by AEML-T in support of its claim including the comparison of completed actual cost vis-à-vis approved cost before approving the Capitalisation in the tariff Petition and the rulings in this regard are covered in the subsequent chapters of this Order.

2.1.3 Suggestion / Objection No. 3

MSEDCL Suggestion / Objection

2.1.3.1 The Petitioner at para 1.2.1 of the Petition has submitted that, out of total Loan addition in FY 2019-20, some amount is kept in FD (Fixed Deposits). MSEDCL has submitted that the revenue from this FD needs to be passed on to the beneficiaries.

AEML-T Response

2.1.3.2 It is submitted that the timing of loans need not exactly match the timing of requirement for capital expenditure. However, the cost of loans is factored in the ARR only when the loans are used for capital expenditure or working capital, as the case may be. Therefore, till then, both the cost of such loan and the interest / revenue as may be earned by holding the money in FD or any other instrument remain outside ARR.

Commission's Analysis and Ruling

2.1.3.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission notes that AEML-T had kept the excess funds i.e., unutilised part of the loans drawn by AEML-T, in fixed deposit till the time the same were not used either for funding capital expenditure or working capital requirements. **Accordingly, the cost associated with it has not been passed on to the beneficiaries for this period and consequently the income earned from the fixed deposit has also not been shared with the consumer which appears to be right approach. The Commission has examined this and other related issues while approving the cost related to financing and refinancing of the loans undertaken by AEML-T and appropriately considered AEML-T's relevant submissions. The Commission's rulings in this regard are covered in the subsequent chapters of this Order.**

2.1.4 Suggestion / Objection No. 4

MSEDCL Suggestion / Objection

2.1.4.1 The Petitioner at para 1.2.3 has submitted as below;

"It is submitted that out of the Rs. 200 Cr Axis bank loan availed in FY 2019-20, Rs. 84.14 Crore has not been utilized for capex. This amount was kept in FD till February 2020, till the time the entire Rupee Term loans and new capex loans availed from Indian banks were refinanced with Band and Sub-debt. The FD was subsequently terminated and the funds were utilized for revenue expenses towards power purchase and various vendor payments related to R&M and services. AEML-T is submitting herewith (attached as Annexure 3-Soft Copy Only) a statement of its bank account maintained for Revenue/working capital, which shows the inflow upon FD redemption and the outflow towards various revenue expenses. This clearly

demonstrates the use of funds towards working capital and accordingly AEML-T is considering the corresponding interest cost towards actual interest on working capital.”

2.1.4.2 MSEDCL submitted that as per the Petition, AEML-T has utilised the loans taken for capital expenditure to fund revenue expenditure. It is submitted that this is deviation of the purpose for which the loan was taken. Hence it is submitted that such loans may not be taken for consideration of capital expenditure while giving approval. Also, the funds which were diverted to revenue expenditure may not be also considered in working capital and may approve the interest on working capital on normative basis.

AEML-T Response

2.1.4.3 The Objector has stated that AEML-T has utilized the loan taken for capital expenditure to fund revenue expenditure. Hence the loan should not be taken for consideration of capital expenditure while giving approval. Also the funds diverted for revenue expenditure should also not be considered as working capital funds. In this regard, it is submitted that, as submitted above, due to timing issues, a portion of Rs. 200 Crore loan i.e., Rs. 84.14 Crore was kept initially in FD and thereafter redeemed to fund revenue expenditure i.e., working capital. If these funds were not used for working capital, additional borrowings for working capital would have been made. Further, the purpose of loans was general corporate i.e. there was no defined end use and the borrower was at liberty to use the money either for capex or working capital or both.

Commission's Analysis and Ruling

2.1.4.4 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission notes that AEML-T has utilised the excess fund available with it from the loans drawn from various sources to fund working capital requirements. AEML-T has also clarified that the purpose of the loan drawn was general corporate loans and hence there was no defined end use, and the borrower was at liberty to use the money either for capex or working capital or both. Accordingly, rather than borrowing separate funds for funding its working capital requirements, AEML-T has funded the same from existing available funds. The Commission has accepted the submissions made by AEML-T in this regard and appropriately considered the same while approving the financing cost claimed by AEML-T as well as approval of the sharing of efficiency gains/(losses) on interest on working capital. The Commission's rulings in this regard are elaborated in **para 3.7** of this Order.

2.1.5 Suggestion / Objection No. 5

MSEDCL Suggestion / Objection

2.1.5.1 The Petitioner at Table 12 & 13 of the Petition has mentioned that it has incurred certain Refinancing Charges for FY 2019-20 to the tune of Rs. 150.06 Crore. MSEDCL submitted that, the refinancing was a call of the Petitioner. It is not clear whether the Refinancing for FY 2019-20 has resulted in lower interest rate or not. Further, it is to mention that the Petitioner has submitted that during FY 2019-20, Rupee Term Loan (RTL) from Yes Bank Ltd has been replaced with RTL from ICICI Bank, Bank of Baroda and Union Bank of India as per the requirement of Yes Bank Ltd. "The requirement of Yes Bank Ltd" which as a third party in this situation shall not be made to be passed on to the beneficiaries.

AEML-T Response

2.1.5.2 Objector has stated that AEML has shown refinancing charges of Rs. 150.06 Crore in FY 2019-20. It is not clear whether refinancing has resulted in lower interest rate or not. In this regard, it is submitted that in Table 11 of the Petition, AEML-T has provided that new loans (Bond and Sub-debt) were raised at weighted average rate of 8.25%, whereas the prevailing interest rate of loans taken from Indian banks was at a weighted average rate of 9.19%. AEML-T has also demonstrated the refinancing benefit in Table 15 of the Petition.

Commission's Analysis and Ruling

2.1.5.3 The Commission has reviewed the calculations of the weighted average rate of the new loans as well as the refinancing benefit calculations. The same has been found to be beneficial as per the approach adopted by the Commission in the past and hence the Commission has allowed the related expenses in this Order as per provisions of MYT Regulations. Regarding the replacement of loan from Yes Bank Ltd., the Commission has disallowed the financing charges for the same in this Order. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.6 Suggestion / Objection No. 6

MSEDCL Suggestion / Objection

2.1.6.1 At para 1.2.5 of the Petition, the Petitioner has claimed the financing charges for FY 2019-20 of Rs. 9.72 Crore which seems to be very high. MSEDCL requested that it may undertake prudence check before allowing the same.

AEML-T Response

2.1.6.2 The Objector has stated that AEML-T has claimed financing charges of Rs. 9.72 Crore which seems very high and has requested the Commission to undertake prudence check before allowing the same. AEML-T submitted that the financing

charges have been incurred prudently, as per prevailing terms and conditions of FIs and the supporting invoices have been provided to the Commission, as part of response to data gaps.

Commission's Analysis and Ruling

2.1.6.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, while approving the financing charges has reviewed the supporting documentation submitted by AEML-T. AEML-T was also directed to submit additional information / clarifications which was deemed necessary to enable the Commission to reach a considered decision regarding the approval of the financing charges. Based on review of all the available information, the Commission has approved certain financing charges in the present Order with the prudence check. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.7 Suggestion / Objection No. 7

MSEDCL Suggestion / Objection

2.1.7.1 The Petitioner at para 1.3 of the Petition has submitted the O&M expenses for FY 2019-20. It has considered all its 220 kV and 33 kV bays as utilized. However, MSEDCL submitted that vide order dated 30 March 2020 in the Petitioner's MYT Petition, the Commission has specifically considered 8 Nos. of 220 kV bays and 53 Nos. of 33 kV bays as "un-utilized". Further, the Petitioner is claiming that the 100% utilisation of its bays have been hampered by uncontrollable and force majeure events such as outbreak of COVID-19 and lack of action on the part of the other Licensee.

2.1.7.2 MSEDCL submitted that, COVID-19 is not a Force Majeure event. CERC in its Order dated 20 January 2022 in Petition no 549/MP/2020 has held that lockdown due to outbreak of COVID-19 cannot be considered as Force Majeure event. The said order clearly states that the applicability of the Ministry of Home Affairs Order dated 24 March 2020 clearly exempts services relating to generation, transmission and distribution from the lockdown. Further, MSEDCL submitted that the lack of action on the part of the other Licensee is not a proper reason regarding un-utilisation of bays. Hence, 100% utilization of bays as claimed by the Petitioner shall not be allowed. Accordingly, the O&M Expenses as claimed by the Petitioner shall not be allowed.

AEML-T Response

2.1.7.3 The Objector has stated that AEML-T has claimed in the Petition that 100% utilization of bays has been hampered by uncontrollable and force majeure events such as Covid-19 outbreak. However, the Hon'ble CERC in the Order dated 20 January 2022 in Petition no. 549/MP/2020 has held that Covid-19 is

not a force majeure event. The said Order states that Ministry of Home Affairs Order dated 24 March 2020 clearly exempts services relating generation, transmission and distribution from lock down. Also lack of action on the part of Licensee is not a proper reason.

2.1.7.4 The Order reference mentioned by the Objector appears to be wrong. The correct reference is Order dated 594/MP/2020 dated 20 January 2022, in the matter of GMR Warora Energy Limited (GWEL) seeking directions to DNH Power Distribution Corporation Limited (DNH) to pay Capacity Charge to GWEL based on capacity declared by GWEL on day ahead basis. The reference to circular of Ministry of Home Affairs Order 24 March 2020 mentioned in the Hon'ble CERC Order is in a completely different context, which states that power generation, transmission and distribution units and services shall be excluded from lockdown. This does not mean Covid-19 pandemic is not a Force Majeure event. As per MYT Regulations, events or circumstances which are not within the control of the party and which, by the exercise of reasonable care and diligence, could not have been prevented by the party is a Force Majeure event. It is submitted that transmission and distribution infrastructure is created for serving consumers' load requirement. It is well known that the Covid-19 pandemic induced lockdowns completely stopped commercial / industrial activity in the country, including Mumbai. Therefore, the planned utilization of bays was hampered. Hence AEML-T has claimed all bays for calculation of normative O&M expense.

2.1.7.5 The Objector, being a utility, is expected to know that the utilisation of transmission infrastructure depends on offtake by the distribution utilities, which, in turn, depends on the materialization of consumer projects. Hence, if pandemic affects the latter part, it will necessarily reflect in the transmission bays also remaining utilized, which is nothing but a force majeure circumstance, for which transmission licensees ought not to be penalized.

Commission's Analysis and Ruling

2.1.7.6 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission is of the opinion that the issue of unutilised bays is prevalent from the period before the start of the COVID-19 pandemic and hence, inability of the utility to utilise the bays cannot be entirely attributed to the pandemic situation. The Commission has not considered the plea of AEML-T pertaining to considering the previously identified unutilised bays as utilised in FY 2019-20 itself even though they may not have been put to use in reality. Accordingly, the Commission considered these bays for approval only if they have been put to use by the Licensee. The Commission has adopted a similar approach in the past orders as well. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.8 Suggestion / Objection No. 8

MSEDCL Suggestion / Objection

2.1.8.1 At para 1.3.2, the Petitioner has claimed 'Access Charges' which are claimed by PWD from the Petitioner. The Petitioner has claimed that it is a Change in Law. MSEDCL submitted that 'Access Charges' cannot be considered as Change in Law because the roads under PWD jurisdiction predates to the taking over of RInfra by AEML.

AEML-T Response

2.1.8.2 The Objector has stated that AEML-T has claimed Access charges which are claimed by PWD from AEML-T, under Change in Law and Access charges cannot be claimed under Change in Law because roads under PWD jurisdiction predates to taking over of RInfra by AEML.

2.1.8.3 In this regard, it is submitted that AEML-T's appeal with respect to access charges is pending before the Hon'ble APTEL, in Appeal No. 105 of 2019. Without prejudice to its contentions therein, AEML-T has not claimed separate access charges for FY 2019-20 onwards in the instant petition and those are included in actuals for the purpose of determining efficiency gains. Therefore, in the instant petition, there is no separate claim of access charges under Change in Law.

2.1.8.4 In any event, the Objector's contention that access charges cannot be claimed as Change in Law because it predates taking over of RInfra by AEML, is entirely baseless. First of all, the period prior to August 2018 is not a subject matter of this petition as this petition includes truing up of FY 2019-20 onwards only. Secondly, if there is any additional impact for prior period from the pending appeal, whenever, the judgment is pronounced, the same shall be claimed by AEML-T and settled with RInfra.

Commission's Analysis and Ruling

2.1.8.5 The Commission has noted the submissions of MSEDCL and AEML-T. As mentioned by AEML-T, they have not claimed the charge separately under the "Change in Law" provision in the present Petition. Accordingly, this issue will not be relevant for the present proceedings. The consequential treatment may have to be given depending on the outcome of the appeal with the Hon'ble APTEL.

2.1.9 Suggestion / Objection No. 9

MSEDCL Suggestion / Objection

2.1.9.1 The Petitioner at para 1.3.2 of the Petition has submitted the Revised Normative Expenses for FY 2019-20 as below:

Particulars (Rs. Crore)	Derived for FY 2019-20	Allocation from Shared Service	Revised Normative
Normative O&M Expense	66.76	7.97	74.74

2.1.9.2 MSEDCL submitted that that AEML-T has claimed additional allocation expenses over and above the normative expenses derived on the basis of Regulation. It is requested to kindly scrutinize the expenses for FY 2019-20 which is claimed towards shared services. It is submitted that these costs may be only allowed in ARR in case there is a benefit which is passed on to the end consumers.

AEML-T Response

2.1.9.3 The Objector has stated AEML-T has claimed additional shared service expense over and above the normative expense derived as per MYT Regulations and has requested the Commission to allow the same in case there is benefit to end consumers.

2.1.9.4 In this regard, it is submitted that the AEML-T has provided detailed justification for allocation of the shared service cost in the MTR Petition. The cost pertaining to employees and resources of shared services common to all three divisions of AEML (Generation, Transmission and Distribution) were hitherto being booked only under Distribution. Therefore, the allocation proposed is only a fair reflection of cost incident on each business and eliminates cross-subsidisation between businesses. There is no new cost here, only allocation of existing cost and therefore there's no question of benefit analysis.

Commission's Analysis and Ruling

2.1.9.5 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, in this Order, has dealt with this issue in detail in light of the submission of the Petitioner, the provision of the applicable MYT Regulations and the approach adopted by the Commission in its past Orders. The approach adopted in the AEML-G and AEML-D past orders has also been considered by the Commission while deciding on the merit of the matter. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.10 Suggestion / Objection No. 10

MSEDCL Suggestion / Objection

2.1.10.1 The Petitioner has further claimed the Corporate Expense for FY 2019-20. MSEDCL submits that Commission may allow only such expenses as obtained by escalating previously approved expenses by inflation that too after prudence check.

AEML-T Response

2.1.10.2 The Objector has stated that AEML-T has further claimed Corporate Expense and that the corporate expense should be allowed to the extent of Corporate Expense allowed in previous years escalated by inflation, after prudence check. In this regard, it is stated that AEML-T has submitted detailed justification for incurrance of Corporate Expense in the MTR Petition. AEML-T has also provided its justification as to why Corporate Expense should not be linked to escalation factor on the basis of CPI and WPI inflation. Further AEML-T has provided a detailed note on Corporate expense (Annexure 6 to the Petition), which explains the various benefits of corporate services (increase in employee productivity, process improvement etc.). Accordingly, AEML-T has claimed actual corporate expenses as incurred.

Commission's Analysis and Ruling

2.1.10.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, in this Order, has dealt with this issue in detail in light of the detailed submission of the Petitioner, the provision of the applicable MYT Regulations and the approach adopted by the Commission in its past Orders. The approach adopted in the AEML-G and AEML-D past orders has also been considered by the Commission while deciding on the merit of the matter. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.11 Suggestion / Objection No. 11

MSEDCL Suggestion / Objection

2.1.11.1 The Petitioner at para 1.4 of the Petition has claimed the Interest on Working Capital for FY 2019-20 as Rs. 6.01 Crore. As submitted earlier, MSEDCL stated that AEML-T has utilised the loans taken for capital expenditure to fund revenue expenditure. The funds which were diverted to revenue expenditure may also not be considered in working capital and may approve the interest on working capital on normative basis.

AEML-T Response

2.1.11.2 The Objector has stated that the loans taken for capital expenditure was diverted to fund revenue expenditure and the same should not be considered in working capital. In this regard, pls refer to AEML-T response to Issue 4 above.

Commission's Analysis and Ruling

2.1.11.3 The Commission has noted the submissions of MSEDCL and AEML-T. As discussed in the ruling related **MSEDCL's suggestion/objection no. 4 above**, the Commission has examined this issue while approving the financing cost claimed by AEML-T as well as approval of the sharing of efficiency

gains/(losses) on interest on working capital and considered it appropriately for the purpose of approval. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.12 Suggestion / Objection No. 12

MSEDCL Suggestion / Objection

2.1.12.1 The Petitioner at para 1.7.2 of the Petition has claimed Rs. 2.35 Crore as Interest on contingency reserve investments for FY 2019-20, However, it has earned interest of Rs. 2.75 Crore on contingency reserve investments for FY 2019-20. MSEDCL submits that the earned interest by the Petitioner shall be made part of the non-Tariff income of FY 2019-20. Further, MSEDCL submitted that income from delayed payment charges and interest on staff Loans and interest from investments (such as bank FDs) received in FY 2019-20 shall be made part of Non-Tariff income for FY 2019-20.

AEML-T Response

2.1.12.2 The Objector has stated that AEML-T has earned interest on contingency reserve of Rs. 2.75 Crore, while it has passed on Rs. 2.35 Crore of interest in NTI. In this regard, it is submitted that since the cumulative investment required as per MYT Regulations, 2015 is Rs. 31.78 Crore as on 01 April, 2019 and the cumulative investment as per books of accounts is Rs. 37.30 Crore, AEML-T has considered the interest on contingency reserve of Rs. 2.35 Crore in Non-Tariff income on proportionate basis. The same has been mentioned in the Petition.

2.1.12.3 Further the Objector has stated that income from delayed payment charges, interest on staff loans and interest from investments (such as Bank FDs) should be made part of NTI. In this regard, it is submitted that, as per MYT Regulations, 2015, Delayed payment charges are not considered part of Non-Tariff Income. Further, staff loans are provided by AEML to its employees out of the RoE generated from business. Hence the interest earned from staff loans is not required to be passed on as NTI. The Commission has taken cognizance of this fact and had not considered interest on staff loans in NTI.

Commission's Analysis and Ruling

2.1.12.4 The Commission has noted the submissions of MSEDCL and AEML-T. As regards the interest on contingency considered by AEML-T as part of the NTI, the Commission has examined the details shared by AEML-T and notes that the cumulative investment made by AEML-T is higher than the cumulative investment required in the contingency reserve as per the provisions of applicable MYT Regulations. Accordingly, AEML-T has proportionately passed on the interest on this income as part of the NTI. Further, as regards the delayed

payment charges, these are not considered as part of the ARR as per the provisions of the MYT Regulation 2015. Further, as regards the interest on staff loans, the Commission in the past as well has not considered this as part of the NTI as it is funded through the Licensees internal accruals / RoE. Similarly, the interest from investments (such as Bank FDs) is also not considered as part of the NTI as the investments are from the Licensee's own sources.

2.1.13 Suggestion / Objection No. 13

MSEDCL Suggestion / Objection

2.1.13.1 The Petitioner at para 2.1 of the Petition has claimed actual Capitalization for FY 2020-21. The Petitioner has also claimed IDC along with it. It is not clear whether the approved schemes were delayed beyond the targeted date of completion? And if so, why there was delay? The delay on account of the Petitioner, due to which IDC came into picture, shall not be allowed to be passed on to the consumers. MSEDCL submits that Hon. Commission may approve the Capitalization for FY 2020-21 after prudence check.

AEML-T Response

2.1.13.2 The Objector has stated that AEML-T has claimed actual capitalization in FY 2020-21 along with IDC. However, it is not known whether the approved schemes were delayed beyond the targeted date of completion. The IDC due to delay should not be allowed.

2.1.13.3 In this regard, AEML-T submits that in the MTR Petition, it has submitted the remarks against each scheme for which it has claimed capitalization in FY 2020-21. In the remarks, it has been mentioned that there has been no time overrun in any scheme.

Commission's Analysis and Ruling

2.1.13.4 The Commission has noted the submissions of MSEDCL and AEML-T. AEML-T in its Petition has provided the details regarding the scheme which includes the date of completion of the project and if there has been a delay in completion of the scheme, the supporting reasons for the delay has been provided. As discussed earlier, the Commission examines all the details shared by the Petitioner as part of the prudence check process and based on the outcome of the review, the cost is either allowed or disallowed, completely or partially, for recovery through the tariff. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.14 Suggestion / Objection No. 14

MSEDCL Suggestion / Objection

2.1.14.1 The Petitioner has given list of DPR & Non-DPR schemes, and the time & Cost overrun. MSEDCL submitted that the deviation in time & cost for DPR & Non-DPR schemes shall not be allowed.

AEML-T Response

2.1.14.2 The Objector has stated that deviation in cost due to time and cost overrun in schemes should not be allowed. AEML-T submitted that, as stated above, that there is no time overrun in any scheme. Wherever there has been cost overrun, AEML-T has provided detailed justification in the respective chapters in the MYT Petition, as being beyond the control of transmission licensee.

Commission's Analysis and Ruling

2.1.14.3 The Commission has noted the submissions of MSEDCL and AEML-T. As discussed earlier, the Commission examines all the details shared by the Petitioner as part of the prudence check process (including time and cost overrun of the schemes) and based on the outcome of the review, the cost is either allowed or disallowed, completely or partially, for recovery through the tariff. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.15 Suggestion / Objection No. 15

MSEDCL Suggestion / Objection

2.1.15.1 The Petitioner at para 2.2.1 has submitted the Normative O&M Expenses for FY 2020-21. MSEDCL's contention regarding the claim of the Petitioner may be considered same as that of Para 7 of MSEDCL's list of suggestions/objections shared with AEML-T (Suggestion/Objection No. 7 in this Order).

AEML-T Response

2.1.15.2 The Objector has reiterated its submission with respect to unutilized bays for FY 2020-21. In this regard, pls refer to AEML-T response in Issue no. 8 in AEML-T's response to MSEDCL suggestions/objections (Suggestion/Objection No. 7 in this Order).

Commission's Analysis and Ruling

2.1.15.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission's rulings in this regard are outlined against the suggestion/objections no. 7 in this Order.

2.1.16 Suggestion / Objection No. 16

MSEDCL Suggestion / Objection

2.1.16.1 The Petitioner at para 2.3.1 of the Petition related with the Efficiency Gain/Loss in IoWC has requested the Hon'ble Commission to allow actual interest on working capital to AEML-T without determining any efficiency loss in interest on working capital, since Covid-19 pandemic was a Force Majeure event. As mentioned above in para 7 MSEDCL submitted that Covid-19 pandemic was not a Force Majeure and hence the claim of the Petitioner shall not be allowed.

AEML-T Response

2.1.16.2 The Objector has stated that AEML-T in FY 2020-21 has claimed actual IoWC, stating that Covid-19 pandemic was a force majeure event, which should not be allowed. In this regard, it is submitted that COVID pandemic is a force majeure event, resulting in shortfall in revenues across the value chain and has hence resulted in additional working capital borrowing and corresponding interest cost.

Commission's Analysis and Ruling

2.1.16.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission has not considered the request of AEML-T and has computed the sharing of efficiency gains/(losses) in line with the provisions of the MYT Regulations, 2019. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.17 Suggestion / Objection No. 17 & 18

MSEDCL Suggestion / Objection

2.1.17.1 The Petitioner at para 3.1.7 has submitted data as below.

Particulars (Rs. Crore)	FY 2021-22
Total Taxable Income	130.04
Tax Payable at Corporate Tax Rate	45.45
MAT Computation	
Total Revenue	398.52
Total Expenses	239.88
Book Profit	158.64
Tax Payable under MAT Rate	27.71

As seen from above table, income tax applicable for AEML-T on a standalone basis, considering the regulated asset base corresponding cost is payable at Corporate tax rate. Hence the Corporate tax rate should be considered as the effective tax rate. Accordingly, AEML-T has grossed up the RoE rate with corporate tax rate for claiming RoE for FY 2021-22. The RoE claimed for FY 2021-22 is as under:

Particulars / (Rs. Crore)	MYT Order	Actual
Regulatory equity at the beginning of the year	696.96	687.44
Equity portion of expenditure capitalized	16.06	11.61
Equity portion of asset retired during the year	0	0.85
Regulatory equity at the end of the year	713.02	698.20
Return computation		
RoE at the beginning of the year	118.23	161.90
RoE on capitalization during the year	1.36	1.37
Total Return on Equity	119.59	163.27

2.1.17.2 MSEDCL submitted that, AEML-T has computed the tax payable under MAT rate at Rs. 27.71 Crore. However, while claiming the pre-tax RoE, AEML-T has considered the corporate tax rate. It is requested to kindly scrutinize the same and accordingly approve pre-tax RoE for respective years.

AEML-T Response

2.1.17.3 The Objector has stated that for FY 2021-22, AEML-T has computed the tax payable under MAT rate as Rs. 27.71 Crore, while claiming pre-tax RoE, AEML-T has claimed corporate tax rate and has requested the Commission to scrutinize the same.

2.1.17.4 In this regard, it is submitted that AEML-T has calculated the taxable income and effective income tax rate for the transmission business of AEML on a standalone basis, in accordance with the provisions of MYT Regulations, 2019. As per the calculations, the tax payable on regulatory PBT with Corporate tax rate works out to Rs. 45.45 Crore and tax payable with MAT rate works out to Rs. 27.71 Crore. As a stand-alone entity, therefore, tax payable will have to be considered Rs. 45.45 Crore (higher of tax at corporate tax rate and MAT rate). Since tax is payable at Corporate tax rate, AEML-T has considered the effective tax rate as Corporate Tax rate for FY 2021-22. It may be noted here that the same philosophy has been followed for FY 2020-21 also. In case of FY 2020-21, the tax payable at MAT rate works out to be more than the tax payable at Corporate tax rate. Hence the effective tax rate for FY 2020-21 has been considered at MAT rate.

Commission's Analysis and Ruling

2.1.17.5 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, in line with the request of MSEDCL, has considered the MAT rate instead of corporate rate considered by AEML while approving the grossing up of RoE for FY 2021-22. MAT rate has been considered as AEML at the company level has actually paid income tax as per the MAT rate. **Further, the Commission is of the opinion that the MYT Regulations, 2019 were also framed with an intent that the licensee should be reimbursed the tax on income at the rate at which it has actually paid the income tax. Approving**

grossing up at a higher rate than actually incurred will lead to the licensee getting higher RoE than what he is eligible to recover. This higher cost will in turn unnecessarily get loaded on the beneficiaries and consequently on the consumers. The Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.18 Suggestion / Objection No. 19

MSEDCL Suggestion / Objection

2.1.18.1 The Petitioner at para 3.2.1 has submitted the Normative O&M Expenses for FY 2021-22. MSEDCL's contention regarding the claim of the Petitioner may be considered same as that of Para 7 of MSEDCL's suggestions/objections shared with AEML-T .

AEML-T Response

2.1.18.2 The Objector has reiterated its submission with respect to unutilized bays for FY 2020-21. In AEML-T's response to MSEDCL's suggestions/objections, refer to AEML-T response in Issue no. 8 in AEML-T's response to MSEDCL's objections.

Commission's Analysis and Ruling

2.1.18.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission's rulings in this regard are outlined against the suggestion/objections no. 7 in this Order.

2.1.19 Suggestion / Objection No. 20

MSEDCL Suggestion / Objection

2.1.19.1 At para 5.1, the Petitioner claims Capital Expenditure and Capitalisation for FY 2022-23 as under:

Particulars / (Rs. Crore)	Capitalization with IDC (MYT Order)	Capital Expenditure (Estimates)	Capitalization with IDC (Estimates)
GHD-Boisar LILO Upgradation (Switching Stn) - Resubmitted		15.00	
Schemes submitted to STU for approval:			
220kV Chandivali EHV Station		126.42	
Non-DPR Schemes		15.18	10.26
Total	53.54	430.63	11.54

MSEDCL submitted that, against the approved capitalisation with IDC of Rs. 53.54 Crore in MYT Order, AEML-T has claimed only Rs. 11.54 Crore against capitalisation for FY 2022-23. It is submitted that the Commission may kindly

look into the reasons for such lower capitalisation proposed in FY 2022-23. Further it is submitted that in case the lower capitalisation is on account of delay/deferment of projects proposed to be completed in FY 2022-23, Commission may take appropriate view for any cost or time overrun on account of such delay for deferment of capitalisation by AEML-T. It is submitted that delay in completion of projects has a huge impact on expenses of any Distribution Licensee. Hence any burden on account of delay in completion of project may be accounted to AEML-T.

AEML-T Response

2.1.19.2 The Objector has stated that the approved capitalization for FY 2022-23 was Rs. 53.54 Crore, while the projected capitalization for FY 2022-23 was Rs. 11.54 Crore only. The Objector has also stated that in case the lower capitalization is on account of deferment of projects proposed to be completed in FY 2022-23, the Commission may take appropriate view for any time and cost overrun on account of such delay for deferment of capitalization.

2.1.19.3 In this regard, it is submitted that the projected capitalization in FY 2022-23 is low as there were no new DPRs, where capitalization was planned in FY 2022-23 and hence only minor balance capitalization on ongoing schemes has been considered. There is no deferment of capex.

Commission's Analysis and Ruling

2.1.19.4 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, while approving the capitalisation for the 4th Control period in the MYT Order had observed that the DPRs of most of the schemes proposed by AEML-T for approval during the 4th control period were not approved by the Commission. Further, for FY 2022-23, there were no schemes for which the DPR was approved. Considering the same, the Commission had approved the capitalisation for each of the year of the control period considering the past trend of capitalisation over a 5 year time frame. Accordingly, there was no identified approved DPR scheme for the period FY 2022-23 to FY 2024-25. Accordingly, only minor balance capitalization on ongoing schemes has been considered by AEML-T. However, as mentioned earlier, the Commission reviews the actual capitalisation details submitted by AEML-T to identify instances of cost and / or time over run and considers such schemes for approval only after detailed scrutiny and prudence check.

2.1.20 Suggestion / Objection No. 21

MSEDCL Suggestion / Objection

2.1.20.1 At para 5.1 of the Petition, AEML-T regarding increase in cost for 220 kV EHV S/S at BKC has submitted that, "Based on cost discovery during the ongoing

competitive bidding process, it is observed that the project cost would be higher by around 19.36% than the cost estimated at the time of submission of DPR and approved by the Commission on account of various reasons as under:

- “1. Time period between DPR submission and approval
2. Escalation in market rates
3. Increase in RI charges...”

2.1.20.2 It is submitted that in most of the schemes it is observed that there is always a deviation in cost with respect to DPR approved cost. It is submitted that AEML-T may not be allowed any increase in cost with respect to the DPR cost as this cost would have been envisaged by AEML-T at the time of DPR approval and accordingly AEML-T would have sought approval from the Commission. Further, MSEDCL requests Hon. Commission to re-look the in-principle approval dated 06 August, 2021 of the Capex Scheme of AEML-T for installation of 220/33 kV Sub-stations with 2 x 125 MVA Power Transformers at BKC, Mumbai.

AEML-T Response

2.1.20.3 The Objector has stated that AEML-T has claimed capital cost for 220 kV BKC S/stn DPR which is 19.36% more than the In-Principle approved cost. The Objector has also stated that AEML-T may not be allowed any increase in cost as these costs would have been envisaged by AEML-T at the time of DPR approval and accordingly AEML-T would have sought approval from the Commission.

2.1.20.4 It is submitted that the present Petition clearly elaborates the reasons for anticipated increase in cost of the BKC EHV scheme. AEML-T has explained that the factors due to which there is likely to be cost escalation are beyond the control of any Licensee and have crept in after submission of the DPR to the Commission. Hence, AEML-T has claimed the likely estimated cost in the MTR Petition. The Commission would anyway carry out prudence check of actual expenditure on scheme completion.

Commission's Analysis and Ruling

2.1.20.5 The Commission has noted the submissions of MSEDCL and AEML-T. As discussed earlier, the Commission examines all the details shared by the Petitioner as part of the prudence check process and based on the outcome of the review, the cost is either allowed or disallowed, completely or partially, for recovery through the tariff. Further, in line with the approach adopted by the Commission in case if schemes with cost overrun envisaged in the projection period, the capitalisation proposed by AEML-T has been presently restricted to the approved cost of the project. AEML-T should approach the Commission with the actual cost at the time of truing up of the relevant year to seek approval which may be considered by the Commission, subject to prudence check. The

Commission's rulings in this regard are elaborated in the subsequent chapters of this Order.

2.1.21 Suggestion / Objection No. 22

MSEDCL Suggestion / Objection

2.1.21.1 Further it is requested to also scrutinize the cost with respect to 220kV AIS to GIS conversion (Aarey) and not allow any escalation in cost with respect to the approved DPR cost.

AEML-T Response

2.1.21.2 The Objector has stated that any escalation in cost with respect to approved DPR cost in case of 220 kV AIS to GIS conversion at Aarey S/stn should not be allowed. It is submitted that capital projects are subject to many uncertainties and the capital cost of project may increase as compared to the approved cost due to many factors. Hence the contention that no escalation of cost should be allowed is not fair. While at present, no escalation in cost of 220 kV AIS to GIS conversion at Aarey S/stn is envisaged by AEML-T, but if there is an increase in cost, AEML-T shall submit detailed justification in future.

2.1.21.3 AEML-T expected the objector to understand the various issues involved in execution of transmission and distribution projects as they are themselves regularly facing issues of time and cost over-run. Whether the objectors would themselves be ready to accept disallowance of all cost escalation, beyond in-principle approved cost, is something they ought to consider before advocating the same for other utilities.

Commission's Analysis and Ruling

2.1.21.4 The Commission has noted the submissions of MSEDCL and AEML-T. As discussed earlier, the Commission examines all the details shared by the Petitioner as part of the prudence check process and based on the outcome of the review, the cost is either allowed or disallowed, completely or partially, for recovery through the tariff. Accordingly, the Commission has reviewed the scheme and observes that presently there is no cost escalation envisaged in the project and accordingly has presently considered the capitalisation against this scheme for approval.

2.1.22 Suggestion / Objection No. 23

MSEDCL Suggestion / Objection

2.1.22.1 Further, regarding 220 kV Borivali - Ghodbunder - Boisar LILO line Augmentation, the Petitioner has submitted escalation in cost on account of difficulty in land procurement and COVID-19 pandemic. MSEDCL submits that

the DPR was submitted by the Petitioner itself. The Petitioner should have taken cognisance / prudence about the availability of land. Further, as submitted in para 7 above, COVID-19 cannot be considered as a Force Majeure. Therefore, MSEDCL submitted that the cost escalation claimed by the Petitioner for 220 kV Borivali -Ghodbunder Boisar LILO line Augmentation shall not be allowed.

AEML-T Response

2.1.22.2 The Objector has stated that AEML-T has claimed cost escalation for 220 kV Borivali – Ghodbunder – Boisar LILO line augmentation DPR citing difficulty in land procurement and Covid-19 pandemic. However, AEML-T should have taken cognisance for availability of land and Covid-19 pandemic is not a Force majeure event. Hence the increase in cost for the DPR should not be allowed.

2.1.22.3 It is submitted that AEML-T had been intimating about the difficulties in execution of the project to the Commission vide its various letters issued from time to time. The factors which have caused cost escalation are not under the control of AEML. Accordingly, AEML-T has claimed the revised cost of the DPR (capital expenditure) in the MTR Petition.

Commission's Analysis and Ruling

2.1.22.4 The Commission has noted the submissions of MSEDCL and AEML-T. As discussed earlier, the Commission examines all the details shared by the Petitioner as part of the prudence check process and based on the outcome of the review, the cost is either allowed or disallowed, completely or partially, for recovery through the tariff. Accordingly, the Commission has reviewed the schemes and observes that presently there is no capitalisation envisaged in this project during the remaining years of the 4th Control period and hence, the likely cost escalation is not impacting the ARR presently. Accordingly, no approval is considered against this scheme in the present Order.

2.1.23 Suggestion / Objection No. 24

MSEDCL Suggestion / Objection

2.1.23.1 Further the Petitioner has claimed Capital Expenditure of Rs. 126.42 Cr for 220 kV Chandivali EHV Station. However, the scheme is still not approved by the STU. Hence MSEDCL submits that the Commission may direct the Petitioner to approach it after it gets the approval from STU.

AEML-T Response

2.1.23.2 The Objector has stated that Chandivali DPR is still not approved by STU and AEML-T should be directed to approach the Commission after getting approval from STU.

2.1.23.3 In this regard, it is submitted that STU has granted approval for the scheme and accordingly AEML-T has submitted the Chandivali DPR to the Commission for approval on 03 November, 2022.

Commission's Analysis and Ruling

2.1.23.4 The Commission has noted the submissions of MSEDCL and AEML-T. In line with the approach adopted in the present Order, the Commission has not considered approval of capitalisation against this scheme as the DPR for the scheme is not yet approved. Details of Commission's analysis and dispensation are separately provided in this order.

2.1.24 Suggestion / Objection No. 25

MSEDCL Suggestion / Objection

2.1.24.1 The Petitioner has submitted the projected Capital Expenditure for FY 2023-24 & FY 2024-25. It has projected a whopping Capital Expenditure of Rs. 1433.20 Crore for FY 2023-24 and of Rs. 1454.69 Crore for FY 2024-25. MSEDCL submits that the Commission may approve the Capital Expenditure for FY 2023-24 and FY 2024-25 only after prudence check.

AEML-T Response

2.1.24.2 The Objector has stated that AEML-T has proposed Capital expenditure of Rs. 1,433.20 Crore in FY 2023-24 and Rs. 1,454.69 Crore in FY 2024-25 and has requested the Commission to approve Capital expenditure after prudence check.

2.1.24.3 In this regard, AEML-T submitted that many projects, Capital expenditure for which has been claimed in the Petition are either submitted to the Commission for approval or are submitted to STU. AEML-T shall commence the projects after getting necessary approval from the Commission. These projects have no implication in the ARR of FY 2023-24 and FY 2024-25.

Commission's Analysis and Ruling

2.1.24.4 The Commission has noted the submissions of MSEDCL and AEML-T. In line with the approach adopted in the present Order, the Commission has not considered approval of capitalisation against the schemes for which the DPR has not been approved by the Commission. AEML-T may implement the schemes after getting the DPR approved from the Commission and seek approval for the capitalisation during the truing up Petition for the relevant year, subject to prudence check.

2.1.25 Suggestion / Objection No. 26

MSEDCL Suggestion / Objection

2.1.25.1 Regarding 2nd Feed to BKC EHV Station, MSEDCL submits that there is variation from in-principle approval dated 06.08.2021 of the Capex Scheme and the scope proposed for Capital expenditure in this petition. MSEDCL requests Hon. Commission not to allow any variation from the approved scheme.

AEML-T Response

2.1.25.2 The Objector has stated that the proposed BKC 2nd feed DPR is a variation from the scope of the BKC S/stn DPR approved on 06 August, 2021 and should not be allowed.

2.1.25.3 In this regard, it is submitted that the 2nd feed to BKC S/stn DPR has been proposed, to improve reliability of BKC S/stn. This will connect BKC S/stn from two different sources of Northern and Eastern network of MMR. It is a separate scheme, not part of original BKC EHV scheme. Like any new scheme for capex, this scheme shall also be initiated after getting due approval from STU and the Hon'ble Commission.

Commission's Analysis and Ruling

2.1.25.4 The Commission has noted the submissions of MSEDCL and AEML-T. In line with the approach adopted in the present Order, the Commission has not considered approval of capitalisation against the schemes for which the DPR has not been approved by the Commission. AEML-T may implement the schemes after getting the DPR approved from the Commission and seek approval for the capitalisation during the truing up Petition for the relevant year, subject to prudence check.

2.1.26 Suggestion / Objection No. 27

MSEDCL Suggestion / Objection

2.1.26.1 The Petitioner has proposed Capital expenditure for 220 kV Kandivali EHV Station, 220 kV Chandivali EHV Station, 220 kV EHV Scheme at Dahisar, 220 kV Malad East EHV Station, 220 kV Khardanda EHV Station, 220 kV Uttan EHV Station, Installation of 120 MVAR Reactor at Chembur EHV substation, Line augmentation HTLS/ Twin Conductors of AEML Overhead Lines, 220 kV GIS EHV substation at Airport. The Petitioner has also submitted other future schemes. It is to submit that, some schemes are yet to be submitted to STU, for some schemes land is yet not available. Further, nearly for all schemes DPR is yet not approved by STU. For some schemes it has been over and above 2 years after submission of DPR to STU. However, the schemes have not been approved. As per procedure once it gets approved by STU it has to be approved by the Commission. MSEDCL submits that the Petitioner in future might demand

increase in cost due to time lapse between estimated costs at the time of submission of DPR and approved by Commission. Hence MSEDCL is of the view that Commission may approve the Capital Expenditure claimed after prudence check only.

AEML-T Response

2.1.26.2 The Objector has stated that AEML-T may claim escalation of cost between the time of submission of DPR for approval and the time of approval of the DPR by the Commission and has requested the Commission to approve the capital cost after prudence check.

2.1.26.3 In this regard, it is submitted that only Chandivali EHV scheme, Kandivali EHV scheme and BKC 2nd feed scheme are the ones where DPRs are submitted to the Commission under the new Capex Regulations. These regulations have provision for verification of completed cost vis-à-vis approved cost. These Regulations also have provision for Revised cost approval if 90% of sanctioned cost is exceeded. Therefore, future allowances and disallowances will be as per the new Regulations and the justifications as presented by the utilities to explain variations, if any.

Commission's Analysis and Ruling

2.1.26.4 The Commission has noted the submissions of MSEDCL and AEML-T. In line with the approach adopted in the present Order, the Commission has not considered approval of capitalisation against the schemes for which the DPR has not been approved by the Commission. AEML-T may implement the schemes after getting the DPR approved from the Commission and seek approval for the capitalisation during the truing up Petition for the relevant year, subject to prudence check. Further, the process of approval of the DPR including but not limited to subsequent cost variation will be guided by the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022.

2.1.27 Suggestion / Objection No. 28

MSEDCL Suggestion / Objection

2.1.27.1 Projected ARR for FY 2023-24 and FY 2024-25 is much higher than the one approved in MYT Order. Specifically for FY 2024-25 projections of O&M expenses, Depreciation Expenses, Interest on Long-term Loan Capital and Return on Equity Capital are much higher than allowed in MYT Order. MSEDCL submits that Commission may approve the same only after prudence check. .

AEML-T Response

2.1.27.2 The Objector has stated that the projected ARR for FY 2023-24 and FY 2024-25 in the MYT Petition are much higher than the approved ARR for FY 2023-24 and FY 2024-25 in the MYT Order dated 30 March, 2020 and has requested the Commission to approve the same after prudence check.

2.1.27.3 In this regard, it is submitted that the projected ARR for FY 2023-24 is more than the approved ARR for FY 2023-24 (as per MYT Order) because of past gap (till FY 2022-23) of Rs. 78.70 Crore. On standalone basis, the difference between projected ARR for FY 2023-24 and the approved ARR for FY 2023-24 (as per MYT Order) is not significant. i.e., Rs. 4.51 Cr only. The projected ARR for FY 2024-25 is high because of projected capitalization of Rs. 1388.49 Cr, out of which projected capitalization against BKC DPR alone is Rs. 1269.46 Cr, which is a scheme approved after the issuance of MYT Order and hence its capitalization and associated impact on ARR is now required to be factored in. In the MYT Order, the capitalization considered for FY 2024-25 was on ad hoc basis was merely Rs. 53 Cr.

Commission's Analysis and Ruling

2.1.27.4 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission has undertaken the due scrutiny of all the cost elements impacting the ARR for the FY 2023-24 and FY 2024-25 and the approvals are guided by the provisions of the MYT Regulations, 2019 and the past approach adopted by the Commission. This also include the scrutiny and approval of the capitalisation proposed by AEML-T. The subsequent chapters of this Order outline the detailed approach undertaken by the Commission to approve the ARR for the remaining years of the 4th Control period.

2.1.28 Suggestion / Objection No. 29

MSEDCL Suggestion / Objection

2.1.28.1 The Petitioner at para 7.2 has mentioned about compliance of directives by Commission regarding utilization of unutilized bays. It has stated that AEML-T has been coordinating with AEML-D for early utilization of unutilized bays. However, availing connectivity to outlets and power offtake from the same is not something under the control of a Transmission Licensee. MSEDCL submits that the Petitioner while claiming ARR of FY 2019-20 has in detail mentioned that AEML-T & AEML-D are distinct regulated businesses within AEML. It has further mentioned that these businesses share different resources such as manpower, accounts and finance department, Administration and Regulatory department etc. In such a scenario it should not be difficult to persuade the other business under one umbrella.

AEML-T Response

2.1.28.2 The Objector has stated that since AEML-D is another business of AEML, it should not be difficult to persuade the other business under one umbrella for utilization of bays.

2.1.28.3 It is submitted that the detailed justification for non-utilization of bays and the factors that have contributed to it has been provided in the truing up sections of the Petition. The objector may refer to the same. In any event, it is submitted that the MSETCL, which is the primary outlet provider to MSEDCL (objector) also has 1,121 no. of un-utilised bays (at the end of FY 2017-18) as per its MYT Order in Case No. 302 of 2019 dated 30.03.2020, mainly because MSEDCL could not use the same.

Commission's Analysis and Ruling

2.1.28.4 The Commission has noted the submissions of MSEDCL and AEML-T. As discussed earlier, the Commission has considered only the bays which have been utilised for the purpose of approving the O&M expenses. This addresses the issue raised by MSEDCL regarding the request of AEML-T to approve unutilised bays. The stand taken by the Commission in this context is elaborated in the subsequent chapters of the Order.

2.1.29 Suggestion / Objection No. 30

MSEDCL Suggestion / Objection

2.1.29.1 Recovery of transmission infrastructural cost spent for Mumbai utilities from consumers of Mumbai Distribution Licensees:

- a) It is submitted that considering the special status of Mumbai and its sub-urban area from power supply reliability point of view, various transmission Licensees are developing transmission network for Mumbai area.
- b) Due to proposed transmission network for Mumbai area, the issue of transmission constraints for Mumbai utilities will get resolved and Mumbai Utilities will be able to procure cheaper power from the exchange, short term etc., which will be beneficial for Mumbai consumers. Also supply reliability for consumers of Mumbai area will be improved.
- c) As such, development of transmission network for Mumbai area may be seen for saving of power purchase cost of Mumbai Utilities and expenses for the same should be adjusted against such saving in power purchase cost of Mumbai Utilities. Hence, MSEDCL requests that expenses towards development of said transmission network to be adjusted against the possible saving in power purchase cost of Mumbai Utilities and should not be socialized on all distribution utilities.

AEML-T Response

2.1.29.2 The Objector has stated that the cost of the transmission projects for Mumbai area should be adjusted against the saving in power purchase cost of Mumbai utilities and should not be socialized among all Distribution utilities.

2.1.29.3 In this regard, it is submitted that the sharing of transmission charges is as per the Transmission Pricing Framework approved by the Commission. Transmission infrastructure, being interconnected, is available for the benefit of all utilities and not only for Mumbai based utilities.

Commission's Analysis and Ruling

2.1.29.4 The Commission has noted the submissions of MSEDCL and AEML-T. As mentioned by AEML-T, the sharing of the transmission charges in the State of Maharashtra is as per the Transmission Pricing Framework stipulated under MYT Regulations, 2019. The transmission infrastructure, being interconnected, is available for the benefit of all utilities and not only for Mumbai based utilities. This forms the basis for the existing framework in the State. Hence, the associated cost is socialised amongst all the Transmission System Users i.e. distribution licensees in the State. Accordingly, the present system of sharing of the overall transmission cost with all the beneficiaries will continue.

3 TRUING-UP OF ARR FOR FY 2019-20, FY 2020-21 and FY 2021-22

3.1 Background

- 3.1.1 AEML-T has sought Truing-up of ARR for FY 2019-20, FY 2020-21 and FY 2021-22 based on the actual expenditure and revenue as per the Audited Accounts for FY 2019-20, FY 2020-21 and FY 2021-22 and in accordance with the provisions of the MYT Regulations, 2015 for FY 2019-20 and the provisions of the MYT Regulations, 2019 for FY 2020-21 and FY 2021-22. AEML-T also submitted reasons for variation in the actual expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as compared to the expenses approved in the Multi Year Tariff (“MYT”) Order dated 30 March, 2022 in Case No. 297 of 2019.
- 3.1.2 The analysis underlying the Commission’s Truing-up for FY 2019-20, FY 2020-21 and FY 2021-22 is set out below.

3.2 Capital Expenditure and Capitalization

AEML-T’s Submission

- 3.2.1 AEML-T submitted that for FY 2019-20, the Commission, in its last MYT Order, had approved capitalization of Rs. 349.33 Crore on provisional basis, whereas the actual capitalization (including IDC) is Rs. 298.77 Crore. Further, AEML-T submitted that for FY 2020-21, the Commission, in the MYT Order, had approved capitalization of Rs. 221.87 Crore on provisional basis, whereas the actual capitalization (including IDC) is Rs. 242.69 Crore. Similarly, AEML-T submitted that for FY 2021-22, the Commission, in the MYT Order, had approved capitalization of Rs. 53.54 Crore on provisional basis considering 50% of average capitalization of AEML-T from FY 2015-16 to FY 2019-20. The actual capitalization in FY 2021-22 (including IDC) is Rs. 38.70 Crore.
- 3.2.2 AEML-T submits that the Interest During Construction (“IDC”) for FY 2019-20, FY 2020-21 and FY 2021-22 is determined considering the capex phasing of the individual schemes. IDC capitalized has been worked out considering the duration for which works funded by loans have remained in progress. The interest rate considered for IDC is the approved interest rate for individual years for which the works remained in progress. AEML-T has also taken some fresh capital expenditure loans during FY 2019-20, FY 2020-21 and FY 2021-22 which have accordingly been factored into the computation of weighted average interest rate.
- 3.2.3 The summary of the capitalization (inclusive of IDC) as submitted by AEML-T for FY 2019-20, FY 2020-21 and FY 2021-22 is as follows:

Table 1: Summary of Capitalization (including IDC) for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
DPR Schemes						
System Improvement Scheme		0.28		0		
Aarey Borivali cable connectivity	291.39	250.34	1.00	8.89		0.61
AEML Saki - TPC Saki cable connectivity		0.02				
3rd Transformer at Goregaon EHV SS	0.51	0.90	0	0.27		
Bays extension at Versova	24.44	22.92	1.00	1.26		
33 kV AIS to GIS conversion		0	37.44	41.07		1.16
2nd Feed at Chembur		0	129.01	135.55		0.41
3rd Transformer at Borivali S/s.		0	20.64	21.41		0.66
220kV 120MVAR Reactor at AEML Gorai						24.42
220 kV AEML BKC EHV Scheme						0
Borivali -Godbunder-Boisar LILO Augmntn						0
Kandivali EHV						0
220KV AIS to GIS Conversion at Aarey EHV						0
DPR Schemes - Total	316.34	274.45	189.09	208.44		27.27
Non-DPR Schemes	33.00	24.28	32.78	34.25		11.43
Total	349.33	298.73	221.87	242.69	53.54	38.70

3.2.4 AEML-T further submits that capitalization for Non-DPR Schemes for FY 2019-20 is ~ 9% and for FY 2020-21 is ~14% of the capitalization for DPR and thus does not exceed the limit of 20%, as per the MYT Regulations.

3.2.5 For FY 2021-22, AEML-T submits that the capitalization in Non-DPR Schemes is around 42% of the capitalization under DPR Schemes. With regard to capitalisation against Non-DPR Schemes, the Regulation 24.7 of the MYT Regulations, 2019 provide as below:

“The cumulative amount of capitalisation against non-DPR Schemes for any Year shall not exceed 20% or such other limit as may be stipulated by the Commission through an Order, of the cumulative amount of capitalisation approved against DPR schemes for that Year”

3.2.6 Also, the Statement of Reason (“**SoR**”) accompanying MYT Regulations, 2019 states that the cumulative capitalization against Non-DPR Schemes should be within the limit of 20% of cumulative capitalization against DPR Schemes over the fourth Control Period. The same is reproduced below:

“The Commission is of the view that the suggestion of limiting the Non-DPR schemes to 20% of approved DPR schemes on a cumulative basis over the Control Period rather than annual basis, can be considered, as such a situation could arise in a particular year, and the intention is not to block Non-DPR schemes.”

3.2.7 Hence, based on the above, it is clear that the Commission's intent is not to block Non-DPR capex and therefore, the limit of 20% of capitalisation for Non-DPR Schemes is to be considered over the Control Period on a cumulative basis. Accordingly, for FY 2021-22, the cumulative capitalisation of Non-DPR Schemes upto FY 2021-22 (i.e. for FY 2020-21 and FY 2021-22 put together) needs to be considered against the cumulative capitalisation against DPR Schemes upto FY 2021-22. On a cumulative basis, i.e., considering both years of FY 2020-21 and FY 2021-22, the capitalization under Non-DPR Schemes is under 20% of the capitalization under DPR Schemes.

3.2.8 AEML-T has also provided brief details of various DPR Schemes which have been capitalised during the FY 2019-20, FY 2020-21 and FY 2021-22 in the Petition, and the details of the same is covered in the "Commission's Analysis & Ruling" section hereinbelow.

3.2.9 AEML-T has submitted the details of the Non-DPR Schemes for FY 2019-20 as per the below table:

Table 2: Capitalisation (including IDC) of Non-DPR Schemes for FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars for Non-DPR Schemes for FY 2019-20	Capitalisation	
	MYT Order	MTR Petition
Non-DPR Works	33.00	24.28
Project Name: System reliability improvement		9.12
Brief Description of Work:		
<ul style="list-style-type: none"> Distributed Temperature Sensing (DTS) was procured which uses fibre optic sensor cables in the system. Typically, over lengths of several kilometres, it functions as linear temperature sensor and checks temperature profile along the entire length of the sensor cable on EHV cable route. This helps to monitor the healthiness of the underground cable system. Optical CT for Line Differential Protection Scheme has been installed, by maintaining system reliability with fault retraction on lines/ cable. Travelling Wave Fault Analyser was procured to help in identification and quick restoration of any fault in OH line system. Control Panels including LMC 500 KIT and relays were procured during FY 2019-20. Also few NHVS make spares were procured for operation and maintenance of GIS system at all Sub-stations. In addition to this, few activities wrt. procurement of Link Boxes, I/T/C of Optical Multimode fibre for DTS, Procurement of Test Kit, Upgradation of WIKA make SF6 gas Quality Analyser, S/I/C of NIFPS System at 8 Nos of Transformers, Procurement & Installation of By Pass Assembly sets, Auto-Restoration of 33kV Feeders for Gorai, S/C online DC earth 		

Particulars for Non-DPR Schemes for FY 2019-20	Capitalisation	
	MYT Order	MTR Petition
<p>Fault detection system, Procurement of 220kV clamps & connectors, Procurement of PRD for 125 MVA, 220/33kV transformers at Chembur, Panel Mounted Power Quality Meter, Procurement of CT/PT for 33kV AIS board -VSV, Spares for Relay test kit, Spares of protection relays etc. were carried out.</p> <ul style="list-style-type: none"> Also, Transformer Health Assessment Tracker was developed in FY 2019-20 with collaboration of IIT Bombay to ensure the healthiness of the Transformer based on simulation of its' various indices, which helps in preparedness for preventive maintenance activities required for transformers. The capitalization cost of these activities carried out is Rs. 9.12 Crore, which helped AEML-T in improving system reliability at desired level. 		
Project Name: System up-gradation activities		7.97
Brief Description of Work:		
<p>Station equipment are in operation round the clock, for which AEML-T is carrying out system up-gradation activities in regular intervals. Expenditure of Rs. 7.97 Crore has been capitalized for the activities like Replacement of existing in-service polymer Insulator, works wrt. cable trench at 220kV Gorai EHV Sub Station, Works related to 33 kV Switches of ABB GIS Boards, Modification work at Capex store at Dahanu, Augmentation of SCADA Load shedding Priority Feeders, Replacements of damaged/ broken outer armour rods at suspension fitting of OPGW-24 core on tower, Supply & Services for Commissioning of Supervision Relay panels for 220kV BB Protection Trip relays at EHV Sub Stations of MTB, Procurement of Projector & Network switches, Procurement of Ratchet type Lever Hoist, Procurement Of Numerical Relays For LT ACDB'S DG Incomers at Aarey, Versova & Ghodbunder EHV Stations, Supply and Services for 220 kV CGL Make Circuit Breaker Mechanism, Procurement of ABB make spares, ETC Of BB Supervision Panels At Aarey, Versova, Ghodbunder, Borivali, Gorai, Goregaon EHV Stations etc. With these system upgradation activities were completed to maintain the AEML-T system availability at desired level.</p>		
Project Name: Miscellaneous civil activities		7.19
Brief Description of Work:		
<p>Certain other activities were carried out like civil work at GIS buildings at AEML EHV stations, Barbed wire fencing work for Transmission Towers, Few Civil structure strengthening, Renovation of Ghodbunder Control Room & Office etc were carried out during FY2019- 20. These Jobs like Antitracking Ironite flooring at Saki EHV Substation, Supply of Spares for Fire Fighting System at MTB Substations, store related work at Versova S/S, Providing and constructing of bitumen speed breaker at 220 kV Aarey EHV Substation, Installation of Surveillance System across all GIS Sub Stations for supporting Remote Operations of EHV Sub Stations, Supply and application of cool roof</p>		

Particulars for Non-DPR Schemes for FY 2019-20	Capitalisation	
	MYT Order	MTR Petition
Coating on roof type GI sheets at TLM Dahanu offices, Installation of Fire Resisting Record Cabinet for Aarey, Strengthening Of 220 kV Gorai EHV Substation Building, P/F Fencing Wire & Concertina Wires at 220kV VSV EHV Station, work related to fire hydrant system at 220kV Aarey EHV Substation, Installation of Water Evacuation System & Allied works in 220kV Cable Cellar at Saki EHV Substation, Procurement of Safety and Emergency Equipment, Supply and Installation of Barbed wire at AEML-T EHV towers in Dahanu and Mumbai section, Installation of Counterpoise Earthing (4 Nos per tower) for AEML-MTB EHV towers at rocky area, Fire Annunciation system of GIS stations, Waterproofing Of Overhead Water Tanks at Ghodbunder EHV Substation, works related Capacitor bank roofs & flooring, Installation of controller panel for submersible pumps, Raising of compound wall & fixing concertina wire, Structural Steel Barricading around the tower Location LS 278, 279 etc. were carried out. The Capitalization cost of above, mentioned miscellaneous jobs is ~ Rs. 7.19 Crore in FY 2019-20.		

3.2.10 AEML-T has submitted the details of the Non-DPR Schemes for FY 2020-21 as per the below table:

Table 3: Capitalisation (including IDC) of Non-DPR Schemes for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars for Non-DPR Schemes for FY 2020-21	Capitalisation	
	MYT Order	MTR Petition
Non-DPR Works	32.78	34.25
Project Name: System reliability improvement		9.90
Brief Description of Work:		
<ul style="list-style-type: none"> Few equipment like Power Quality Meter, spares of Travelling wave Fault Locator, Portable Energy Meters box for EMS etc were procured. Also, NIFPS System at 8 Nos of Transformers were installed. SCADA Firewall for Perimeter security of Transmission SCADA System and SCADA Cyber Security Controls for perimeter security & hardening of the SCADA system were installed. Supply of ABB make REF542+ BCPUs HMI were installed at Ghodbunder EHV Substation. In addition to above, few Siemens make 7SD52 relays, Spare CT/VT Module for - B90 Busbar protection relays and 7SJ80 relays were procured. Also, Buchholz isolation gate valve and Online Dissolved Gas Analyzer were procured for EHV Transformers. This has helped AEML-T system to maintain System reliability at desired level. 		

Particulars for Non-DPR Schemes for FY 2020-21	Capitalisation	
	MYT Order	MTR Petition
Project Name: System up-gradation activities		9.11
Brief Description of Work:		
Few major work related to Grid connected roof top Solar PV Service, Renovation of control room and office area, Augmentation of Fire-fighting system, Refurbishment of SMPS based 220V Battery Charger at MSETCL Borivali, Retrofitting Of L&G Make 1A Energy Meters, Development of Transformer Health Assessment Tracker, Supply & Installation of Online Bushing Monitoring System, Supply/ testing and commissioning of frequency relay panel for load shedding scheme at 8 nos of MTB 220kV substations, Supply & Installation Of 220 kV and 110V Ni Cd Battery Sets, Supply and Services for Overhauling of 220 kV CGL Make Circuit Breaker Mechanism etc. were carried out during FY2020- 21. Also few critical items like HPA Type 33kv CB Poles, Test Kit, SF6 gas analyzer kit for Versova EHV Station, Indicating meters, Safety and Emergency Equipment, 220/110V 50AMPS DC-DC Converter At Versova EHV Sub-Station, FRP type Scaffolding and Ladders, OEM Spare 33kv Cable and termination for capacitor banks, Air Conditioners at MSTCL Borivali, Mandatory Spares for 33kV) 33kV GIS Board 6, Multimeters and Clamp-meters, Controller panel for submersible pumps, Capacitor units etc. were procured during FY2020- 21. In addition to above, 1 no. of 220kV GIS Bus Isolator module for Gorai was procured as 02 nos. of spare GIS Bus Isolator module was used during fault in Gorai GIS Bus isolator module, also refurbishment of 220 kV AIS Isolator and Earth Switches was carried out. Also, few activities related to supply and services for Firefighting System, Transformer Grating, S/C online DC earth Fault detection system, Procurement & Installation of Bypass Assembly sets (BPA) for OH lines etc. were carried out in FY2020-21. With these system upgradation activities, overhauling of few equipment which were in service, were completed to maintain the AEML-T system availability at desired level.		
Project Name: Miscellaneous civil Consultancy activities		15.24
Brief Description of Work:		
Few miscellaneous activities related to civil compound wall height & fixing concertina wire, Strengthening Of 220 kV Gorai EHV Substation, Civil foundation for shredding machine, Weather protection paint on the civil foundation of 220 kV Transmission towers i Special anticorrosive painting on Transmission Towers, Parking sheds at 220 kV Versova and Ghodbunder EHV substation, Supply and Installation of Barbed wire at AEML-T EHV towers in Dahanu and Mumbai section, Construction of shed on GIS at 220 kV Gorai EHV substation, Strengthening of 33 kV GIS room floor at Goregaon EHV Station, Deployment of Fencing wire at Aarey, Structural Strengthening of tower no. foundations, application of Weather protection paint etc. were carried out in FY2020-21. These activities were carried out for extension of equipment life & associated civil structure.		

3.2.11 AEML-T has submitted the details of the Non-DPR Schemes for FY 2021-22 as per the below table:

Table 4: Capitalisation (including IDC) of Non-DPR Schemes for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars for Non-DPR Schemes for FY 2021-22	Capitalisation	
	MYT Order	MTR Petition
Non-DPR Works		11.43
Project Name: System reliability improvement		2.46
Brief Description of Work:		
Few equipment like 3 Phase transformer turns ratio kit, Differential protection relay, 220kV Circuit Breaker Analyzer, Mandatory Spares for 33 kV GIS Switchgear, Test Kits and GPS Clock Time synchronization of Relays were procured, which helped AEML-T system to maintain System reliability at desired level. Also, Numerical relay REF 542 plus was procured for feeder, transformer and motor protection and control, or solely for switchgear control. In addition to above, Implementation Central Patch Management system for enhancing SCADA Cyber Security was carried out for all AEML EHV Substation, which is useful for scheduling timely windows & security updates of SCADA OT system from central location, ensuring security of AEML network.		
Project Name: System up-gradation activities		3.88
Brief Description of Work:		
Few major works related to Supply and Services for Overhauling of 220 kV Circuit Breaker Mechanism, 220 kV AIS Isolator and Earth Switches, Transformer fans, CB Pole Operating Mechanism for GIS, Firefighting, Jockey pump for Fire Fighting system at MTB EHV Stations etc. were carried out. Also, few existing Polymer insulators were replaced with High creepage Polymer Insulators in FY 2021-22. Also, few additional work wrt. Submersible pumps for 220 kV EHV Substations, Procurement of LT Cable for EHV S/S, procurement of cable identification kit & cable puncture kit etc. were completed. Also, security automation project was implemented at all MTB EHV Stations. These jobs were carried out in order to maintain the System Availability at desired level.		
Project Name: Civil and Miscellaneous activities		5.09
Brief Description of Work:		
Also few miscellaneous activities related to equipment & associated service like i.e. Structural Retrofitting of Civil foundation of 220 kV Transmission tower, Protection of 220 kV Tower, Construction of retaining wall for Cable, Concertina coils at Versova, Construction of Treated Earth pits, Installation of Siren System at Borivali EHV S/S, Ceiling and Exhaust Fans at 220 kV EHV Station, Deployment of communication link, Security Automation Project, Construction of shed on GIS at 220 kV Gorai EHV substation, Procurement of Fire Extinguishers & pipe, Procurement of portable Ladders, 220kV Cables		

Particulars for Non-DPR Schemes for FY 2021-22	Capitalisation	
	MYT Order	MTR Petition
laying on crossing WEH etc. were carried out in FY 2021-22. These activities were executed to ensure reliable Power supply by improving performance of associated systems and strengthen associated civil structure.		

3.2.12 The summary of the capital expenditure and capitalization for FY 2019-20, FY 2020-21 and FY 2021-22 submitted by AEML-T is as below.

Table 5: Summary of Capital Expenditure and Capitalization for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Capital Expenditure						
DPR		260.48		137.97		543.38
Non-DPR		29.20		32.17		9.85
Total Capital Expenditure		289.68		170.14		553.23
Capitalisation						
DPR	316.34	274.45	189.09	208.44		27.27
Non-DPR	33.00	24.28	32.78	34.25		11.43
Total Capitalisation	349.34	298.73	221.86	242.69	53.54	38.70

Commission's Analysis and Ruling

3.2.13 The Commission has examined the submission made by AEML-T, the supporting explanation notes and the documentation provided in support of its claim for the Capitalisation purposes for each truing up year.

3.2.14 The Commission has approved total capitalization (including IDC) of Rs. 281.30 Crore, Rs. 216.24 Crore and Rs. 30.08 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively, against AEML-T's submission of Rs. 298.73 Crore, Rs. 242.38 Crore and Rs. 38.70 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

3.2.15 As regards DPR Schemes, the Commission has approved capitalization (including IDC) of Rs. 274.45 Crore, Rs. 208.44 Crore and Rs. 27.27 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively, as was submitted by AEML-T in its Petition. The detailed analysis of DPR Schemes for respective years has been discussed in subsequent section.

3.2.16 As regard Non-DPR Schemes, the Commission has approved capitalization (including IDC) of Rs. 6.85 Crore, Rs. 7.80 Crore and Rs. 2.81 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively, against AEML-T's submission of Rs. 24.28 Crore, Rs. 34.25 Crore and Rs. 11.43 Crore for FY 2019-20, FY 2020-

21 and FY 2021-22 respectively. The detailed analysis of non-DPR Schemes for respective years has been discussed in subsequent section.

DPR Schemes for FY 2019-20

3.2.17 The Commission has approved capitalization (including IDC) for DPR Schemes of Rs. 274.45 Crore for FY 2019-20 as was submitted by AEML-T in its Petition. Following are the scheme-wise capitalization of DPR Schemes as approved by the Commission in the MTR Order for FY 2019-20 vis-à-vis capitalization claimed by AEML-T in the present MTR Petition:

Table 6: Capitalisation (including IDC) of DPR Schemes for FY 2019-20, as approved by the Commission (Rs. Crore)

Particulars for DPR Schemes for FY 2019-20	Capitalisation with IDC	
	MYT Order	Approved in this Order
Project Name: Aarey Borivali cable connectivity	291.39	250.34
<p>Brief Description of Work:</p> <p>The following works were already capitalized in FY 2018-19:</p> <ul style="list-style-type: none"> • Out of 90 km of 220kV cable, 25.37 km were supplied. • Out of 12.6 KM, 5.61 km Civil trenching was completed. • Out of 40 nos. Joint chamber construction, 18 nos. were completed. • Out of 13 KM, 220 kV Cable pulling was completed for 2.95 Km. • Out of 132 nos. Cable Jointing & Termination, 30 nos. were completed. <p>The balance activities of civil trenching and cable pulling were completed during FY 2019-20.</p> <ul style="list-style-type: none"> • Total Civil trenching of 12.6 km completed, • Joint chamber construction of total 40 nos. completed, • Cable Jointing & Termination of total 132 nos. • Total 13 km cable pulling completed during FY 2019-20 		
<p>Approval Remarks:</p> <ul style="list-style-type: none"> • As per the Completion Report shared by AEML-T, the scheme is commissioned in FY 2019-20 and completed in FY 2021-22. The Scheme commissioned on 21 March 2020 and commissioning report submitted to Commission vide letter no. AEML-MT/Commissioning of 220kV Cable (Aarey-M Bor)/RR/40/2019-20 dated 21 March 2020. There is no cost overrun in the scheme. Balance spares received in FY 2020-21 and minor work associated with Aarey-Borivali Cable i.e. installation of intrusion detection system equipment completed in FY 2021-22. 		

Particulars for DPR Schemes for FY 2019-20	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> As per AEML-T, following benefits envisaged due to commissioning of the scheme: Reduced overloading of 220kV Borivali-Aarey tie line and avoid overloading of Kalwa-Salsette and Salsette-Borivali EHV lines, Enhanced reliability and system stability, and ease of carrying out timely routine maintenance. The Commission notes the submissions made by AEML-T and observes that there is no cost overrun in the scheme. The capitalization is approved by the Commission for FY 2019-20. 		
Project Name: Bays extension at Versova	24.44	22.92
Brief Description of Work: <ul style="list-style-type: none"> Construction of GIS Plinth and GIBD Foundation- completed. Procurement and Installation of 2 nos. of 220kV GIS Bays Completed. 220kV Connectivity established between AEML-T and TPC-T at Versova. 		
Approval Remarks: <ul style="list-style-type: none"> As per AEML-T's submission, the Commission notes that the 220kV D/C interconnection between AEML-T Versova and TPC-T Versova has been charged on 24 March 2020. The scheme achieved commercial operation during FY 2019-20, with minor balance works and pending payments having been completed in FY 2020-21. The benefits of this scheme, as claimed by AEML-T, are: <ul style="list-style-type: none"> - Establish interconnection between AEML-T Versova EHV S/s and TPC-T Versova EHV S/s; - Improve Power supply reliability for TSU/ end consumers in Kandivali (W)/ Malad (W)/ Goregaon (W) / Versova region; and, - Enhance operational flexibility and facilitate future Power evacuation schemes from AEML (T) Versova station. The scheme is commissioned, and Scheme Commissioning (Bays Charging at Versova) Letter was submitted to the Commission vide letter (No. AEML-T/Charging of 220kV GIBD & GIS Bays (VSV-VSV)/RR/39/2019-20) dated 02 March 2020. The Scheme Closing Report was submitted to the Commission vide letter no. AEML-T/Scheme Closing of VSV Bays Extension dated on 13 July 2021. The Commission approves the capitalisation for this project based on the review of the supporting documentation submitted by AEML-T. 		
Project Name: 3rd Transformer at Goregaon EHV Sub-Station	0.51	0.90
Brief Description of Work: <ul style="list-style-type: none"> Major works such as construction of Transformer foundation and installation of 125 MVA Transformer with associated accessories were completed during FY 2017- 18. 		

Particulars for DPR Schemes for FY 2019-20	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> The Scheme was commissioned in FY 2017-18 and scheme commissioning report has been submitted to Commission vide ref. no RInfra-MT/Goregaon 3rd Trfr coming/RR/67/2017-18 dated 26 March 2018. Balance mirror work related to Capacitor Bank shifting was completed in FY 2019-20. 		
<p>Approval Remarks:</p> <ul style="list-style-type: none"> The scheme commissioned in FY 2017-18 & was completed in FY 2020-21. Scheme commissioning report submitted to the Commission vide ref. no RInfra-MT/Goregaon 3rd Trfr coming/RR/67/201718 dated 26 March 2018. Balance work like Civil services associated with 3rd Transformer like Chain link fencing, balance SCADA System w.r.t. 33kV GIS Auto-Restoration of all 33kV Boards, completed in FY 2020-21. There is no cost overrun in the scheme. The Scheme was completed in all aspects and Closing Report was submitted to the Commission vide letter no. AEML-T/MERC/SCR/3rd Transformer at Goregaon EHV Station dated on 30 March 2021. The capitalization is approved based on the supporting documentation/information submitted by AEML-T. 		
Project Name: System Improvement Scheme	-	0.28
<p>Brief Description of Work:</p> <p>The scheme was commissioned in FY 2018-19 and scheme closure report was submitted to the Commission vide letter (ref no. AEML-T/MERC/SCR/FY19-20/System Improvement Scheme/01) dated 16 November 2019. Minor balance work with respect to transmission tower as well as lines were completed in FY 2019-20.</p>		
<p>Approval Remarks:</p> <p>The project was commissioned in FY 2018-19 and was completed in FY 2019-20, wherein the expenditure incurred is on account of payments towards minor balance work and hence approved by the Commission.</p>		
Project Name: AEML Saki - TPC Saki cable connectivity	-	0.02
<p>Brief Description of Work:</p> <p>Minor balance work i.e. Split Core CTs were installed for Sheath Current Monitoring at Saki EHV station in FY 2019-20 under DPR Scheme "AEML Saki- TPC Saki Saki cable connectivity". The capitalization incurred towards the above job is Rs. 0.02 Crore</p>		
Approval Remarks:		

Particulars for DPR Schemes for FY 2019-20	Capitalisation with IDC	
	MYT Order	Approved in this Order
The Commission notes the expenditure pertaining to minor balance work and the scheme has been completed in FY 2019-20. Hence, the capitalization is approved.		
Project Name: 33 kV AIS to GIS conversion	-	-
Brief Description of Work: The scheme was initiated in FY 2019-20. The scheme associated SCADA panel system for 33kV GIS Boards were delivered at site during FY 2019-20. The capital expenditure for the above incurred in FY 2019-20 was Rs. 2.96 Crore. There was no capitalization against the scheme in FY 2019-20.		
Approval Remarks: No capitalization has been claimed by AEML-T for this scheme.		
Project Name: 2nd feed at Chembur EHV Scheme	-	-
Brief Description of Work: This scheme was also initiated in FY 2019-20. The description of capital works executed in FY 2019-20 is as under: <ul style="list-style-type: none"> • Out of total 17.7 km cable, 7.27 km cable was received at site. 2 nos. of SDH system material was also received at site. • 1.28 km civil trenching work along with construction of 8 nos. Joint chamber construction completed in FY 2019-20. The capital expenditure incurred for the above in FY 2019-20 is Rs. 62.02 Crore. There was no capitalization against the scheme in FY 2019-20.		
Approval Remarks: No capitalization has been claimed by AEML-T for this scheme.		
Project Name: 3rd Transformer at Borivali S/Stn	-	-
Brief Description of Work: This scheme was also initiated in FY 2019-20. The brief description of works carried out in FY 2019-20 is as under: <ul style="list-style-type: none"> • The turnkey contract was awarded in month of Jan 2020. • Manufacturing clearance was issued for 125 MVA Transformer and 33kV GIS bay. • SCADA system dispatch delayed due to Covid 19 lock down situation. The capital expenditure incurred for manufacturing of transformers and bays in FY 2019-20 was Rs. 0.66 Crore. There was no capitalization against the scheme in FY 2019-20.		
Approval Remarks: AEML-T has not yet begun capitalizing this project. The Commission shall review the capitalization details as and when AEML-T submits the same.		

3.2.18 Based on the submissions by AEML-T for DPR Schemes for FY 2019-20 as per the above table, the Commission have provided its comments and ruling for each project/scheme appropriately for approval of the DPR Schemes for FY 2019-20.

Non-DPR Schemes for FY 2019-20

- 3.2.19 The Commission has approved capitalization (including IDC) for Non-DPR Schemes of Rs. 6.85 Crore for FY 2019-20, against AEML-T's submission of Rs. 24.28 Crore for FY 2019-20.
- 3.2.20 The Commission has also examined the nature of activities /works carried out in the Non-DPR Schemes as submitted by AEML-T. The Commission has reviewed 74 precise items submitted by AEML-T under the Non-DPR Schemes. The Commission also sought further clarity on the scope of works, the nature of activity, the objective and purpose of each activity for the activities submitted under Non-DPR Schemes by AEML-T. However, in response to the Commission's query, AEML-T submitted the listing of Non-DPR activities along with the associated costs. AEML-T only mentioned that the purpose of activities/works are either reliability improvement or system upgradation or general-purpose activities (such as civil and miscellaneous activities). Accordingly, the activity wise details (scope of works, the nature of activity, the objective and purpose of each activity) sought by the Commission to enable assessment of the activities/works was not provided by AEML-T. Therefore, in absence of the necessary activity-wise detailed information, the Commission is constrained to proceed with the assessment based on the available limited information and its interpretation. Accordingly, as part of the assessment, the Commission has re-classified each activity/work under Non-DPR Schemes as, either
- (1) Capex item (which would be included and considered for Capitalisation under this section); or
 - (2) R & M Expense (which would be excluded from Capitalisation under this section and be now added to the Repairs and Maintenance Expenses owing to the nature of activity carried out by AEML-T and its treatment is covered in the O&M section of this Order).
- 3.2.21 As explained above, the Commission has now reclassified each activity under Non-DPR Scheme as either Capex or R&M. The reclassification of each activity/works by the Commission for FY 2019-20, is as per **Appendix-3: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22.**
- 3.2.22 Based on the review of the activities/works under Non-DPR Schemes for FY 2019-20, the Commission has approved Capitalisation, including IDC, worth Rs. 6.85 Crore, against the total Non-DPR approval sought by AEML-T worth Rs. 24.28 Crore. The balance amount of Rs. 17.43 Crore has been approved by the Commission to be added R&M expenses for FY 2019-20.

Table 7: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2019-20, by the Commission (Rs. Crore)

Particulars	FY 2019-20	
	Claimed by AEML-T	Approved in this Order
Reclassification of Non-DPR Activities		
Capex – Considered for Capitalisation	24.28	6.85
R & M – Added to O&M Expenses	-	17.43
Total of Non-DPR Activities	24.28	24.28

3.2.23 The Capitalisation of activities/works classified as Capex under Non-DPR Schemes for FY 2019-20 and as approved by the Commission is covered in the **Appendix-3: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22.**

DPR Schemes for FY 2020-21

3.2.24 The Commission has approved capitalization (including IDC) for DPR Schemes of Rs. 208.44 Crore for FY 2020-21, as was submitted by AEML-T in its Petition. Following are the scheme-wise capitalization of the DPR Schemes as approved by the Commission in the MTR Order for FY 2020-21 vis-à-vis capitalization claimed by AEML-T in the present MTR Petition:

Table 8: Capitalisation (including IDC) of DPR Schemes for FY 2020-21, as approved by the Commission (Rs. Crore)

Particulars for DPR Schemes for FY 2020-21	Capitalisation with IDC	
	MYT Order	Approved in this Order
Project Name: 33 kV AIS to GIS conversion	39.95	41.07
Brief Description of Work: Description of works capitalized: <ul style="list-style-type: none"> • Temporary connectivity to the feeders shifted from 33kV AIS boards under process of removal was made, so that no consumer is affected with the activity of board replacement at all 3 Stations at Aarey, Versova & Ghodbunder. • Existing 33 kV AIS boards (7 nos.) at 3 Stations removed • Existing Control Relay panels associated with existing 33kV AIS boards removed. • All necessary civil work carried out for removal of AIS boards and installation of GIS boards at 3 stations • Installation of New 33kV GIS boards and 33kV Cable laying to its' relevant feeders/ panel were completed 		

Particulars for DPR Schemes for FY 2020-21	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> • Installation of Auto-restoration system on all GIS Boards were completed • All 7 Nos. of new 33kV GIS Boards were successfully commissioned at Aarey, Versova and Ghodbunder EHV Sub Stations progressively by 30 March 2021 under 33 kV AIS-GIS DPR Scheme. 		
<p>Approval Remarks:</p> <ul style="list-style-type: none"> • The Commission notes that the scheme is commissioned on 30 March 2021. • The Commission observes that there is a cost over-run in this scheme. The Commission notes that the approved cost was Rs.38.34 Crore (without IDC) and actual expenses incurred till 31 March 2021 is Rs. 40.06 Crore (without IDC). • AEML-T has submitted that the cost variation is mainly on account of actual Contract Order value higher than estimated cost in DPR. • AEML-T submitted that the materials for the project were procured through competitive bidding and the price discovered through competitive bidding was higher than that estimated and approved in DPR. • In response to the Commission's query regarding the reasons for the cost over-run, AEML-T submitted the documents in support of its claim. • As per the information submitted by AEML-T, following is the process undertaken by AEML-T to award the contract: <ul style="list-style-type: none"> ○ The NIT for execution of this DPR was issued on 18 April, 2019. The copies of NIT published in newspapers were shared by AEML-T as part of the submission. ○ The Pre-Bid Meeting with vendors was conducted on 25 April 2019. ○ Bidders submitted their bid and technical Evaluation was conducted for 3 Vendors and these Vendors participated in E-Bidding Process. E-auction was conducted on 10 October 2019 ○ M/s Siemens Ltd was finalized and accordingly contract was placed on 15 November 2019. The Contract Orders were placed for Package 1 and Package-2 and the same have been shared by AEML-T as part of its submission. • Based on the supporting documents provided by AEML-T, the Commission observes that AEML-T has undertaken competitive bidding process for procurement of material and placed the Order to the shortlisted vendor at the competitively determined cost. • AEML-T has also provided the break-up for the actual cost incurred vis-à-vis the cost approved in the DPR and it is evident from the same that the cost increase has been primarily on account 		

Particulars for DPR Schemes for FY 2020-21	Capitalisation with IDC	
	MYT Order	Approved in this Order
<p>of the difference in the actual cost of contract awarded by AEML-T based competitive bidding.</p> <ul style="list-style-type: none"> Considering the same and the documents submitted by AEML-T, the Commission approves the capitalization of scheme, including the cost over-run. 		
Project Name: 2nd feed at Chembur EHV S/stn	129.01	135.55
<p>Description of works capitalized:</p> <ul style="list-style-type: none"> Erection of Cable termination Tower (CTT) completed at Telecom factory Chembur. Line taken in service post erection of 220kV Cable termination on CTT. Laying of 2500 sq.mm. cable between AEML Chembur EHV stations up to CTT was completed. LILO of exiting 220 kV MSETCL Trombay-Nerul OH line (Earlier configuration Kharghar- Nerul- Sonkhar-Trombay line) at MSETCL Tower location was completed. Augmentation of protection and communication system of the above line at Trombay and Nerul stations was completed. Installation of OPGW scope shifted to MSETCL, work is in progress. On 28 March 2021, LILO Portion of 220 kV Nerul-Trombay Line at AEML Chembur along with 220 kV Cable was successfully commissioned. 		
<p>Approval Remarks:</p> <ul style="list-style-type: none"> The Commission observed that there is no time overrun in commissioning of the scheme. AEML-T has submitted that the approved cost was Rs.126.16 Crore (without IDC) and the actual expenses till 31 March 2021 was Rs. 132.22 Crore (without IDC). AEML-T has submitted that the cost overrun of Rs. 6.06 Crore was mainly on account of RoW charges paid to BSNL. AEML-T further submitted that on 2 June 2020, AEML-T has submitted a letter to the Commission for cost variation due to increase in RI/ ROW charges by MCGM and BSNL and the same was also disclosed in the H2 Capex Progress Report submitted vide letter no. AEML-T/Hon'ble Commission/Six monthly capex progress report/Mar 21 dated on 13 July 2021, submitted to the Commission. AEML-T had submitted that it had approached BSNL for according their Permission for Laying of Cable with shortest route and installing Terminal Tower near LILO Point as planned in their Residential Complex at Telecom Factory, Deonar, Mumbai. While BSNL approved the RoW, the approval for RoW was along the boundary of the premises instead of shortest route as proposed by AEML as they were in the 		

Particulars for DPR Schemes for FY 2020-21	Capitalisation with IDC	
	MYT Order	Approved in this Order
<p>process of Monetising the land as per Government of India mandate and therefore could not allow cable route dividing the plot. This change in the RoW impacted the cost of the project as the total 220 kV cable route length along the boundary wall of the BSNL premises was 1,110 meters against earlier envisaged length of 660 meters in DPR.</p> <p>As per the details provided to the Commission by AEML in its letter dated 2 June, 2020, while the estimated increase in the RI/RoW charges in BSNL area was Rs. 17.78 Crores, the estimated cost optimization in Turnkey contracts and competitive procurement process of Rs.13.85 Crore has limited the estimated increase in project cost at Rs. 6.72 Crore (excluding IDC) which also includes an estimated increase in RI/RoW charges in MCGM area is of Rs. 2.79 Crore.</p> <ul style="list-style-type: none"> In response to query raised by the Commission, AEML-T submitted the supporting agreements (BSNL agreement) and demand letter from BSNL for Rs. 23.05 Crore in support of its claim. The Commission has reviewed the supporting documents provided by AEML-T and finds that the cost variation was mainly due to increase in RI/ROW charges by BSNL. The cost over-run works out to Rs. 6.47 Crore (excluding IDC). As regards IDC, there is a saving of Rs. 3.25 Crore due to lower IDC incurred by AEML-T. Accordingly, the net cost overrun is Rs. 3.21 crore. Based on the reasons mentioned and the documents submitted by AEML-T, the Commission approves the capitalization of scheme, including the cost over-run. 		
Project Name: 3rd Transformer at Borivali S/stn	20.64	21.41
<p>Brief Description of Work:</p> <p>Description of works capitalized:</p> <ul style="list-style-type: none"> Supply and Installation of 125 MVA, 220/ 33kV Transformer at Borivali EHV Station was completed 33 kV GIS Board with associated equipment and civil works was completed On 31 March 2021, Borivali 3rd Transformer DPR Scheme was successfully commissioned. Commissioning letter submitted to MERC vide ref no. AEML-MT/COD/Borivali3rdTransformer/RR/01/FY 2021-22 dated 01 April 2021. 		
<p>Approval Remarks:</p> <ul style="list-style-type: none"> AEML-T submits that scheme was commissioned in FY 2020-21 against MERC approved CoD FY 2020-21. AEML informed the Commission that it has successfully charged 3rd 220/33kV, 125 MVA (Ester oil filled) Transformer on 29 March 2021 and successfully commissioned the said Transformer along with 33kV GIS Board at Borivali EHV Substation on 31 March 2021. 		

Particulars for DPR Schemes for FY 2020-21	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> • However, few works like Online Bushing Monitoring system / Degasification could not be carried out in FY 2020-21 due to Covid Restrictions. • Further the same was pending due to availability of Outage in FY 2022. However, the same is planned for completion by Dec-2022, as per AEML-T's submission. • There is no time and cost overrun in the scheme. • The Commission approves the capitalization submitted by AEML-T. 		
Project Name: 220 KV cable connectivity between Aarey EHV Substation and MSETCL Borivali EHV Substation	1.00	8.89
Brief Description of Work: <ul style="list-style-type: none"> • The scheme was commissioned in FY 2019-20. • The balance spare materials e.g. 220 kV Joint Termination and HDPE pipes were received and capitalized in FY 2020-21 • Scheme is closed in FY 2021-22 and closing report submitted vide letter (No. AEML-T/MERC/SCR/FY21-22/ARY-BVL Cable Scheme dated 10 December 2021). • The scheme is commissioned in FY 2019-20 against the Commission approved CoD of FY 2018-19. • As per MERC MYT Regulation 2019, the cut-off date for scheme completion is the last day of the calendar month after thirty-six months from the date of commercial operation of the project. • Accordingly, cut-off date for "Aarey- Borivali Cable Connectivity" scheme completion is FY 2022, i.e. 36 months from CoD in FY 2019. 		
Approval Remarks: <ul style="list-style-type: none"> • The Commission notes that while the scheme was commissioned in FY 2019-20, only the balance spares were received in FY 2020- 21 and minor work associated with Aarey-Borivali Cable i.e. installation of intrusion detection system equipment was completed in FY 2021- 22. • The Commission notes the submissions made by AEML-T and observes that there is no cost overrun in the scheme. • The detailed comments by the Commission for the Scheme have been covered by the Commission in its approval remarks for FY 2019-20. • Accordingly, based on the review of supporting document for the schemes, the Commission approves the capitalization of the scheme. 		
Project Name: 3rd Transformer at Goregaon EHV S/Stn	-	0.27
Brief Description of Work: <ul style="list-style-type: none"> • The scheme was commissioned in FY 2017-18. • The scheme is closed in FY 2020-21 and closing letter submitted vide letter (No. AEML-T/MERC/SCR/3rd Transformer at Goregaon EHV Station) dated 30 March 2021. 		

Particulars for DPR Schemes for FY 2020-21	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> • Few minor balance works such as Capacitor Banks installation shifting job was completed in FY 2020-21. The corresponding cost is capitalized in FY 2020-21 (Rs. 0.27 Crore). • As per MERC MYT Regulation 2019, the cut-off date for scheme completion is the last day of the calendar month after thirty-six months from the date of commercial operation of the project. • Accordingly, cut-off date for “3rd Transformer at Goregaon EHV Station” scheme completion is FY 2020-21, i.e. 36 months from CoD in FY 2018 and hence the scheme is completed within the timeline allowed. • Hence, there is no time overrun in this scheme 		
<p>Approval Remarks:</p> <ul style="list-style-type: none"> • The scheme commissioned in FY 2017-18 & completed in FY 2020-21. • Scheme commissioning report already submitted to the Commission vide ref. no RInfra-MT/Goregaon 3rd Trfr coming/RR/67/201718 dated 26 March 2018. There is no cost overrun in the scheme. • Balance work like Civil services associated with 3rd Transformer like Chain link fencing, balance SCADA System w.r.t. 33kV GIS Auto-Restoration of all 33kV Boards, completed in FY 2020-21. • Benefits of the Scheme as claimed by AEML-T: Transformation capacity was enhanced from 250 MVA to 375 MVA, All Outlets are allocated to TSU. • The Commission notes the submissions made by AEML-T and finds the scheme to be in order and hence approves the capitalization of the scheme. 		
Project Name: Bays extension at Versova	1.00	1.26
<p>Brief Description of Work:</p> <ul style="list-style-type: none"> • The scheme was commissioned in FY 2019-20. • Few minor balance works such as Ironite flooring on GIS Floor job was completed in FY 2020-21. The corresponding cost is capitalized in FY 2020-21 (Rs. 1.26 Crore). • AEML-T rescheduled its execution activities to match the other side activities proposed by TPC-T. The same was communicated at periodic interval during Half Yearly Progress report submission to Commission, also included as part A of scheme closing report vide ref no. letter no. AEML-T/Scheme Closing of VSV Bays Extension dated July 13, 2021. • The Scheme is closed in FY 2021-22 and closing report submitted vide letter (No. AEML-T/Scheme Closing of VSV Bays Extension) dated 13 July 2021. 		
Approval Remarks:		

Particulars for DPR Schemes for FY 2020-21	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> The scheme was commissioned in FY 2019-20 & closed in FY 2020-21. The Scheme facilitated 220kV D/C interconnection between AEML-T Versova and TPC-T Versova has been charged on 24 March 2020. The Scheme achieved commercial operation during FY 2019-20, with minor balance works and pending payments have been completed in FY 2020-21. There is no cost overrun in the project. Commission's detailed remarks are covered in the capitalisation approval remarks for FY 2019-20. The Commission has approved the capitalization. 		
Project Name: 220kV 120MVAR Reactor at AEML Gorai S/stn	-	-
Brief Description of Work: The main contract was awarded for Gorai Reactor. Manufacturing of equipment was in progress in FY 2020-21.		
Approval Remarks: <ul style="list-style-type: none"> As per the Commissioning report submitted by AEML-T, the 120 MVAR variable reactor at 220kV Gorai EHV substation is commissioned along with other required accessories and taken into service on 27 March 2022. The SCADA snapshots after commissioning and electrical inspector's provisional charging permission were also shared by AEML-T. The Commission notes the submissions made by AEML-T. Since there is no capitalization claimed by AEML-T for the scheme, no approval is given for the same in this Order. 		

3.2.25 Based on the submissions by AEML-T for DPR Schemes for FY 2020-21 as per the above table, the Commission have provided its comments and ruling for each project/scheme appropriately for approval of the DPR Schemes for FY 2020-21.

Non-DPR Schemes for FY 2020-21

3.2.26 The Commission has approved capitalization (including IDC) for Non-DPR Schemes of Rs. 7.80 Crore for FY 2020-21, against AEML-T's submission of Rs. 34.25 Crore for FY 2020-21.

3.2.27 In line with the approach adopted by the Commission for FY 2019-20 for Non-DPR Scheme, the Commission has now reclassified each activity under Non-DPR Scheme as either Capex or R&M. The reclassification of each activity/works by the Commission for FY 2020-21, is as per **Appendix-3: Activities / Works under**

Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22.

3.2.28 Based on the review of the activities/works under Non-DPR Schemes for FY 2020-21, the Commission has approved Capitalisation, including IDC, worth Rs. 7.80 Crore, against the total Non-DPR approval sought by AEML-T worth Rs. 34.25 Crore. The balance amount of Rs. 26.45 Crore has been approved by the Commission as additional R&M expenses for FY 2020-21.

Table 9: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2020-21, by the Commission (Rs. Crore)

Particulars	FY 2020-21	
	Claimed by AEML-T	Approved in this Order
Reclassification of Non-DPR Activities		
Capex – Considered for Capitalisation	34.25	7.80
R & M – Added to O&M Expenses	-	26.45
Total of Non-DPR Activities	34.25	34.25

3.2.29 The Capitalisation of activities/works classified as Capex under Non-DPR Schemes for FY 2020-21 and as approved by the Commission is covered in the **Appendix-3: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22.**

DPR Schemes for FY 2021-22

3.2.30 The Commission has approved capitalization (including IDC) for DPR Schemes of Rs. 27.27 Crore for FY 2021-22, as was submitted by AEML-T in its Petition. Following are the scheme-wise capitalization of DPR Schemes as approved by the Commission in the MYT Order for FY 2021-22 vis-à-vis capitalization claimed by AEML-T in the present MTR Petition:

Table 10: Capitalisation (including IDC) of DPR Schemes for FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars for DPR Schemes for FY 2021-22	Capitalisation with IDC	
	MYT Order	Approved in this Order
Project Name: 120 MVAR Gorai Reactor		24.42
Brief Description of Work: <ul style="list-style-type: none"> 220 kV, 120 MVAR variable Reactor along with other required accessories is commissioned at 220 kV Gorai EHV Station and taken into service on 27 March 2022. 		

Particulars for DPR Schemes for FY 2021-22	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> On 28 March 2022, AEML-T submitted commissioning letter vide ref no. AEML-MT/Final Commissioning/Gorai Reactor/RR/36/2021-22. There is no time-over-run in the scheme. However, there is cost over-run in the project. 		
<p>Approval Remarks:</p> <ul style="list-style-type: none"> The Commission notes that there is a cost over-run in this project. The reasons mentioned by AEML-T for the same as summarized hereinafter. AEML-T submitted that the turnkey contract was placed on M/s GE dated 05 February 2021 with cost of Rs 13.02 Crore, after due competitive bidding process, with Price Variation clause (clause no. 20) of Work Order for the VSR Gorai project, wherein the Price variation was applicable w.r.t. base indices of Sept. 2020 for reactor. AEML-T has shared the copy of the work order in support of the claim which includes thus price variation clause and has been reviewed by the Commission. The Commission notes that M/s GE claimed Price variation as applicable w.r.t base indices of Sept-2020 and claimed additional value on account of PV clause. As a result, Rs 4.36 Crore additional expenses booked against the Price variation clause of the said contract. AEML-T has provided a copy of the invoice raised by M/s GE to claim the price variation of Rs. 4.37 Crores which has been reviewed by the Commission. AEML-T also submitted that the 220 kV GIS installation had one 1 spare transformer bay existing at Gorai EHV Substation, which was planned to be utilized for Reactor. Also, related to 220kV GIS bay, only supervision cost of 220 kV cable termination by OEM was considered in DPR project cost. AEML-T submitted that during technical validation, ABB conveyed that in the existing 220kV bay, the Circuit Breaker (CB) is not suitable for Reactor switching operations and recommended to replace existing CB with New CB which shall be suitable for Reactor switching operations, keeping other Bay equipment as it is. Accordingly, Contract was placed on M/s ABB Power Products and System for supply and services for replacement of 220kV SF6 circuit breaker and supervision for 220kV cable termination worth Rs 4.49 Crore. AEML-T has submitted a communication between AEML-T and ABB relating to this matter along with the work order placed on ABB. The Commission has reviewed the supporting documents in this regard. The Scheme was commissioned in March 2022 against MERC DPR approval of FY2022-23 and the intimation for commissioning has been 		

Particulars for DPR Schemes for FY 2021-22	Capitalisation with IDC	
	MYT Order	Approved in this Order
<p>submitted vide letter ref no. letter vide ref no. AEML-MT/Final Commissioning/Gorai Reactor/RR/36/2021-22 dated 28 March 2022.</p> <ul style="list-style-type: none"> Considering the reasons mentioned by AEML-T for the cost over-run and based on the review of the supporting documents, the Commission approves the capitalization including the cost over-run for this project. 		
Project Name: 220 KV cable connectivity between Aarey EHV Substation and MSETCL Borivali EHV Substation		0.61
<p>Brief Description of Work:</p> <ul style="list-style-type: none"> The scheme was commissioned in FY 2019-20. Minor works related to the project, which were pending, were completed in FY 2021-22. 		
<p>Approval Remarks:</p> <ul style="list-style-type: none"> The scheme is commissioned in FY 2019-20 and completed in FY 2021-22. The minor work associated minor work associated with Aarey-Borivali Cable i.e., installation of intrusion detection system equipment completed in FY 2021- 22. The Commission notes that the capitalization claimed pertains to the completion of the minor pending works related to the project and hence the Commission approves the Capitalisation. 		
Project Name: 33 kV AIS to GIS conversion		1.16
<p>Brief Description of Work:</p> <ul style="list-style-type: none"> The scheme was commissioned at Aarey, Versova and Ghodbunder EHV Sub Stations progressively by 30 March 2021. Minor balance work towards civil works e.g., Reinstatement activities at EHV stations completed in FY 2021-22. There is no time overrun. However, there is cost over-run in this project. Approved cost is Rs.38.34 Crore (without IDC) and actual expenses till 31 March 2022 is Rs. 41.22 Crore (without IDC). Cost variation is mainly on account of actual Contract Order value higher than estimated cost in DPR. 		
<p>Approval Remarks:</p> <p>The Commission notes that there is cost over-run in the project. The Commission's approval comments in this regard have been included earlier in the section of FY 2020-21. Based on the same, the capitalization proposed by AEML-T in FY 2021-22 is approved.</p>		
Project Name: 2nd feed at Chembur EHV S/stn		0.41
Brief Description of Work:		

Particulars for DPR Schemes for FY 2021-22	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> On 28 March 2021, LILO Portion of 220 kV Nerul-Trombay Line at AEML Chembur along with 220 kV Cable was successfully commissioned. Balance works including OPGW stringing work on MSETCL line were completed in FY 2021-22. <p>Remarks:</p> <ul style="list-style-type: none"> There is no time overrun in commissioning of the scheme. Approved cost is Rs.126.16 Crore (without IDC) and actual expenses till 31 March 2022 is Rs. 132.63 Crore (without IDC). The cost overrun of Rs. 6.47 Crore is mainly on account of RoW charges paid to BSNL. On 02 June 2020, letter submitted to the Hon'ble Commission for cost variation due to increase in RI/ ROW charges by MCGM and BSNL. The same was also submitted in H2 Capex Progress Report submitted vide letter no. AEML-T/Hon'ble Commission/Six monthly capex progress report/Mar 21 dated on 13 July 2021. <p>Approval Remarks: The Commission notes the cost over run in the project and the reasons mentioned for the same. The Commission's approval comments in this regard have been included earlier in the section of FY 2020-21. Based on the same, the capitalization proposed by AEML-T in FY 2021-22 is approved.</p>		
<p>Project Name: 3rd Transformer at Borivali S/stn</p> <p>Brief Description of Work:</p> <ul style="list-style-type: none"> On 31 March 2021, Borivali 3rd Transformer DPR Scheme was successfully commissioned. Commissioning details submitted vide reference Letter ref no. AEML –MT/COD/Borivali 3rd Transformer/RR/01 /FY 2021-22 dated 01 April 2021. Minor balance work w.r.t. grating near Transformation foundation, Fire Fighting system work completed in FY 2021-22. <p>Approval Remarks: The Commission notes that the scheme was commissioned on 31 March 2021 and only the minor balance work w.r.t. grating near Transformation foundation, Fire Fighting system work was completed in FY 2021-22. The Commission's approval comments in this regard have been included earlier in the section of FY 2020-21. Based on the same, the capitalization proposed by AEML-T in FY 2021-22 is approved.</p>		0.66
<p>Project Name: GHD-BOI LILO Augmentation DPR Scheme</p> <p>Brief Description of Work:</p> <ul style="list-style-type: none"> The approval of the Commission for this scheme was received on 05 January 2021. 		-

Particulars for DPR Schemes for FY 2021-22	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> • AEML-T has taken up the scheme for execution and initiated project activities in terms of Land options scrutiny, Tendering related works etc. • Regarding the land required for the execution of the scheme, AEML had submitted the difficulty in Procuring the required land as per submitted DPR and had submitted other land options available vide letter dated 10 August 2021. Further, AEML explored other viable land options. • However, in view of Covid-19 Pandemic and associated frequent lockdown/restrictions, activities related to finalization of land have been hampered. • AEML has submitted a letter to the Commission on 14 January 2022 for relaxation of timelines for execution of the project. • STU vide letter dated 07 July 2022 advised AEML to take up execution of the scheme in time bound manner, considering the criticality of the MMR network and importance of the scheme for strengthening MMR Transmission Network, MERC approved DPR cost is Rs. 48.22 Crore. However, the estimated project cost is likely to increase on account of (a) Time period between DPR submission and approval, (b) Escalation in material rates, (c) Increase Land Cost. • Accordingly, AEML-T has submitted the DPR along-with revised cost estimates (Rs. 110.38 Crore) to STU for necessary approval and advice. Accordingly, AEML-T will expedite Land procurement and other project activities. 		
<p>Approval Remarks: The Commission notes the submission made by AEML-T for the project. AEML-T has presently not proposed any capitalization against this scheme in FY 2021-22 and hence Commission has not granted any approval presently.</p>		
<p>Project Name: 220kV EHV S/stn at BKC</p>		-
<p>Brief Description of Work:</p> <ul style="list-style-type: none"> • The DPR approval was received from the Hon'ble Commission on 06 August 2021. As per the DPR, the scheme commissioning estimated within 36 months from date of approval. • The scheme is in WIP - Contract awarded for main package on 22 June 2022 and on 04 July 2022, Kick Off meeting carried out with vendor. • Land has been procured for construction of S/s. • Cable trenching work in MCGM and MMRDA areas are in progress. 		
<p>Approval Remarks: The Commission notes the progress of the project. The Commission also notes that AEML-T has not claimed any capitalization for this project in this order and hence Commission has not granted any approval presently.</p>		
<p>Project Name: 220kV AIS to GIS Conversion at Aarey</p>	-	-
<p>Brief Description of Work:</p>		

Particulars for DPR Schemes for FY 2021-22	Capitalisation with IDC	
	MYT Order	Approved in this Order
<ul style="list-style-type: none"> The scheme is under execution. The various works completed for the scheme include: Issuance of civil foundation drawings for GIS plinth Engineering works for material manufacturing (in progress). Foundation work for Capacitor bank done and foundation work GIS plinth in progress. 		
<p>Approval Remarks: The Commission notes the progress of the project. The Commission also notes that AEML-T has not claimed any capitalization for this project in this order and hence Commission has not granted any approval presently.</p>		

3.2.31 Based on the submissions by AEML-T for DPR Schemes for FY 2021-22 as per the above table, the Commission have provided its comments and ruling for each project/scheme appropriately for approval of the DPR Schemes for FY 2021-22.

Non-DPR Schemes for FY 2021-22

3.2.32 The Commission has approved capitalization (including IDC) for Non-DPR Schemes of Rs. 2.81 Crore for FY 2021-22, against AEML-T's submission of Rs. Rs. 11.43 Crore for FY 2021-22 respectively.

3.2.33 In line with the approach adopted by the Commission for FY 2019-20 for Non-DPR Scheme, the Commission has now reclassified each activity under Non-DPR Schemes as either Capex or R&M. The reclassification of each activity/works by the Commission for FY 2021-22, is as per **Appendix-3: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22.**

3.2.34 Based on the review of the activities/works under Non-DPR Schemes for FY 2021-22, the Commission has approved Capitalisation, including IDC, worth Rs. 2.81 Crore, against the total Non-DPR approval sought by AEML-T worth Rs. 11.43 Crore. The balance amount of Rs. 8.62 Crore has been approved by the Commission as additional R&M expenses for FY 2021-22.

Table 11: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2021-22, by the Commission (Rs. Crore)

Particulars	FY 2021-22	
	Claimed by AEML-T	Approved in this Order
Reclassification of Non-DPR Activities		
Capex – Considered for Capitalisation	11.43	2.81

Particulars	FY 2021-22	
	Claimed by AEML-T	Approved in this Order
R & M – Added to O&M Expenses	-	8.62
Total of Non-DPR Activities	11.43	11.43

3.2.35 With the re-classification of non-DPR activities for FY 2021-22, the DPR to Non-DPR ratio remains within 20% limit as specified in the MYT Regulations, 2019. The Capitalisation of activities/works classified as Capex under Non-DPR Schemes for FY 2021-22 and as approved by the Commission is covered in the **Appendix-3: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22.**

3.2.36 The summary of scheme wise capitalization submitted by AEML-T and that approved by the commission for FY 2019-20, FY 2020-21 and FY 2021-22 is shown in the table below:

Table 12: Capitalization for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Name of Scheme	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
DPR Schemes									
System Improvement Scheme		0.28	0.28		-	-			
Aarey Borivali cable connectivity	291.39	250.34	250.34	1.00	8.89	8.89		0.61	0.61
AEML Saki - TPC Saki cable connectivity		0.02	0.02						
3rd Transformer at Goregaon EHV SS	0.51	0.90	0.90	-	0.27	0.27			
Bays extension at Versova	24.44	22.92	22.92	1.00	1.26	1.26			
33 kV AIS to GIS conversion		-	-	37.44	41.07	41.07		1.16	1.16
2nd Feed at Chembur		-	-	129.01	135.55	135.55		0.41	0.41
3rd Transformer at Borivali S/s.		-	-	20.64	21.41	21.41		0.66	0.66
220kV 120MVAR Reactor at AEML Gorai								24.42	24.42
220 kV AEML BKC EHV Scheme								-	-
Borivali -Godbunder-Boisar LILO Augmntn								-	-
Kandivali EHV								-	-
220KV AIS to GIS Conversion at Aarey EHV								-	-
Tota DPR Schemes	316.34	274.45	274.45	189.09	208.44	208.44		27.27	27.27
Non DPR Schemes	33.00	24.28	6.85	32.78	34.25	7.80		11.43	2.81
Total	349.33	298.72	281.30	221.87	242.68	216.24	53.54	38.70	30.08

3.2.37 **The Commission approves capitalization of Rs. 281.30 Crore, Rs. 216.24 Crore and Rs. 30.08 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.**

3.3 Operation and Maintenance Expenses

AEML-T's Submission

- 3.3.1 AEML-T had 541.13 circuit kilometres (“Ckt km”) 220 kV lines as at the beginning of FY 2019-20. Further, 25.40 Ckt km of 220 kV line (cables) is added in FY 2019-20 as part of Aarey Borivali Cable connectivity scheme. Thus, the total 220 kV line length at the end of FY 2019-20 was 566.53 Ckt km, which has also been certified by MSLDC. The average 220 kV line length thus becomes 553.83 Ckt. km. for FY 2019-20 for calculation of normative O&M expense.
- 3.3.2 Further, 5.56 Ckt km of 220 kV line (cables) is added in FY 2020-21 as part of 220 kV Chembur 2nd feed connectivity scheme. Thus, the total 220 kV line length at the end of FY 2020-21 was 572.09 Ckt km, which has also been certified by MSLDC. The average 220 kV line length thus becomes 569.31 Ckt. km. for FY 2020-21 for calculation of normative O&M expense.
- 3.3.3 Further, there has been an addition of 0.94 Ckt. Km in FY 2021-22 due to Metro line diversion works. Thus, the total 220 kV line length at the end of FY 2021-22 was 573.03 Ckt km, which has also been certified by MSLDC. The average 220 kV line length thus becomes 572.56 Ckt. km. for FY 2021-22 for calculation of normative O&M expense.
- 3.3.4 As per MYT Order dated 30 March 2020, the Commission had considered 8 Nos. of 220kV bays and 53 Nos. of 33kV bays as “un-utilised” and accordingly computed normative O&M expenses. AEML-T submitted that it has been able to utilise all 220kV bays and is expected to utilise all 33kV bays by the close of FY 2022-23. During the course of FY 2020-21 and FY 2021-22, these spare bays could not be utilized, due to outbreak of COVID pandemic. It is a well-known fact that businesses and projects were significantly impacted by the outbreak of Coronavirus towards the end of FY 2019-20 and going well into FY 2020-21 and further by second wave into FY 2021-22. As the projects are revived in FY 2022-23 (post Covid pandemic), AEML's distribution arm is laying down the required feeders and charging the corresponding Distribution substations. This is gradually resulting in utilisation of all bays. However, neither AEML's distribution arm, nor AEML-T has any control on bay utilisation by Tata Power. Therefore, while AEML-T is largely confident that all the 33kV bays allocated to AEML-D will be utilised by the close of FY 2022-23, the same cannot be said about the bays allocated to TPC-D. In any event, AEML-T should not be penalised by no or delayed utilisation of bays by Distribution Licensees, more particularly when such bays were created to meet their requirement.
- 3.3.5 AEML-T has filed an Appeal against the MYT Order dated 30 March 2020, before the Hon'ble ATE (DFR No. 227 of 2020), which is pending for decision. Without prejudice to its contentions in the said Appeal and basis the arguments as given above; AEML-T requested to consider the O&M expense for bays mentioned in

the table below. This is required as AEML's efforts to achieve 100% utilisation have been hampered by uncontrollable and force majeure events and lack of action on the part of the other Licensee.

- 3.3.6 AEML-T further submitted that some of the bays considered "un-utilised" by the Commission in its MYT Order dated 30 March 2020, should not have been considered as such, because these were bays that were in use earlier for long periods of time and temporarily became un-used (i.e., not loaded) due to load re-arrangement on the part of the distribution licensee(s). Load re-arrangement is a common feature in distribution system planning and is regularly carried out by the Discoms to avoid over-loading of power and distribution transformers. This is an on-going process and as a result of which if some 33kV bay, which was earlier feeding to a charged DSS, becomes un-loaded temporarily (as incoming feed to that DSS is arranged from another EHV station due to proximity reasons), it cannot be considered un-utilised and these bays cannot be simply taken out of service and in any case are required to be maintained in operable condition. The Commission is requested to appreciate the same and not consider such bays as un-used.
- 3.3.7 Accordingly, in the Petition, AEML-T has calculated the normative O&M expense in accordance with MYT Regulations, 2015 (applicable for FY 2019-20) and MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22), by considering all its 220kV and 33kV bays as utilised, as under:

Table 13: Normative O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Normative O&M Expenses	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Line length ckt. Km.						
Opening		541.13		566.53		572.09
Addition		25.40		5.56		0.94
Closing		566.53		572.09		573.03
Average	556.13	553.83	573.63	569.31	576.13	572.56
O&M cost norms (Rs. Lakh/ Ckt. Km)	0.68	0.68	0.71	0.71	0.74	0.74
Normative O&M expenses (Rs. Crore) – A	3.78	3.77	4.07	4.04	4.26	4.24
220 kV Bays (both AIS and GIS included)						
Opening		115.00		117.00		117.00
Addition		2.00		-		-
Closing		117.00		117.00		117.00
Average	108.00	116.00	109.00	117.00	109.00	117.00
O&M cost norms (Rs. Lakh/bay)	32.07	32.07	-	-	-	-

Normative O&M Expenses	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Normative O&M expenses (Rs. Crore) – B	-	37.20	-	30.35	-	31.52
33 kV Bays (both AIS and GIS included)						
Opening	-	385.00	-	385.00	0	392
Addition	-	-	-	7.00	-	-
Closing	-	385.00	-	392.00	-	392.00
Average	332.00	385.00	335.00	388.50	338.00	392.00
O&M cost norms (Rs. Lakh/bay)	6.70	6.70	-	-	-	-
Normative O&M expenses (Rs. Crore) – C	-	25.80	-	20.51	-	20.70
Normative O&M expenses Bays (Rs. Crore) – D = B+C	56.88	63.00	46.29	50.87	47.45	52.22
Total Normative O&M expenses – E = A+D	60.66	66.76	50.36	54.91	51.71	56.46
Shared service allocation - F	-	7.97	-	8.07	-	7.82
Total Normative O&M Expenses – E+F	-	74.74	-	62.98	-	64.28

3.3.8 The actual O&M expenses for FY 2019-20, FY 2020-21 and FY 2021-22 after considering expenditure capitalized are as shown in the table below:

Table 14: Actual O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Gross Employee expenses	57.26	44.55	36.01
Less: Expenses capitalized	19.47	19.13	8.95
Total Employee expenses	37.79	25.42	27.06
A&G expenses	18.81	21.97	18.08
Add: Corporate Expense	3.87	4.14	4.60
Total A&G expenses	22.68	26.11	22.68
R&M expenses	7.04	8.48	9.60
Total R&M expenses	7.04	8.48	9.60
Total O&M Expenses	67.51	60.01	59.33

3.3.9 The above actual O&M Expense is inclusive of corporate expense of Rs. 3.87 Crore, Rs. 4.14 Crore and Rs. 4.60 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively, which has been included in the A&G expense.

- 3.3.10 Also, it is submitted that AEML-T had, in the MTR Petition in Case No. 201 of 2017, pertaining to truing up of FY 2016-17, requested the Commission to approve annual ground rent ('access charges' for cable laying on roads under PWD jurisdiction) as per demand by PWD as an uncontrollable expense under "Change in Law" as per Regulation 9.1 (b) of MYT Regulations, 2015, since they were raised for the first time in FY 2016-17 and thus these expenses are not provided for in the O&M norms for the Control Period FY 2016-17 to FY 2019-20. The Commission, in the MTR Order, did not consider the request of AEML-T for allowing any additional expenses over and above the normative O&M expenses and thereafter rejected the Review Petition on the said Order, as well. Aggrieved by the same, AEML-T has filed Appeal No. 105 of 2019 before the Hon'ble APTEL against the MTR Order, which is pending for decision. The said issue is also a part of the Appeal filed against the MYT Order before the Hon'ble ATE (DFR No. 227 of 2020), which is also pending for decision. As the matter is sub-judice, AEML has, without prejudice to its contentions in the Appeal, considered the total actual O&M expenses for the purpose of sharing of efficiency gains and losses, without considering the PWD ground rent as uncontrollable.
- 3.3.11 In its AEML-D MYT Petition for FY 2020-21 to FY 2024-25 (Case no. 325 of 2019), AEML had submitted that post acquisition of RInfra's Mumbai power business, AEML has been continuously reviewing the whole value chain of cost from generation bus to consumer doorstep and the way the various expenses are accounted and allocated to different cost and profit centres. It is important to carry out this exercise both from the point of view of consumers, so as to provide a better relationship between the incident cost and its recovery as well as from the point of view of internal benchmarking within the organisation's various business segments and functions, because the performance and productivity of the business units can be correctly gauged only when the costs are correctly allocated to the businesses.
- 3.3.12 AEML has three distinct regulated businesses within it – pertaining to Generation, Transmission and Distribution (Wires and Supply). The various costs incurred by AEML to run its operations include the cost of manpower, administration and general expenses and Repairs and Maintenance expenses – all of which are accounted under O&M expenses. These O&M expenses are composed of resources and corresponding expenses directly pertaining to individual regulated business and those that are shared across the three segments. The expenses pertaining to direct resources and activities are accounted directly under the respective cost centres of the regulated business to which they pertain to. The shared resources and services are composed mainly of manpower cost from HR department, IT department, Accounts and Finance department, Administration, Regulatory department, Legal department, Real Estate department, etc. and cost of common IT software, licenses, cloud services, etc. These expenses so far have mostly been accounted under Distribution Wires business only and a very small

portion was considered under Supply, without any allocation to Generation and Transmission segments.

- 3.3.13 AEML submits that the O&M expenses pertaining to the common / shared resources and services must be allocated to all four Regulated segments – Generation, Transmission, Distribution-Wires and Distribution-Supply in a proper and scientific manner for a correct and fair reflection of cost. AEML submits that if this is not done, it would only mean that the even though the shared manpower is working on the other segments and shared IT resources are used by all segments, their costs are being borne mainly by the Distribution business alone and that too in its Wires segment alone. This amounts to mean cross-subsidisation of Generation, Transmission and Distribution-Supply segments by the Distribution-Wires segment. The users of Wires business are unfairly bearing almost 100% of the cost of resources and services, which are being used in other segments as well.
- 3.3.14 In its MYT Petition (Case no. 325 of 2019), AEML-D had proposed re-allocation of the common / shared cost between Wires and Supply segments only and based on turnover ratio. However, the Commission, in its Order, rejected the contentions of AEML-D and held as under:

“Re-Allocation of O&M Expenses

The Commission observes that AEML-D has sought re-allocation of O&M expenses between Wires Business and Supply Business in the ratio of 47:53 respectively. The Commission is of the view that the Business with higher asset base requires more O&M expenses as compared to Businesses with lower asset base. Wires Business is capital intensive business and requires more asset handling than Supply Business. The Commission had accordingly considered the ratio of 65:35 for Wires Business and Supply Business in the MYT Regulations, 2019.”

- 3.3.15 AEML submits that, as stated earlier, the question is not of allocation of entire O&M expenses between Wires and Supply, but also between the other business segments. Direct costs pertaining to a given business segment are already directly accounted under that segment. It is only a question of allocation of common / shared costs. The Commission has issued its Guidelines dated 21 July 2022 for Voltage-wise allocation of asset base, where the Commission itself has clearly articulated its preference for direct cost accounting as much as possible and using proxies like number of customers, network length or any such other parameter only where assets / costs are not directly attributable. Hence, following the same principles, only the shared services costs need to be allocated between the business segments of AEML and any ad hoc ratio of 65:35 as specified should not be applied uniformly over the entire O&M expenses.
- 3.3.16 As submitted above, AEML has identified the costs pertaining to shared resources and IT services/software, etc. which require allocation. As shown above, in the

MYT Order, the Commission has already held that the asset base is a more reasonable parameter for allocation of cost as O&M costs will be incurred corresponding to the asset base / asset handling. Therefore, AEML has used the GFA ratio (closing value for the given year) of different business segments to allocate the costs of shared resources. For allocating the costs of shared IT resources, AEML has considered sharing between Distribution Wires and Distribution Supply only as Generation and Transmission segments have their respective user specific licenses, services, service cost, etc. which is already directly considered under Generation and Transmission cost centres.

3.3.17 It is further important to do this exercise from FY 2019-20 itself as this exercise would result in the correct reflection of actual O&M costs pertaining to the different business segments and since the actual O&M cost of FY 2019-20 will become base cost for FY 2020-21 onwards, the correction in base becomes important so that the normative allowance for the new MYT Period is itself corrected to some extent. The actual O&M expenses presented by AEML-T in this petition for FY 2019-20 and thereafter is after consider re-allocation of AEML shared services cost among the three segments basis the closing GFA of the respective segments. The amount allocated to AEML-T in FY 2019-20 is Rs. 7.97 Crore. It is for this reason that the actual O&M expenses of AEML-T for FY 2019-20 appear correspondingly higher than the actuals for FY 2018-19. Further the normative O&M expense for FY 2019-20 as derived above also needs to be revised by adding the cost of shared services allocated in actual O&M expense. It is necessary to do so since the cost of shared service allocated to transmission division is not built-in norms for bays and Ckt. km as specified in MYT Regulations, 2019. On the basis of the same rationale, the amount of shared services cost allocated to AEML-T in FY 2020-21 and FY 2021-22 is Rs. 8.07 Crore and Rs. 7.82 Crore respectively.

3.3.18 The revised normative O&M expense, as submitted by AEML-T, for FY 2019-20, FY 2020-21 and FY 2021-22 is as under:

Table 15: Revised Normative O&M Expenses FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Normative O&M Expense – Derived	66.76	54.91	56.46
Allocation from Shared Service	7.97	8.07	7.82
Revised Normative O&M Expenses	74.74	62.98	64.28

3.3.19 As regards the Corporate Expense, AEML submits that the expenses allocated to AEML from the Adani Group, which is termed as Corporate Expense allocation, is influenced by both the expenditure incurred at Corporate Level and the magnitude of its allocation to AEML depending upon the services / expertise obtained by AEML from the group resources. Hence, these expenses keep varying from year to year. In any given year, if no additional services are procured by

AEML, the expenses would represent just the normal allocation of resources in terms of the services provided on an ongoing basis, whereas if in a year, AEML undertakes some additional initiatives or requires additional expertise, not otherwise available from within AEML, then there is additional allocation of Corporate Expenses, depending upon the resources and services involved. Thus, Corporate expense allocation to AEML keeps varying year on year basis the need of services / expertise required by AEML in order to undertake various financial, HR related, IT related or such other initiatives for improving organisational efficiency, employee productivity and customer service experience.

3.3.20 FY 2019-20 was the first year of independent operations for AEML, after acquisition of RInfra's business. AEML has had to institute several new systems and processes at various levels with the objective of improving employee productivity, bringing about greater efficiency in operations and service delivery, all of which have a direct impact on AEML's services towards its consumers. A detailed note on the various new initiatives taken up by AEML after acquisition of RInfra's businesses is provided by AEML-T along with its Petition. The Commission would appreciate that Corporate expenses represent the cost towards the services / resources procured by AEML, which it would otherwise had to procure from outside, subject to availability as per customized requirements of AEML. These expenses are therefore need based and vary basis the kind of expertise, resources and services required by AEML from time to time. The Commission would appreciate that the allocation of expenses from Adani Group i.e. Corporate expenses cannot therefore be captured or confined to inflationary increases only, as is being permitted by the Commission. In the year FY 2019-20, AEML has, therefore, ended up incurring Corporate expenses, as per its requirements at a level reflective of the services procured, which is higher than what would otherwise be obtained by simply escalating previously approved expenses by inflation. The Commission is requested to therefore consider and approve the total O&M expenses of AEML as a whole, instead of separately assessing Corporate allocation as has been done in FY 2018-19 truing-up. It is submitted that Corporate expenses allocated to AEML are also against services procured by AEML to run its businesses and they are thus in no manner different from the other O&M expenses. Therefore, there is no reason to separately assess Corporate expenses from the actual O&M expenses of AEML. Basis the above, AEML-T requests the Commission to allow its actual allocated Corporate expenses, as the same have been incurred towards setting up various new processes and systems at AEML level and have resulted in corresponding improvements along the value chain of AEML, on an on-going basis.

3.3.21 The Corporate Expense segregated between generation, transmission and distribution business of AEML on the basis of turnover of different businesses is as under:

Table 16: Corporate Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Corporate Expense	114.73	95.20	110.02
AEML-G	17.88	17.84	19.73
AEML-T	3.87	4.14	4.60
AEML-D	92.98	73.22	85.69
Corporate Expenses allocated to AEML-T	3.87	4.14	4.60

3.3.22 AEML-T further submits that the Corporate expenses incurred as a whole in FY 2020-21 were lower at the Group level itself and hence their allocation to AEML-G/T/D was also lower, coupled with the fact that AEML did not implement any new services or initiatives in this year. However, in FY 2021-22, the operations of AEML were largely normalized, except for some slow-down experienced during COVID second wave. Similarly, normalcy was also restored at Group level, resulting in incurrance of regular, business as usual expenses, which are allocable to AEML and other businesses in the umbrella. Therefore, Corporate expenses sprang back to normal levels in this year and total expenses thus incurred were very similar to FY 2019-20, which was the normal year of operations.

3.3.23 Further, AEML-T, in its MYT Petition (Case No. 297 of 2019), had submitted that the Hon'ble Supreme Court had issued its Judgment dated 28 February 2019 with regard to calculation of contribution to the Provident Fund ("PF") accounts of the employees. AEML-T had claimed the impact of the same as additional uncontrollable O&M expense for provisional truing up of FY 2019-20 in the MYT Petition. The Commission had not allowed the same in the MYT Order and had directed AEML-T to submit the impact of the same with justification at the time of truing up of FY 2019-20.

3.3.24 AEML-T submits that as per the Hon'ble Supreme Court Judgment dated 28th February 2019, AEML-T has been calculating the PF contribution considering all components of wages instead of the earlier practice of considering only the basic pay and DA. AEML-T has incurred an additional amount of Rs. 0.21 Crore in FY 2019-20, Rs. 0.18 Crore in FY 2020-21 and Rs. 0.15 Crore in FY 2021-22 towards the PF contribution due to the Hon'ble Supreme Court Judgment. The Commission had derived the norms for AEML-T on per Ckt. km and per bay basis considering the actual O&M expenses of AEML-T in the past, which did not include the impact of the Hon'ble Supreme Court Judgment. The Commission would appreciate that the past expenses using which the norms are worked out, considered PF contribution basis the earlier methodology and hence the impact of the same is separately allowable as Change in Law. AEML-T submits that as per MYT Regulations, 2015 (applicable for FY 2019-20) and MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22), Change in Law includes the event due to change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality, which is the final

authority under law for such interpretation or application. Accordingly, the Hon'ble Supreme Court Judgment can be categorized as a Change in Law event as per MYT Regulations, 2015 and MYT Regulations, 2019. Due to increase in PF contribution by AEML-T, the net cost to AEML-T has increased and the same is an additional burden on AEML-T, which needs to be allowed separately.

3.3.25 AEML-T in its MYT Petition had submitted that Aarey-Borivali cable connectivity would be commissioned in FY 2019-20 and there are chances that for the cable being present on the Highway falling under jurisdiction of PWD, ground rental charges may be levied by PWD. The ground rental charges for the cable laid as part of Aarey-Borivali cable connectivity scheme was claimed by AEML-T on provisional basis for FY 2020-21 and FY 2021-22 in the MYT Petition. The Commission had not allowed the impact of both in the MYT Order and had directed AEML-T to submit the impact of the same with justification at the time of truing up for the respective years. In this regard, no demand has been received from PWD or any other Government institution for access charges in FY 2020-21 and FY 2021-22 for the ground rent payable under Aarey-Borivali cable connectivity scheme. Accordingly, AEML-T has not claimed any amount towards ground rent separately for FY 2020-21 and FY 2021-22.

Table 17: Actual O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Gross Employee expenses	57.26	44.55	36.01
Less: Expenses capitalized	19.47	19.13	8.95
Total Employee expenses	37.79	25.42	27.06
A&G expenses	18.81	21.97	18.08
Add: Corporate Expense	3.87	4.14	4.60
Total A&G expenses	22.68	26.11	22.68
R&M expenses	7.04	8.48	9.60
Total R&M expenses	7.04	8.48	9.60
Total O&M Expenses	67.51	60.01	59.33

3.3.26 AEML-T requests the Commission to approve the O&M expenses for FY 2019-20, FY 2020-21 and FY 2021-22 as submitted above.

Commission's Analysis and Ruling

3.3.27 The Commission considers opening transmission line length for FY 2019-20 same as closing line length approved for FY 2018-19 in the MYT Order in Case No. 297 of 2019.

- 3.3.28 Further, based on the STU certification for circuit kilometres of transmission lines under AEML-T for the end of the FY 2019-20, FY 2020-21 and FY 2021-22, the Commission approves the closing values of the transmission lines of AEML-T for each respective year. The Commission further notes that application of AEML-T for the fourth amendment of Transmission Licence is still pending. The Commission has considered capitalisation, Transmission Line and Bays addition, which have been approved by Commission and are already part of exiting Licence of AEML-T. No capitalisation and Transmission Line and bay addition has been considered in case the same is not part of the existing Licence.
- 3.3.29 For FY 2019-20, the Commission has considered 107 number of 220 kV bays and 332 number of 33 kV bays as opening balance since they were utilized. These are same the closing bays for FY 2019-20 approved by the Commission in its MYT Order in Case No. 297 of 2019. The Commission has considered 8 number of 220 kV bays and 53 number of 33 kV bays as unutilized at the beginning of FY 2019-20 since AEML-T was not able to utilise the same in the previous year and hence were disallowed by the Commission in its Order in Case No. 297 of 2019.
- 3.3.30 Further, AEML-T submitted in its Petition that it has been able to utilise all 220 kV bays and is expected to utilise all 33kV bays by the close of FY 2022-23. The Commission had sought loading data for each of the unutilised bays and based on the information received from AEML-T in response, it was observed that some of the earlier unutilised bays have now been utilised by AEML-T. The Commission has analysed the year wise utilisation and accordingly, the Commission has now considered the following bays as utilised for the purpose of the truing up exercise for FY 2019-20, FY 2020-21 and FY 2022 and considered them as added during the respective years for computation of the normative O&M expenses:

Table 18: Approved Utilisation of the Bays earlier considered as Unutilised for FY 2019-20, FY 2020-21 and FY 2021-22

Utilisation of Bays	FY 2019-20	FY 2020-21	FY 2021-22
220 kV Bays – Total	4	3	1
- AIS	0	0	0
- GIS	4	3	1
33 kV Bays – Total	4	11	3
- AIS	0	2	-1
- GIS	4	9	4

- 3.3.31 Based on the above table, it is evident that all the 8 nos. of 220 kV previously unutilised bays were utilised during the truing up period. Further, as regards the utilisation of 53 earlier unutilised 33 kV bays, the year wise details of the utilisation of some of the bays is summarised below:

- FY 2019-20
 - 4 nos. of GIS bay utilized
- FY 2020-21

- 2 nos. of AIS bay utilized.
- Net 9 nos. of GIS bays utilized
 - 13 nos. of GIS bays were utilised
 - 4 nos. of GIS bays which were utilised in FY 2019-20 were not utilised in FY 2020-21, and hence removed from the calculations
- FY 2021-22
 - 1 no. of AIS bay which was utilized in FY 2020-21 (Aarey – Switch No. 41) was again unutilized in FY 2021-22 and hence has not been considered for computation of O&M expenses in FY 2021-22.
 - 4 nos. of GIS bays were utilised in FY 2021-22

From the above summary, it is noted that only 18 nos. of 33kV bays (out of 53 unutilised earlier) have been utilised until the end of FY 2021-22. The balance 35 nos. of 33 kV bays out of the 53 nos. of previously unutilized 33 kV bays still remained unutilised at the end of FY 2021-22 and hence not considered by the Commission for the purpose of truing up for the above respective years. The summary is as per below table

Table 19: Status of 53 no of 33 kV Bays earlier considered as Unutilised for FY 2019-20, FY 2020-21 and FY 2021-22

Utilisation of Bays	FY 2019-20	FY 2020-21	FY 2021-22
No of Bays – Total	53	53	53
- No of Bays – Utilised	4	15	18
- No of Bays – Unutilised	49	38	35

The Commission is constrained to consider only those bays which are utilised during/at the end of the Financial Year and does not agree with the contention of AEML-T that the earlier utilised bays become unutilised due to reorientation. The same cannot be considered/allowed else reorientation of loads may govern and decide the bay utilisation and the possibility of using reorientation for moving an unutilised bay to utilised cannot be ruled out.

3.3.32 In addition to the above, AEML-T submitted that it has added some new bays, as well as converted some existing AIS bays to GIS bays, as per the table below:

Table 20: Addition / Conversion of Bays for FY 2019-20, FY 2020-21 and FY 2021-22

Addition / Conversion of Bays	FY 2019-20	FY 2020-21	FY 2021-22
220 kV Bays - Total	2	0	0
- AIS	0	0	0
- GIS	2	0	0
33 kV Bays – Total	0	7	0
- AIS (conversion from AIS to GIS)	0	-70	0
- GIS (conversion + new addition)	0	77	0

3.3.33 For the purpose of the calculation of the normative O&M expenses, the Commission approves below the net addition of the bays (utilisation of earlier unutilised bays + new addition / conversion of bays) for the respective truing up years:

Table 21: Net Addition of Bays for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission

Addition of Bays	FY 2019-20	FY 2020-21	FY 2021-22
220 kV Bays - Total	6	3	1
- AIS	0	0	0
- GIS	6	3	1
33 kV Bays – Total	4	18	3
- AIS (conversion from AIS to GIS)	0	-68	-1
- GIS (conversion + new addition)	4	86	4

3.3.34 The Normative O&M expenses for FY 2019-20, FY 2020-21 and FY 2021-22 computed as per the provisions of Regulation 58.4 of the MYT Regulations, 2015 and Regulation 61.4 of the MYT Regulations, 2019 considering the average numbers of bays and line length approved by the Commission is as under:

Table 22: Normative O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Normative O&M Expenses	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Line length ckt. Km.									
Opening		541.13	541.13		566.53	566.53		572.09	572.09
Addition		25.40	25.40		5.56	5.56		0.94	0.94
Closing		566.53	566.53		572.09	572.09		573.03	573.03
Average	556.13	553.83	553.83	573.63	569.31	569.31	576.13	572.56	572.56
O&M cost norms (Rs. Lakh/ ckt. Km)	0.68	0.68	0.68	0.71	0.71	0.71	0.74	0.74	0.74
Normative O&M expenses (Rs. Crore) – A	3.78	3.77	3.77	4.07	4.04	4.04	4.26	4.24	4.24
220 kV Bays (both AIS and GIS included)									
Opening		115.00	107.00		117.00	113.00		117.00	116.00
Addition		2.00	6.00		-	3.00		-	1.00
Closing		117.00	113.00		117.00	116.00		117.00	117.00
Average	108.00	116.00	110.00	109.00	117.00	114.50	109.00	117.00	116.50
O&M cost norms (Rs. Lakh/bay)	32.07	32.07	32.07						
Normative O&M expenses (Rs. Crore) – B		37.20	35.28		30.35	29.77		31.52	31.40
33 kV Bays (both AIS and GIS included)									
Opening		385.00	332.00		385.00	336.00		392	354.00
Addition		-	4.00		7.00	18.00		-	3.00
Closing		385.00	336.00		392.00	354.00		392.00	357.00
Average	332.00	385.00	334.00	335.00	388.50	345.00	338.00	392.00	355.50
O&M cost norms (Rs. Lakh/ bay)	6.70	6.70	6.70						
Normative O&M expenses (Rs. Crore) – C		25.80	22.38		20.51	18.33		20.70	18.80
Normative O&M expenses Bays (Rs. Crore) – D = B+C	56.88	63.00	57.66	46.29	50.87	48.10	47.45	52.22	50.20
Total Normative O&M expenses – E = A+D	60.66	66.76	61.42	50.36	54.91	52.14	51.71	56.46	54.44
Shared service allocation - F		7.97	-		8.07	-		7.82	-
Total Normative O&M expenses – E+F		74.74	61.42		62.98	52.14		64.28	54.44

- 3.3.35 The Commission has analysed the actual O&M expenditure as submitted by AEML-T for each of the components including employee expenses, administration and general expenses (A&G) and repairs and maintenance (R&M) for each of the truing up years.
- 3.3.36 The Commission enquired about the variation in the O&M components over the three year period. The key reasons for the variation as provided by AEML-T for the increase or decrease in O&M expenses is summarised as below:
- 3.3.36.1 There was an increasing trend in the employee expense in FY 2019-20 as compared to previous year due to an increase in terminal benefits liability viz. Gratuity and Leave Encashment since the rate of government bonds reduced from 7.54% to 6.84%. The balance increase in salary was due to salary revision. Further, for FY 2020-21 and FY 2021-22, there is reduction in employee expense because of reduction of no. of employees (from 162 in FY 2019-20 to 139 in FY 2021-22) as a result of manpower rationalisation measures being undertaken by AEML and also due to retirement of existing employees.
- 3.3.36.2 The actual A&G expense FY 2019-20 decreased as compared to the previous financial year. In FY 2020-21, the increase in the A&G expense was driven by the increase in insurance expense attributable to two new schemes viz, 220 KV Aarey Borivali and VSV-VSV connectivity were insured which has resulted in increase in insurance premium. Further, the rate of insurance premium increased from 0.05% to 0.316% due to change in perception of risk. However, in FY 2021-22, AEML insurance policies were aligned with other companies of Adani Group which has resulted in reduction in insurance premium on account benefit of economies of scale of Adani Group.
- 3.3.36.3 The R&M expenses have shown marginal increase (in terms of absolute values) over the three years period. The increase is a result of varying nature of operations, some additional activities being undertaken in a given year or some activities from a given year not executed.
- 3.3.37 The Commission has noted the reasons provided by AEML and considers the same for approval of the actual O&M expenses.
- 3.3.38 The Commission further notes AEML-T's submission that the expenses allocated to AEML from the Adani Group, is termed as Corporate Expense allocation, and is influenced by both the expenditure incurred at Corporate Level and the magnitude of its allocation to AEML depending upon the services / expertise obtained by AEML from the group resources. The overall Corporate Expense incurred by Adani group and allocated towards different AEML businesses based on the turnover of respective regulated businesses of AEML.
- 3.3.39 The Commission examined the submission of AEML-T regarding the new initiatives undertaken by AEML after acquisition of R-Infra business. As per the submission of AEML-T, these new initiatives will result in employee

productivity in AEML, improve data security, reduce the possibility of cyber-attacks / malicious software ingress etc. Further, AEML-T has submitted that these initiatives require support from the group since the systems/processes have been implemented at AEML with the help of group expertise and going forward if any change / improvement that would be required in these processes, support from group resources will be required.

3.3.40 AEML-T had sought approval of the corporate expenses in the past MYT Order as well. The Corporate Expense allowed by the Commission in its last order for FY 2018-19 was Rs. 3.07 Crore. The Corporate Expense allocation requested by AEML-T for the FY 2019-20 is Rs. 3.87 Crore, which implies an increase of 26% over the previous year.

3.3.41 In this context the Commission in its MYT Order in Case No. 297 of 2019 had also commented on the substantial increase in the Corporate Expenses allocated to AEML-T in FY 2018-19 as compared to the earlier year. The Commission had also noted that RInfra and AEML/ATL, while seeking the Commission's approval for the transfer of assets and licence from RInfra to AEML in Case No. 139 of 2017, confirmed that there would not be any tariff impact on the consumers on account of the Transaction. The relevant paragraph from the MYT Order is reproduced below for reference:

“The Commission is of the view that corporate expenses allowed to Regulated Entities cannot be exorbitantly high even though the same is certified by the Statutory Auditor. There needs to be a cap on the expenses which are allowed under Corporate Allocation. The Commission is of the view that taking over of Business by AEML from RInfra should not result in increase in Corporate Expenses and Corporate Allocation for the Regulated entities. Moreover, RInfra and AEML, while seeking the Commission's approval for the transfer of assets and licence from RInfra to AEML in Case No. 139 of 2017, confirmed that there would not be any tariff impact on the consumers on account of the Transaction. The relevant extracts of the Commission's Order in Case No. 139 of 2017 are as follows.

“78 RInfra and ATL have confirmed that the transaction shall not have any adverse impact on tariff payable by the consumers, as the tariff shall continue to be determined on the basis of regulated books of accounts.”

The Commission also confirmed that there would not be any adverse impact of the Transaction on the consumers. The relevant extracts are as follows.

“79 The Commission confirms that the transaction shall not have any adverse impact on tariff payable by the consumers, as the tariff

shall continue to be determined on the basis of regulated books of accounts.

...

*80 The Commission is of the view that the **Petitioners' proposals for assignment of licence and transfer of assets can be approved only if it is ensured that the same shall not have any adverse impact on the tariff payable by the consumers.** Hence, the Commission directs that REGSL/ATL shall not claim any amount from the consumers on account of the proposed transaction, including inter-alia, any interest/penalty payable by REGSL/ATL to RInfra as per the terms and conditions of the Scheme of Arrangement and the SPA. The Commission further directs that the approval to RInfra to assign the Transmission Licence to REGSL and transfer transmission assets to REGSL, and sale of 100% shareholding in REGSL to ATL, is conditional and subject to the above restriction...." (Emphasis added)*

*However, as seen from the above submissions of AEML-T, **the takeover of Transmission Business from RInfra to AEML-T has increased the Corporate Allocation expenses in FY 2018-19 and thereby the cost proposed to be passed on to the consumers.** Thus, the corporate expenses booked/claimed in FY 2018-19 are against the intent of the approval given for the transaction in Case No. 139 of 2017."*

3.3.42 The Commission in the MYT Order had highlighted the following key aspects while approving the allocation of corporate expenses:

- Corporate expenses should not be exorbitantly high even though they are certified by the Statutory Auditor.
- There needs to be a cap on the expenses which are allowed under Corporate Allocation
- AEML, while seeking the Commission's approval for the transfer of assets and licence from R-Infra to AEML in Case No. 139 of 2017, confirmed that there would not be any tariff impact on the consumers on account of the Transaction.

3.3.43 Based on the above key points, the Commission in its Order in Case No. 297 of 2019 had stated that the corporate expenses for FY 2018-19 were approved considering the Corporate Expenses of FY 2017-18 and escalating the same by the inflation rate considered for escalation of normative O&M expenses in FY 2018-19, i.e., 3.07%.

3.3.44 **In line with approach taken in the previous MYT Order, the Commission opines that the increase in Corporate Expenses requested for FY 2019-20 cannot be exorbitantly high even though the same is certified by the**

Statutory Auditor and hence the same cannot be allowed to Regulated Entities.

3.3.45 **The Commission has therefore, considered the approved Corporate Expenses of FY 2018-19 as the base expenses and escalated the same by the inflation rate considered for escalation of normative O&M expenses in FY 2019-20, i.e., 3.22% (Escalation rate of Distribution Licensee in absence of escalation rate for Transmission Licensee) and approved the Corporate expenses for FY 2019-20. For FY 2020-21 and FY 2021-22, AEML-submitted Corporate Expenses Allocation as Rs. 4.14 Crore and Rs. 4.60 Crore. To ensure consistency in approach adopted by the Commission for approval of Corporate Expenses for earlier years, the Commission has considered inflation rate of 3.24% and 4.06% over the previous year amounts for each respective year to approve the corporate expenses for FY 2020-21 and FY 2021-22. The following Table shows the comparison of the Corporate Expenses allocation submitted by AEML-T and the approval considered by the Commission:**

Table 23: Corporate Expense Allocation for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
AEML-T: Corporate Expense Allocation			
Claimed	3.87	4.14	4.60
Approved	3.17	3.27	3.40
Disallowed in O&M Expenses	0.70	0.87	1.20

3.3.46 The Commission also notes that AEML-T in its petition has requested for approval of a new expense “Shared Service Costs” in the normative O&M calculations as well as in the actual O&M calculations. The details of the Shared Services cost as submitted by AEML-T is as below:

Table 24: Shared Services Costs for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Shared Services Costs by AEML			
Generation Business	9.17	8.55	8.04
Transmission Business	7.97	8.07	7.82
Distribution Business	26.92	27.13	27.85
Total Shared Services Costs	44.07	43.74	43.71

3.3.47 AEML-T has submitted that the cost associated with the Shared Services have mostly been accounted under Distribution Wires business only and a very small portion was considered under Supply, without any allocation to Generation and Transmission segments. In this context AEML-T has contended that O&M

expenses pertaining to the common / shared resources and services must be allocated to all four Regulated segments – Generation, Transmission, Distribution-Wires and Distribution-Supply in a proper and scientific manner for a correct and fair reflection of cost. AEML has submitted that if this is not done, it would only mean that the even though the shared manpower is working on the other segments and shared IT resources are used by all segments, their costs are being borne mainly by the Distribution business alone and that too in its Wires segment alone. This amounts to mean cross-subsidisation of Generation, Transmission and Distribution-Supply segments by the Distribution-Wires segment. The users of Wires business are unfairly bearing almost 100% of the cost of resources and services, which are being used in other segments as well.

3.3.48 The Commission is of the view that the services identified by AEML-T which are being provided by common resources must have been availed by AEML-T in the FY 2018-19 and earlier years as well under R-Infra as these pertain to basic functions of the business. In such a case, AEML-T should have contemplated allocating these costs to the generation and transmission function in the past as well. However, this was not done by AEML-T in the MYT Petition.

3.3.49 Therefore, allocation of these expenses to AEML-T during the present MTR proceedings for truing up years will lead to further increase in the actual O&M expenses for AEML-T. As discussed under **para 3.3.42**, the Commission while issuing the MYT Order opined that the that corporate expenses allowed to Regulated Entities cannot be exorbitantly high even though the same is certified by the Statutory Auditor and there needs to be a cap on the expenses which are allowed under Corporate Allocation. It appears that AEML-T taking cue of the same has now allocated such corporate expenses while introducing new head of expenses as 'shared resource expenses'. The Commission reiterates that irrespective of whether by way of new expense category or within existing sub-categories, the regulated businesses cannot cross-subsidise the expenses incurred at AEML/Group level and there has to be a cap on the same.

3.3.50 As already discussed in para 3.3.41, the approach adopted by AEML-T is not in line with the AEML submission while seeking the Commission's approval for the transfer of assets and licence from R-Infra to AEML in Case No. 139 of 2017 wherein it was confirmed that there would not be any tariff impact on the consumers on account of the Transaction. Accordingly, the Commission does not find it appropriate to include this cost in the actual O&M expenses of AEML-T.

3.3.51 Further, AEML-T has also proposed to include this cost over and above the revised normative O&M expenses derived based on the number of actual bays and Ckt. km of transmission lines during the year under consideration. This dispensation was not proposed and hence not considered by the Commission at

the time of approval of the O&M norms for the Control Period FY 2016-17 to FY 2019-20 and were also not part of the O&M norms for the control period under the MYT Regulations, 2019.

3.3.52 The Commission further notes that the Hon'ble Supreme Court in its judgment Civil Appeal No(s). 4324/2015 and 4324/2015 dated 18 October, 2022, has observed as follows:

“53. This view has been consistently followed by the APTEL in its subsequent judgments and we are in complete agreement with the above view of the APTEL. In our opinion, ‘truing up’ stage is not an opportunity for the DERC to rethink de novo on the basic principles, premises and issues involved in the initial projections of the revenue requirement of the licensee. ‘Truing up’ exercise cannot be done to retrospectively change the methodology/principles of tariff determination and re-opening the original tariff determination order thereby setting the tariff determination process to a naught at ‘true up’ stage.”

3.3.53 The Commission is of the view that while undertaking the Truing-up exercise, as held by the Hon'ble Supreme Court, it is not prudent to consider any such expenses which were not placed on record while allowing the ARR for FY 2019-20 or any of the years of the MYT Control Period.

3.3.54 The Commission notes the practice followed by AEML-T to allocate the expenses to relevant heads, however, AEML-T may submit the same at the time of formulation of O&M norm for the next MYT Control period. The Commission will undertake due-diligence into the nature and amount of such shared service and corporate expenses while formulating the norms and accordingly decide on applicability of such expenses while considering the normative O&M expenses for AEML-T.

3.3.55 Accordingly, the Commission does not presently consider allocation of the shared services cost to transmission function and therefore disallows the Shared Services cost to be included in the normative O&M calculations. The same has also been deducted from the actual O&M expenses in this Order and the consequent from the sharing of efficiency gains/(losses). The following Table shows the comparison of the Shared Services costs submitted by AEML-T and the approval considered by the Commission:

Table 25: Shared Services Costs for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
AEML-T: Shared Services Costs			
Claimed	7.97	8.07	7.82
Approved	-	-	-
Disallowed in O&M Expenses (for both Normative as well as Actuals)	7.97	8.07	7.82

3.3.56 Further, as covered in the section on Capital Expenditure and Capitalization, the Commission has reclassified all the activities falling under the Non-DPR Activities as the Capex nature items and the Repairs & Maintenance nature items. With this re-classification, there is an addition to the Repairs & Maintenance for the three years of truing-up, which is shown in the below table:

Table 26: Revised (Actual) Repairs & Maintenance Costs for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Repairs & Maintenance Expenses			
Actual R & M Expenses as claimed by AEML-T	7.04	8.48	9.60
Add: R&M nature of activities claimed by AEML-T in Non-DPR Capitalisation, which is now re-classified as R&M Expense	17.43	26.45	8.62
Revised (Actual) Repairs & Maintenance Expenses	24.47	34.92	18.21

In the above table, the addition of R&M nature of Non-DPR activities includes the proportionate IDC which was earlier included in the Non-DPR activities in the Capitalisation for the respective years of truing-up.

3.3.57 With the revision in the Repairs & Maintenance Expenses, the revised Actual O&M Expenses, as approved by the Commission is as per the below table:

Table 27: Revised (Actual) O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Gross Employee expenses	57.26	44.55	36.01
Less: Expenses capitalized	19.47	19.13	8.95
Total Employee expenses	37.79	25.42	27.06
A&G expenses	18.81	21.97	18.08
Add: Corporate Expense (Revised)	3.17	3.27	3.40
Total A&G expenses	21.98	25.24	21.48
R&M expenses	7.04	8.48	9.60
Add: Non-DPR Capex Items (including IDC) now re-classified as R&M Expenses	17.43	26.45	8.62
Total R&M expenses (Revised)	24.47	34.92	18.21
Total Actual O&M Expenses (inclusive of Shared Services Costs)	84.24	85.59	66.75
Less: Shared Services cost disallowed by the Commission	7.97	8.07	7.82
Total Actual O&M Expenses Allowed (Revised)	76.27	77.52	58.93

3.3.58 AEML-T has submitted that as per the Hon'ble Supreme Court Judgment dated 28 February 2019, AEML-T has been calculating the PF contribution considering all components of wages instead of the earlier practice of considering only the basic pay and DA. AEML-T has incurred an additional amount of Rs. 0.21 Crore in FY 2019-20, Rs. 0.18 Crore in FY 2020-21 and Rs. 0.15 Crore in FY 2021-22 towards the PF contribution due to the Hon'ble Supreme Court Judgment. **Considering that the norms for AEML-T on per Ckt km and per bay basis consider the actual O&M expenses of AEML-T in the past, they did not include the impact of the subsequent Hon'ble Supreme Court Judgment, hence these expenses have been sought to be allowed over and above the norms determined under the MYT Regulations, 2015 and 2019. The Commission noted that this additional allowance has been sought by categorising the Hon'ble Supreme Court Judgment as a Change in Law event as per MYT Regulations, 2015 and MYT Regulations, 2019. Having examined the submissions of AEML-T, considering that this cost incurred additionally by AEML-T as an outcome of the order of the Hon'ble Supreme Court in this regard, the Commission allows AEML-T to recover this expense over and above the net entitlement of O&M expenses allowable under the Regulations after considering the sharing of efficiency gains/(losses).**

3.3.59 Based on the above, actual O&M expenses for FY 2019-20, FY 2020-21 and FY 2021-22, approved by the Commission are as given in the table below.

Table 28: Actual O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Gross Employee expenses		57.26	57.26		44.55	44.55		36.01	36.01
Less: Expenses capitalized		19.47	19.47		19.13	19.13		8.95	8.95
Total Employee expenses		37.79	37.79		25.42	25.42		27.06	27.06
A&G expenses		18.81	18.81		21.97	21.97		18.08	18.08
Add: Corporate allocation		3.87	3.17		4.14	3.27		4.60	3.40
Total A&G expenses		22.68	21.98		26.11	25.24		22.68	21.48
R&M expenses		7.04	7.04		8.48	8.48		9.60	9.60
Add: Non-DPR Capex Items (including IDC) now re-classified as R&M Expenses			17.43			26.45			8.62
Total R&M expenses		7.04	24.47		8.48	34.92		9.60	18.21
Total O&M expenses (inclusive of Shared Services Costs)		67.51	84.24		60.01	85.59		59.33	66.75
Less: Shared Services cost disallowed			7.97			8.07			7.82
Total Actual O&M expenses allowed	60.66	67.51	76.27	50.36	60.01	77.52	51.71	59.33	58.93

3.3.60 **The Commission thus approves actual O&M expenses of Rs. 76.27 Crore, Rs. 77.52 Crore and Rs. 58.93 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.**

3.4 Sharing of Gains and Losses of O&M Expenses

Sharing of Gains and Losses of O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22

AEML-T's Submission

- 3.4.1 AEML-T has submitted the actual O&M expenses for FY 2019-20, FY 2020-21 and FY 2021-22 has been compared with the worked out normative O&M expenses to determine efficiency gains and losses.
- 3.4.2 Regulation 11.2 of the MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 11.1 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22) provides the mechanism for sharing of gain on account of controllable factors. The Net Entitlement of O&M cost for FY 2019-20, FY 2020-21 and FY 2021-22 is worked out as below:

Table 29: Net Entitlement of O&M for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
	MTR Petition	MTR Petition	MTR Petition
Normative O&M expenses (A)	74.74	62.98	64.28
Actual O&M expenses (B)	67.51	60.01	59.33
Impact of SC Judgement on PF (C)	0.21	0.18	0.15
Net Actual O&M Expense (D = B - C)	67.30	59.83	59.18
Efficiency Gain/ (Loss) on O&M expenses (E = A - D)	7.43	3.15	5.10
Net Entitlement of O&M expenses (F = D + E/3)	69.78	60.88	60.88
Total O&M Claimed (G = F + C)	69.99	61.06	61.03

Commission's Analysis and Ruling

- 3.4.3 The Commission has computed efficiency gain / (loss) by comparing the actual O&M expenses with normative O&M expenses worked out for FY 2019-20, FY 2020-21 and FY 2021-22. The impact of the Hon'ble Supreme Court judgement related to PF is allowed to be recovered additional over and above the net entitlement worked out as per the provisions of the applicable Regulations.
- 3.4.4 Regulation 11.2 of MYT Regulations, 2015 specifies the following:

"11.1 The approved aggregate gain to the Generating Company or Licensee or MSLDC on account of controllable factors shall be dealt with in the following manner :—

(a) Two-third of the amount of such gain shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4.

(b) The balance amount of such gain shall be retained by the Generating Company or Licensee or MSLDC.

11.2 The approved aggregate loss to the Generating Company or Licensee or MSLDC on account of controllable factors shall be dealt with in the following manner:—

(a) One-third of the amount of such loss may be passed on as an additional charge in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4;

(b) The balance amount of such loss shall be absorbed by the Generating Company or Licensee or MSLDC.”

3.4.5 Similar provisions are also available in the MYT Regulations, 2019.

3.4.6 As specified in the above Regulations, one third of the losses on account of O&M expenses are to be passed on in Tariff while two third are to be borne by the Licensee. Similarly, in case of gains, two-third of the amount of such gain shall be passed on as a rebate in Tariff. In line with the above Regulations, the summary of net entitlement of O&M Expenses, including efficiency losses for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission is shown below:

Table 30: Net entitlement of O&M for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MTR Petition	Approved in this Order	MTR Petition	Approved in this Order	MTR Petition	Approved in this Order
Normative O&M expenses (A)	74.74	61.42	62.98	52.14	64.28	54.44
Actual O&M expenses (B)	67.51	76.27	60.01	77.52	59.33	58.93
Impact of SC Judgement on PF (C)	0.21	0.21	0.18	0.18	0.15	0.15
Net Actual O&M Expense (D = B - C)	67.30	76.06	59.83	77.34	59.18	58.78
Efficiency Gain/ (Loss) on O&M expenses (E = A - D)	7.43	(14.64)	3.15	(25.19)	5.10	(4.34)
Net Entitlement of O&M expenses (F = D + E/3)	69.78	71.18	60.88	68.94	60.88	57.33
Total O&M Claimed (G = F + C)	69.99	71.39	61.06	69.12	61.03	57.48

3.4.7 The Commission approves the Revised O&M expenses (inclusive of Impact of SC Judgement on PF) of Rs. 71.39 Crore, Rs. 69.12 Crore and Rs. 57.48 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively along with the sharing of efficiency losses on O&M expenses.

3.5 Depreciation

AEML-T's Submission

- 3.5.1 AEML-T has claimed depreciation in line with Regulation 27 of MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 28.5 of the MYT Regulations, 2019, wherein it has applied depreciation up to 70% of the original cost of asset and thereafter the remaining depreciable value of the assets as on 31 March of the year is spread over balance useful life for FY 2019-20, FY 2020-21 and FY 2021-22. In accordance with the Regulations, Depreciation has been claimed on the Opening GFA (Gross Fixed Asset) and also on the assets added during the year (proportionately based on actual date of addition).
- 3.5.2 AEML-T submits that the Commission had allowed depreciation for FY 2020-21 and FY 2021-22 in the MYT Order considering the weighted average depreciation rate as claimed by AEML-T in the MYT Petition, on the average GFA approved in the MYT Order. This implies that that the Commission had considered the asset addition at the midpoint of the year. However, the actual depreciation has been calculated on the assets added during the year proportionately based on actual date of addition. Further the actual opening GFA of FY 2020-21 and FY 2021-22 is less than the respective opening GFA of FY 2020-21 and FY 2021-22 approved by the Commission in the MYT Order. Therefore, the actual depreciation is less than the depreciation allowed in the MYT Order. The details of the actual depreciation claimed by AEML-T for the FY 2019-20, FY 2020-21 and FY 2021-22 is given in the table below:

Table 31: Depreciation for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Total Depreciation	74.50	71.02	93.10	88.33	99.60	97.88
Opening GFA	1,614.73	1,614.73	1,963.76	1,913.15	2,185.62	2,153.90
Closing GFA	1,963.76	1,913.15	2,185.62	2,153.90	2,239.16	2,189.77

Commission's Analysis and Ruling

- 3.5.3 AEML-T in the present Petition has submitted depreciation expenses claimed in line with the Regulation 27 of MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 28.5 of the MYT Regulations, 2019. The Commission has scrutinized the details of calculation of asset wise depreciation expenses as provided by AEML-T in its Petition and considered the same for approval.
- 3.5.4 The Commission for the purpose of calculation of depreciation for FY 2019-20 has considered opening GFA same as that of closing GFA for FY 2018-19 approved in MTR Order in Case No. 297 of 2019. Addition in GFA is considered

equal to capitalization approved by the Commission in the present Order. Further, the Commission has considered the actual retirement of assets as claimed by AEML-T for FY 2019-20, FY 2020-21 and FY 2021-22.

3.5.5 The summary of depreciation expense for FY 2019-20, FY 2020-21 and FY 2021-22 as submitted by AEML-T and as approved by the Commission is as given in the Table below.

Table 32: Depreciation for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Opening GFA	1,614.73	1,614.73	1,614.73	1,963.76	1,913.15	1,895.73	2,185.62	2,153.90	2,110.03
Additions of Assets during the year	349.33	298.73	281.30	221.86	242.69	216.24	53.54	38.70	30.08
Retirement of Assets during the year	0.30	0.30	0.30	-	1.94	1.94	-	2.83	2.83
Closing GFA	1,963.76	1,913.15	1,895.73	2,185.62	2,153.90	2,110.03	2,239.16	2,189.77	2,137.28
Average Depreciation Rate (%)	4.16%	4.03%	4.03%	4.49%	4.34%	4.34%	4.50%	4.51%	4.50%
Total Depreciation	74.50	71.02	70.66	93.10	88.33	86.97	99.60	97.88	95.63

3.5.6 The Commission approves Depreciation of Rs. 70.66 Crore for FY 2019-20, Rs. 86.97 Crore for FY 2020-21 and Rs. 95.63 Crore for FY 2021-22.

3.6 Interest on Loan Capital

AEML-T's Submission

3.6.1 For FY 2019-20, AEML-T submits that it has considered the opening normative loan balance for FY 2019-20 as equal to the closing normative loan balance of FY 2018-19. 70% of the asset addition in FY 2019-20 is considered as normative debt drawl during the year, as the actual debt deployment is about 68.00%.

3.6.2 For FY 2020-21, AEML-T submits that it has considered the opening normative loan balance for FY 2020-21 as equal to the closing normative loan balance of FY 2019-20. 70% of the asset addition in FY 2020-21 is considered as normative debt drawl during the year, as the actual debt deployment is about 69.19%.

3.6.3 For FY 2021-22, AEML-T submits that it has considered the opening normative loan balance for FY 2021-22 as equal to the closing normative loan balance of FY 2020-21. 70% of the asset addition in FY 2021-22 is considered as normative debt drawl during the year, as the actual debt deployment is about 61.07%.

3.6.4 In accordance with Regulation 29.3 of the MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 30.3 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22), the repayment during each year is deemed equal to the depreciation allowed for that year. Further, in the respective financial years, there has been retirement of assets and the consequential reduction in loan due to such retirement is considered in the ARR.

3.6.5 Also the first proviso to Regulation 29.5 of the MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 30.5 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22) states as follows:

“Provided that at the time of Truing-up, the weighted average rate of interest computed on the basis of the actual loan portfolio during the concerned year shall be considered as the rate of interest: ...”

3.6.6 AEML-T confirms that the weighted average interest rate for AEML as a whole considering the actual loan portfolio for FY 2019-20, FY 2020-21 and FY 2021-22 works out to 9.01%, 8.19% and 8.35% respectively, the computation of which is provided to the Commission. Based on the above, the interest on loans for each of the respective financial years is shown in table below:

Table 33: Interest on Loan Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T, in Rs. Crore

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Opening Balance	472.15	472.15	642.11	610.18	704.31	691.69
Addition	244.53	209.11	155.30	169.88	37.48	27.09
Reduction due retirement of assets	0.07	0.07	0	0.04	0	0.09
Repayment	74.50	71.02	93.10	88.33	99.60	97.88
Closing Balance	642.11	610.18	704.31	691.69	642.19	620.81
Average loan balance	557.13	541.16	673.21	650.93	673.25	656.25
Interest Rate in %	9.05%	9.01%	9.05%	8.19%	9.05%	8.35%
Interest on Long Term Loan	50.42	48.78	60.93	53.31	60.93	54.80

Commission's Analysis and Ruling

3.6.7 The Commission has considered the normative opening loan balance for FY 2019-20 as approved closing balance of loan of FY 2018-19 in MYT Order in Case No. 297 of 2019. The normative opening loan balance for FY 2020-21 is considered same as approved closing balance of loan of FY 2019-20 in this Order. The normative opening loan balance for FY 2021-22 is considered same as approved closing balance of loan of FY 2020-21 in this Order. The loan additions are considered equivalent to 70% of the approved capitalization for FY 2019-20, FY 2020-21 and FY 2021-22.

3.6.8 The repayments are considered equal to depreciation allowed during the year. The weighted average interest rate is to be worked out as per proviso of Regulation 29.5 of MERC MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 30.5 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22). Same is quoted as follows:

“Provided that at the time of Truing-up, the weighted average rate of interest computed on the basis of the actual loan portfolio during the concerned year shall be considered as the rate of interest”

3.6.9 AEML-T provided the details of the interest paid during the year, the opening balance and the closing balance for loans for FY 2019-20, FY 2020-21 and FY 2021-22. The Commission has examined the calculation of the weighted average rate of interest submitted by AEML-T and found the calculations of the weighted average interest rate to be appropriate. Accordingly, the Commission has considered 9.01%, 8.19% and 8.35% as the weighted average interest rates for actual loan portfolio for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

3.6.10 The interest expense on loan capital as approved by the Commission is shown in the Table below.

Table 34: Interest on Loan Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Opening Balance of Net Normative Loan	472.15	472.15	472.15	642.11	610.18	598.33	704.32	691.69	662.70
Less: Reduction of Normative Loan due to retirement or replacement of assets	0.07	0.07	0.07	-	0.04	0.04	-	0.09	0.09
Addition of Normative Loan due to capitalisation during the year	244.53	209.11	196.91	155.30	169.88	151.37	37.48	27.09	21.06
Repayment of Normative loan during the year	74.50	71.02	70.66	93.10	88.33	86.97	99.60	97.88	95.63
Closing Balance of Net Normative Loan	642.11	610.18	598.33	704.32	691.69	662.70	642.20	620.81	588.04
Average Balance of Net Normative Loan	557.13	541.16	535.24	673.22	650.93	630.51	673.26	656.25	625.37
Weighted average Rate of Interest on actual Loans (%)	9.05%	9.01%	9.01%	9.05%	8.19%	8.19%	9.05%	8.35%	8.35%
Total Interest Expense	50.42	48.78	48.25	60.93	53.31	51.66	60.93	54.80	52.19

3.6.11 **The Commission approves Interest on Loan Capital of Rs. 48.25 Crore, Rs. 51.66 Crore and Rs. 52.19 Crore for FY 2019-20, FY 2020-21 and FY 2021-22, respectively.**

3.7 Refinancing of Loans and Refinancing Charges

AEML-T's Submission

For FY 2019-20:

3.7.1 As submitted in the MYT Petition in Case No. 298 of 2019, AEML took over Mumbai Generation, Transmission and Distribution business of RInfra in FY 2018-19 and, in the process, took over the liabilities pertaining to regulated business. For this purpose, term loans of Rs. 8,500 Crore were drawn from Indian

banks and financial institutions in FY 2018-19. The said term loans are Rupee Term Loans (RTLs) used for the purpose of financing the transaction for takeover of regulated businesses from RInfra. In addition AEML had raised loans from banks/ financial institutions in FY 2018-19 and in FY 2019-20 for funding new capex after takeover of business from RInfra. These loans are called the new capex loans for FY 2018-19 and FY 2019-20 respectively.

3.7.2 AEML-T submits that during FY 2019-20, RTL from Yes Bank Ltd. has been replaced with RTL from ICICI Bank, Bank of Baroda and Union Bank of India as per the requirement of Yes Bank Ltd. The closing balance of RTL at the time of refinancing in February 2020 as submitted by AEML-T is as under:

Table 35: Rupee Term Loans (RTL) Balance in February 2020, as submitted by AEML-T (Rs. Crore)

Particulars	Opening RTL for FY 2019-20	Addition in loans	Repayment of loans	Replacement of loans	RTL as in Feb 2020
State Bank of India (SBI)	2,910.00	0	67.57	0.0	2,842.43
Yes Bank Limited (YBL)	1,988.50	0	4.67	1,983.83	0.00
Bank of India (BOI)	1,939.70	0	45.00	0	1,894.71
ICICI Bank Limited (ICICI)	727.50	499.61	24.66	0	1,202.45
HDFC Bank Limited (HDFC)	196.00	0	6.50	0	189.50
Bank of Baroda (BOB)	485.00	999.23	33.67	0	1,450.55
Union Bank of India (UBI)	0	485.00	11.25	0	473.75
Total	8,246.70	1,983.83	193.32	1,983.83	8,053.38

3.7.3 AEML-T also submitted that the balance of the RTL worth Rs. 8,053.38 Crore from banks/ financial institutions have been refinanced through Bonds and shareholder affiliated debt.

3.7.4 AEML-T also submitted that during FY 2019-20, the new capex loans of FY 2018-19 from Yes Bank Ltd as shown above has been replaced with new capex loan from State Bank of India as per the requirement of Yes Bank Ltd. Further, AEML has drawn more new capex loans from banks/ financial institutions for funding of new capex in FY 2019-20. These new capex loans were also refinanced through Bonds and shareholder affiliated debt. The closing balance of new capex loans at the time of refinancing in February 2020 was as under:

Table 36: New Capex Loans as on February 2020, as submitted by AEML-T (Rs. Crore)

Particulars	Opening New Capex Loans for FY 2019-20	Addition in Loans	Repayment of Loans	Replacement of Loans*	New Capex Loan as in Feb 2020
Yes Bank Limited (YBL)	35.66	155.14	0	190.79	0.00
State Bank of India (SBI)	44.13	317.93	7.60	0	354.46

Particulars	Opening New Capex Loans for FY 2019-20	Addition in Loans	Repayment of Loans	Replacement of Loans*	New Capex Loan as in Feb 2020
Aditya Birla Finance Ltd. (ABFL)		250.00	0	0	250.00
Axis Bank Limited (AXIS)		200.00	0	0	200.00
Total	79.78	923.06	7.60	190.79	804.46

*Entire loan from YBL of Rs. 190.79 Crore has been replaced by new capex loan from SBI. The loan addition of Rs. 317.93 Crore against SBI includes Rs. 190.79 Crore.

3.7.5 AEML-T has submitted that out of the Rs. 200 Crore Axis bank loan availed in FY 2019-20, Rs. 84.14 Crore has not been utilized for capex. This amount was kept in Fixed Deposit (“FD”) till February 2020, till the time the entire Rupee Term loans and new capex loans availed from Indian banks were refinanced with Bond and Sub-debt. The FD was subsequently terminated and the funds were utilized for revenue expenses – towards power purchase and various vendor payments related to R&M and services. This clearly demonstrates the use of funds towards working capital and accordingly AEML-T has considered the corresponding interest cost towards actual interest on working capital.

3.7.6 Pursuant to the acquisition of 25.1% stake in AEML by Qatar Holding LLC in February 2020, AEML submits that it raised shareholder affiliated debt of \$282 million (Rs. 2009.64 Crore) from Qatar Holding LLC in February 2020. Further, AEML also raised \$ 1000 million (Rs. 7124.58 Crore) senior secured notes (Bonds) from international market. Thus, the Rupee Term Loans and new capex loans (for FY 2018-19 and FY 2019-20) availed from Indian banks/institutions have been refinanced through Bonds and subordinate affiliated debt in February 2020, as seen from table below:

Table 37: Refinancing of Loans in FY 2019-20, as submitted by AEML-T

Particulars	USD Million	Rs. Crore
Bond	1,000	7,124.58
Sub Debt	282	2,009.64
Total inflow in February 2020	1,282	9,134.22
RTL balance in February 2020		8,053.38
New Capex loan balance in February 2020 (new capex loans taken during FY 18-19 and FY 19-20)		804.46
Total		8,857.84
Surplus after Refinance		276.38

3.7.7 Further as submitted above, out of the Rs. 200 Crore Axis bank loan availed in FY 2019-20, Rs. 84.14 Crore has not been utilized for capex. Since the entire loan amount of Rs. 200 Cr was refinanced through bond/ sub-debt, the surplus amount

after refinancing is Rs. 360.52 Crore (Rs. 276.38 Crore + Rs. 84.14 Crore). It is submitted that Bonds raised from international market were towards meeting the obligation of liability related to fixed assets as well as for general corporate purpose. The Sub-debt availed from Qatar Holding LLC was specifically for meeting the liability related to fixed assets. Hence, the surplus remaining as shown above after refinancing has been considered to be utilized as working capital in the business.

- 3.7.8 AEML-T has submitted that the interest rates of RTL and new capex loans at the time of refinancing in February 2020 was 9.19%, whereas the Bonds and shareholder affiliated debt have been raised at much lower rate of interest at 8.25%.

Table 38: Interest Rates for Bond and Sub-Debt for FY 2019-20

Particulars	Interest Rate with Withholding Tax	Hedge Premium	Total
Bond	4.50%	3.90%	8.40%
Sub-Debt	6.85%	0.91%	7.76%
Weighted average			8.25%

- 3.7.9 Regulation 29.10 of the MERC (MYT) Regulations, 2015 provides the mechanism for computation of gains associated with savings in interest cost in case of refinancing of loans and further sharing of the same with the beneficiaries. The relevant extract of the Regulations is quoted as follows:

"29.10 The Generating Company or the Licensee or MSLDC, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event, the costs associated with such Re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and them in the ratio of 2:1, subject to prudence check by the Commission:

Provided that the Generating Company or the Licensee or the MSLDC, as the case may be, shall submit documentary evidence of the costs associated with such re-financing:

Provided further that the net savings in interest shall be calculated as an annuity for the term of the loan, and the annual net savings shall be shared between the entity and Beneficiaries in the specified ratio."

- 3.7.10 AEML-T further submitted that AEML has incurred various charges such as lead manager fees, legal fees, professional fees, rating fees, commitment fees etc. for raising Bonds and shareholder affiliated debt in FY 2019-20 as under. AEML has also incurred prepayment charges for early repayment of RTL and new capex loans in FY 2019-20. These charges can be termed as the charges incurred for refinancing of RTL and new capex loans with Bonds and shareholder affiliated

debt. There were certain fees related to Bonds which were paid in FY 2020-21. AEML has considered these charges as part of refinancing charges as well. The details of the refinancing charges for FY 2019-20 incurred by AEML-T are given in the table below:

Table 39: Refinancing Charges for FY 2019-20, as submitted by AEML-T

Particulars	Rs. Crore
Bond Fees	
Lead Manager Fees	41.36
Legal Fees	14.96
Professional Fees	1.61
Rating Fees	22.55
Sub-total - Bond Fees	80.49
Sub Debt Fees	
Commitment fees	7.52
Prof & Legal Fees	31.51
Sub-total - Sub-Debt Fees	39.03
Prepayment charges for early repayment of RTL and new capex loans	28.90
Bond Fees paid in FY 2020-21	5.72
Total	154.13

3.7.11 AEML-T also submitted that the Bond surplus after refinancing has been used as working capital in the business. Hence a part of the refinancing charges incurred for Bonds (derived on proportion basis) has been apportioned as finance charges for working capital loan. AEML-T submits that out of the Rs. 154.13 Crore of refinancing charges, only Rs. 150.06 Crore is considered in the Petition, the balance of Rs. 4.07 Crore is considered as financing charges for working capital since a part of the funds were utilised for working capital.

3.7.12 AEML-T in its Petition has allocated the refinancing charges to different divisions of the regulated business, by considering the closing regulatory loans for FY 2019-20 for different businesses, as shown in table below:

Table 40: Segregation of Refinancing Charges among AEML-G, AEML-T and AEML-D, as submitted by AEML-T (Rs. Crore)

Particulars	Total Refinancing Charges*	Total Refinancing Charges proportionate to Regulatory Loans#	Refinancing Charges for AEML-G#	Refinancing Charges for AEML-T#	Refinancing Charges for AEML-D (Wires)#	Refinancing Charges for AEML-D (Supply)#
Loan amounts	8857.84	2046.74	173.61	415.86	1395.50	61.76
Refinancing charges for FY 2019-20	150.06	34.67	2.94	7.05	23.64	1.05

*Loan amount corresponding to total refinancing charges are the RTLs (Rs. 8,053.42 Crore) and new capex loans (Rs. 804.46 Crore), totalling Rs. 8,857.88 Crore as in February 2020.

#Loan amount corresponding to apportioned refinancing charges are the regulatory loans on the date of refinance (12.02.2020)

3.7.13 The Summary of Refinancing Charges as claimed by AEML-T submitted in response to the datagaps is as per the below table:

Table 41 : Summary of Refinancing Charges in FY 2019-20, as submitted by AEML-T (Rs. Crore)

Refinancing Charges	Total Cost	Allocated as per Regulatory Loan	AEML -G	AEML -T	AEML -DW	AEML -DS
Sub Debt - Upfront Fees	39.03	9.02	0.76	1.83	6.15	0.27
Prepayment Charges	28.90	6.68	0.57	1.36	4.55	0.20
Bond - Upfront Fees	76.42	17.66	1.50	3.59	12.04	0.53
Sub-total	144.34	33.35	2.83	6.77	22.72	1.01

3.7.14 The Refinancing Fees of Rs. 144.34 Crore (Total of Rs. 150.06 Crore – Rs. 5.72 Crore paid in FY 2020-21) applicable for FY 2019-20 is charged in the proportion of the regulatory loans to the actual book loans as on the date of refinancing.

3.7.15 AEML-T has also calculated the present value of interest cost saving pursuant to refinancing of the RTL and the new capex loans along with the share of net savings to AEML-T as per the methodology adopted by the Commission in the MYT Order. The calculations for the Transmission Business is shown in table below:

Table 42 : Net Saving in Interest in FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance of Loan	472.15	401.13	330.11	259.10	188.08	117.06	46.04
Repayment	71.02	71.02	71.02	71.02	71.02	71.02	46.04
Closing Balance of Loan	401.13	330.11	259.10	188.08	117.06	46.04	0.00
Average loan balance	436.64	365.62	294.61	223.59	152.57	81.55	23.02
Interest - Pre refinancing	5.37	33.62	27.09	20.56	14.03	7.50	2.12
Interest - Post refinancing	4.82	30.17	24.31	18.45	12.59	6.73	1.90
Saving in interest	0.55	3.44	2.78	2.11	1.44	0.77	0.22
NPV of saving	9.46						
Refinancing Cost	7.05						
Net saving	2.41						
1/3rd for AEML-T	0.80						

3.7.16 Since the net savings after refinancing works out to be positive, AEML-T has claimed the refinancing charges for FY 2019-20 along with the share of the efficiency gains due to refinancing of loans. AEML-T has claimed the refinancing charges for FY 2019-20 in truing up of FY 2019-20 section and balance refinancing charges in truing up of FY 2020-21 section.

Commission's Analysis and Ruling

For FY 2019-20:

3.7.17 The Commission has noted the submissions of AEML-T. The Regulation 29.10 of the MYT Regulations, 2015 provides the mechanism for computation of gains associated with savings in interest cost in case of refinancing of loans and further sharing of the same with the beneficiaries. The relevant extract is reproduced below:

"29.10 The Generating Company or the Licensee or MSLDC, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event, the costs associated with such Re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and them in the ratio of 2:1, subject to prudence check by the Commission:

Provided that the Generating Company or the Licensee or the MSLDC, as the case may be, shall submit documentary evidence of the costs associated with such refinancing:

Provided further that the net savings in interest shall be calculated as an annuity for the term of the loan, and the annual net savings shall be shared between the entity and Beneficiaries in the specified ratio."

3.7.18 As per the provisions of the Regulation, the cost pertaining to the refinancing of loans will be allowed to be recovered by the Licensee if the refinancing transaction results in net savings. The Commission has examined this transaction considering this aspect.

3.7.19 It is observed that AEML has refinanced the entire outstanding balance of RTL amounting to Rs. 8,053.38 Crore in February 2020 and new capex loans (availed in FY 2018-19 and FY 2019-20) worth Rs. 804.46 Crore and has incurred the refinance cost of Rs 150.06 crore in FY 2019-20. Part of the refinancing cost of Rs. 5.72 Crore has been incurred in FY 2020-21.

3.7.20 The Commission has analysed the refinance arrangements by AEML during FY 2019-20 based on the supporting documents provided by AEML-T. The Commission has reviewed all the invoices for refinancing fees and other supporting documents in connection with the refinancing activity submitted by AEML in support of its claim.

3.7.21 The Commission has verified the supporting calculations and established that the weighted average rate of interest of the RTL and the new capex loans at the time of refinancing in February 2020 was 9.19%, whereas the weighted average rate of interest for the Bonds and the Shareholder Affiliated Debt was at 8.25%.

3.7.22 The Commission has observed that the refinancing charges allocated to the regulated business have been further allocated to the functions based on the function wise regulatory loans as on 12 February, 2020.

3.7.23 Accordingly, the summary of refinancing charges as approved by the Commission is given in the table below:

Table 43 : Summary of Refinancing Charges in FY 2019-20, as approved by the Commission (Rs. Crore)

Refinancing Charges	Total Cost for AEML	Allocated Cost for Regulated Business as per Regulatory Loan	AEML -G	AEML -T	AEML-DW	AEML -DS
Sub Debt - Upfront Fees	38.87	8.98	0.76	1.83	6.12	0.27
Prepayment Charges	28.90	6.68	0.57	1.36	4.55	0.20
Bond - Upfront Fees	76.42	17.66	1.50	3.59	12.04	0.53
Sub-total	144.19	33.32	2.83	6.77	22.72	1.01

3.7.24 For FY 2019-20, the above table reflects the overall Refinancing Charges of Rs. 144.19 Crore allowed by the Commission as against Rs. 144.34 Crore as claimed by AEML.

3.7.25 **The Commission has deducted an amount of Rs. 15,13,300 appearing under “Sub Debt – Upfront Fees” as Professional & Legal fees towards invoice raised by “The Bank of New York Mellon”. This amount has been refunded in the next financial year, i.e., FY 2020-21 and hence the amount has been deducted from the claim by AEML.**

3.7.26 **The overall refinancing charges approved for AEML has been further allocated to the Regulatory business in proportion to the average regulatory loans as on the date of refinance. This amount is then further allocated amongst the Generation, Transmission and Distribution business in the ratio of the Regulatory Loan as on the date of refinance of each regulated business. The Commission accordingly approves the Refinancing Charges for AEML-T of Rs. 6.77 Crore for FY 2019-20.**

3.7.27 The Commission has thereafter recalculated the present value of interest cost saving pursuant to refinancing of the RTL and the new capex loans along with the share of net savings to AEML-T as per the required methodology.

3.7.28 As can be seen from the Table 43 above, the share of AEML-T in the financing cost is Rs. 6.77 Crore which does not include the share of AEML-T in the refinancing cost of Rs. 5.72 Crore which was incurred in FY 2020-21. While this cost is claimed by AEML-T for recovery in FY 2020-21, for the purpose of calculation of the net savings from the refinancing transaction, it is necessary to consider the cost of refinancing for the present transaction as part of the overall refinancing cost irrespective of the period when it was actually incurred.

Accordingly, the revised calculations for deriving the Refinancing Cost to be used for the net saving computation is given in the table below:

Table 44 : Revised Calculations for Refinancing Cost for FY 2019-20 to be used for Net Savings Computation, as approved by the Commission (Rs. Crore)

Refinancing Charges	Total Cost	Allocated as per Regulatory Loan	AEML -G	AEML -T	AEML -DW	AEML -DS
Sub Debt - Upfront Fees	38.87	8.98	0.76	1.83	6.12	0.27
Prepayment Charges	28.90	6.68	0.57	1.36	4.55	0.20
Bond - Upfront Fees	76.42	17.66	1.50	3.59	12.04	0.53
Bond Fees paid in FY 21	5.72	1.32	0.11	0.27	0.90	0.04
Total	149.91	34.64	2.94	7.04	23.62	1.05

3.7.29 The Commission has carried out a Cost-Benefit Analysis of the refinancing transaction and resultant savings in interest cost. The Commission has considered opening normative loan for FY 2019-20 as opening loan and the repayment is considered same as the approved depreciation for FY 2019-20 to compute the closing balance of the loans. The computation has been carried out till the entire existing normative loan is repaid. No additions to the normative loans have been assumed for the purpose of this benefit computation as any new capitalisation proposed by the Licensee during this period will be funded through separate loans to be approved by the Commission. The year wise savings in interest cost has been worked out as a difference between the interest payable considering the existing interest rate of 9.19% and that payable considering the revised interest rate of 8.25%. The saving for FY 2019-20 is considered pro-rata to number of days for which revised rate on loan was applicable and for remaining years, it is considered for full financial year.

3.7.30 To compute the net savings from the transaction, net present value of the year wise savings is worked out using a discounting rate of 8.25%. This net present value is then compared with the cost of refinancing incurred by AEML-T and eligible for recovery through the ARR and the difference between the two is deemed to be the net savings from the transactions and which is to be shared between the TSUs and AEML-T in the ratio specified in the MYT Regulations, 2015. The cost of refinancing eligible for recovery from the ARR is allowed for recovery over and above the share of benefit of AEML-T to be recovered through the ARR.

3.7.31 Accordingly, the net savings computation undertaken by the Commission for AEML-T is shown in table below:

Table 45 : Refinancing Cost and Sharing of Net Saving for FY 2019-20, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance of Loan	472.15	401.13	330.11	259.10	188.08	117.06	46.04
Repayment	71.02	71.02	71.02	71.02	71.02	71.02	46.04
Closing Balance of Loan	401.13	330.11	259.10	188.08	117.06	46.04	0.00
Average loan balance	436.64	365.62	294.61	223.59	152.57	81.55	23.02
Interest - Pre refinancing (@ 9.19%)	5.37	33.62	27.09	20.56	14.03	7.50	2.12
Interest - Post refinancing (@ 8.25%)	4.82	30.17	24.31	18.45	12.59	6.73	1.90
Saving in interest	0.55	3.44	2.78	2.11	1.44	0.77	0.22
NPV of saving @ 8.25%	9.46						
Refinancing Cost	7.04						
Net saving	2.42						
1/3rd for AEML-T	0.81						

3.7.32 Since the net savings after considering the refinancing cost works out to be positive, the Commission has approved recovery of the refinancing charges for FY 2019-20 as given in the table above.

3.7.33 As discussed earlier, the Regulation 29.10 of MYT Regulations, 2015 specifies that any saving in interest cost due to refinancing of loans is to be shared in the ratio of 2:1 between the beneficiaries and AEML-T.

3.7.34 **The Commission approves refinancing cost of Rs. 7.04 Crore (Rs. 6.77 Crore for FY 2019-20 and Rs. 0.27 Crore for FY 2020-21) and sharing of benefits of Rs. 0.81 Crore for FY 2019-20.**

AEML-T's Submission

For FY 2020-21

3.7.35 AEML-T has submitted that as explained in the section on truing up of FY 2019-20, AEML-T has claimed the refinancing charges for FY 2019-20 in truing up of FY 2019-20 section and balance refinancing charges in truing up of FY 2020-21 section. The refinancing charges claimed in FY 2020-21 are as under:

Table 46: Refinancing Charges for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	Total	Refinancing Charges for AEML-G	Refinancing Charges for AEML-T	Refinancing Charges for AEML-D (Wires)	Refinancing Charges for AEML-D (Supply)
Refinancing charges	1.31	0.11	0.27	0.89	0.04

Commission's Analysis and Ruling

For FY 2020-21

3.7.36 Based on the detailed calculations and supporting documents provided by AEML-T, the Commission understands that the Refinancing Charges for FY 2020-21 are pertaining to Bond fees paid in FY 2020-21. The overall Bond Fees paid in FY 2020-21 was Rs. 5.72 Crore for the entire refinanced loan portfolio and AEML-T has apportioned an amount of Rs. 1.31 Crore toward the Regulatory Loan. This amount is further shared between the 3 regulated businesses of AEML in the ratio of the Regulatory loans.

3.7.37 The Commission approves Refinancing Charges of Rs. 0.27 Crore for AEML-T for FY 2020-21 as submitted by AEML-T.

AEML-T's Submission

For FY 2021-22

3.7.38 AEML-T has submitted that in FY 2021-22, AEML raised loan of USD 300 million (Rs. 2,231.98 Crore) through Sustainability Linked Bonds (also known as Global Medium Term Notes – GMTN), out of which \$ 175 million was for repayment of the loans raised through ECB and the rest was for funding the new capital expenditure in FY 2021-22.

3.7.39 AEML-T also submitted that the total interest rate of ECB is 9.11% and that for GMTN is 8.65%. Also, the ECB facility had a floating interest rate which was linked to LIBOR rate which has seen significant increase during FY 2021-22 and FY 2022-23, as compared to the coupon rate of GMTN. Hence it was beneficial to refinance the ECB loans with funds raised through GMTN.

3.7.40 AEML-T submitted that for raising GMTN funds of USD 300 million, AEML has incurred various charges such as lead manager fees, rating fees, legal charges etc. amounting to Rs. 29.92 Crore. Since out of \$ 300 million, \$ 175 million was for refinancing the ECB loan and the rest was for new capex purpose, AEML has bifurcated the fees associated with GMTN towards refinancing and new capex, as shown in table below:

Table 47: Bifurcation of GMTN Fees between New Capex and Refinance, as submitted by AEML-T

Particulars	Rs. Crore
GMTN Fees – Total	29.92
GMTN Fees - towards New Capex (USD 125 million)	12.47
GMTN Fees - towards Refinancing (USD 175 million)	17.45

3.7.41 AEML-T has further segregated the GMTN Fees toward refinancing in the ratio of regulatory loans (as on the date of refinance) among the different business segments as shown in table below:

Table 48: Refinancing Charges for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	Total Refinancing Charges	AEML-G	AEML-T	AEML-D (Wires)	AEML-D (Supply)
Regulatory Loan	2,878.60	156.39	660.01	2,056.22	5.99
Refinancing Charges for FY 2021-22	17.45	0.95	4.00	12.47	0.04

3.7.42 Further, AEML-T has calculated the present value of interest cost saving pursuant to refinancing of the ECB along with the share of net savings to AEML-T as per the methodology laid out in MYT Order dated 30 March, 2020 in Case No. 297 of 2019 and as shown in below table. AEML-T submits that since the net savings after refinancing works out to be positive, AEML-T has claimed the refinancing charges for FY 2021-22.

Table 49: Net Saving in Interest Cost in FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Balance of Loan	691.69	593.81	495.93	398.05	300.18	202.30	104.42	6.55
Repayment	97.88	97.88	97.88	97.88	97.88	97.88	97.88	6.55
Closing Balance of Loan	593.81	495.93	398.05	300.18	202.30	104.42	6.55	0.00
Average loan balance	642.75	544.87	446.99	349.12	251.24	153.36	55.48	3.27
Interest - Pre refinancing (@ 9.11%)	39.80	49.66	40.74	31.82	22.90	13.98	5.06	0.30
Interest - Post refinancing (@ 8.65%)	37.78	47.14	38.67	30.20	21.73	13.27	4.80	0.28
Saving in interest	2.02	2.52	2.07	1.62	1.16	0.71	0.26	0.02
NPV of saving @ 8.65%	8.82							
Refinancing Cost	4.00							
Net saving	4.82							
1/3rd for AEML-T	1.61							

Commission's Analysis and Ruling

For FY 2021-22:

3.7.43 The Commission has reviewed the detailed calculations and supporting documents including invoices, submitted by AEML-T in regard to refinancing of the ECB by GMTN.

3.7.44 The entire Refinancing Charges mentioned in Table 48 are verified and approved by the Commission. The entire amount pertaining to GMTN is approved since it

has been used to refinance the ECB which was availed for funding new capex only as submitted by AEML. However, it is observed that AEML-T has considered one more expense item "ECB Commitment Fees" under "Financing Charges for FY 2021-22" and it pertains to charges paid by AEML-T for early closure of the ECB facility. The Commission is of the view that this expense needs to be re-categorised under Refinancing Charges since this expense is incidental to the refinancing of the ECB with lower rate debt alternative. In absence of the Refinancing activity, such charge would not have been incurred by AEML. The refinancing charges have been allocated between the functions in proportion to the function-wise regulatory loans as on the date of refinancing. Accordingly, the revised Refinancing Charges approved by the Commission is given in the table below:

Table 50: Revised Refinancing Charges for FY 2021-22, as approved by the Commission (Rs. Crore)

Refinancing Charges	Total Cost	Allocated as per Regulatory Loan	AEML-G	AEML-T	AEML-DW	AEML-DS
ECB Commitment Fees	3.91	3.91	0.21	0.90	2.79	0.01
GMTN Fees for Refinancing ECB	17.45	17.45	0.95	4.00	12.47	0.04
Total Refinancing Charges	21.36	21.36	1.16	4.90	15.26	0.04

3.7.45 The Commission has further re-calculated the present value of interest cost saving pursuant to refinancing of the ECB along with the share of net savings to AEML-T as per the methodology laid out in MYT Order dated 30 March, 2020 in Case No. 297 of 2019 and as elaborated in the relevant sections of this Order. The Commission confirms that since the net savings after revised refinancing costs works out to be positive, the Commission approves the refinancing charges for FY 2021-22 as per the table below:

Table 51: Revised Net Saving in Interest Cost in FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Balance of Loan	691.69	593.81	495.93	398.05	300.18	202.30	104.42	6.55
Repayment	97.88	97.88	97.88	97.88	97.88	97.88	97.88	6.55
Closing Balance of Loan	593.81	495.93	398.05	300.18	202.30	104.42	6.55	0.00
Average loan balance	642.75	544.87	446.99	349.12	251.24	153.36	55.48	3.27
Interest - Pre refinancing (@ 9.11%)	39.80	49.66	40.74	31.82	22.90	13.98	5.06	0.30
Interest - Post refinancing (@ 8.65%)	37.78	47.14	38.67	30.20	21.73	13.27	4.80	0.28
Saving in interest	2.02	2.52	2.07	1.62	1.16	0.71	0.26	0.02
NPV of saving @ 8.65%	8.82							
Refinancing Cost	4.90							
Net saving	3.93							
1/3rd for AEML-T	1.31							

3.7.46 Based on the above revised calculations and explanations, the Commission approves the refinancing charges of Rs. 4.90 Crore and sharing of benefits of Rs. 1.31 Crore for FY 2021-22.

3.8 Financing Charges and Other Related Charges

AEML-T's Submission

For FY 2019-20

- 3.8.1 As elaborated in the section of Interest on Loan, AEML has submitted that it had raised loans from banks/ financial institutions in FY 2018-19 for funding new capex after takeover of business from RInfra. In FY 2019-20, AEML further availed new loans for funding the new capex in FY 2019-20. The financing charges for new capex loans from banks/ financial institutions have been segregated among different business divisions of AEML in the ratio of the capitalization of different businesses in FY 2019-20.
- 3.8.2 AEML-T further submits that in February 2020, AEML raised USD 70 million (Rs. 503.44 Crore) for new capex purposes through External Commercial Borrowing (ECB) route. The ECB facility limit of USD 400 million is exclusively for regulated capex with a minimum average maturity of 36 months. The drawdown will be as per capex requirement of the company. In FY 2019-20, USD 70 Million of ECB had been drawn. The rate of interest of all new capex loans from banks/ financial institutions in February 2020 was 9.19%, whereas the rate of interest for ECB facility was much lower at 8.06%.

Table 52 : Rate of Interest for ECB for FY 2019-20, as submitted by AEML-T

Particulars	Interest Rate with Withholding Tax	Hedge Premium	Total
External Commercial Borrowing	4.45%	3.60%	8.06%

- 3.8.3 AEML submits that it incurred commitment fees, arrangement fees, legal fees etc. for raising funds through ECB. These charges have been segregated amongst different business divisions of AEML in the ratio of average regulatory loans of different businesses in FY 2019-20. Further, AEML submits that it has incurred forex loss of Rs. 0.20 Crore on the payment of such financing charges for ECB, Bond and Sub-debt. The same has also been claimed in the ratio of average regulatory loans of all divisions in FY 2019-20. Further, AEML-T has incurred certain bank charges in FY 2019-20 which correspond to the entire loan portfolio. AEML has claimed these bank charges in proportion to the regulatory loan of different divisions of AEML. The summary of the Financing Charges for long term loans for FY 2019-20 is detailed in the below table.

Table 53: Summary of Financing Charges for Long Term Loans for FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
New Capex Loans	6.47	6.47	0.47	1.45	4.37	0.18
Upfront Fees for ECB	30.04	30.04	2.20	6.74	20.27	0.83
Forex Loss / (Gains)	0.20	0.20	0.01	0.04	0.13	0.01
Bank Charges	13.92	3.79*	0.28	0.85	2.56	0.10
Total Financing Charges for Long Term Loans	50.63	40.51	2.97	9.09	27.33	1.11

*Claimed bank charges in proportion to the average regulatory loan of AEML for FY 2019-20

3.8.4 Further, AEML-T has submitted that AEML raised working capital loans from banks / financial institutions for meeting the day-to-day cash requirements. AEML has also incurred LC and BG commission for payment to vendors through LC/BG for materials related to capex / opex. AEML-T also submitted that the bond surplus after refinancing has been considered to be utilized as working capital in the business. Hence, a part of the refinancing charges incurred for Bonds (derived on proportionate basis) has been claimed in the finance charges for working capital loans. All these financing charges corresponding to financing of working capital requirements have been segregated among different regulated divisions in the ratio of normative working capital requirement of the different divisions of AEML (except for LC/BG charges which have been claimed at actuals for each business segment).

Table 54: Summary of Financing Charges for Working Capital Loans for FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
Working Capital	2.96	2.96	0.81	0.27	1.37	0.51
LC & BG COMM	3.60	3.60	0.33	0.00	3.27	0.00
Bond - Upfront Fees	4.07	4.07	1.12	0.37	1.88	0.71
Total Financing Charges for Working Capital Loans	10.64	10.64	2.26	0.63	6.52	1.22

3.8.5 The total Financing Charges as claimed by AEML-T for FY 2019-20 is as below:

Table 55: Total Financing Charges for FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
On Long Term Loans	50.63	40.51	2.97	9.09	27.33	1.11
On Working Capital Loans	10.64	10.64	2.26	0.63	6.52	1.22
Total Financing Charges	61.27	51.14	5.23	9.72	33.86	2.33

3.8.6 Based on the above, AEML-T has claimed Rs. 9.72 Crore towards Financing Charges for FY 2019-20.

Commission's Analysis and Ruling

For FY 2019-20

3.8.7 The Commission has reviewed and analysed the various expenses claimed under Financing Charges for FY 2019-20 by AEML-T based on the supporting documents, invoices and summary of each expense head claimed under Financing Charges as provided by AEML-T.

3.8.8 The Commission has found the below mentioned inconsistencies and issues with the allocation of charges to the regulated business of AEML and accordingly has disallowed certain portion of the financing expenses as discussed in the subsequent paragraphs.

3.8.8.1 Financing Charges for New Capex Loans: Rs. 6.47 Crore (Table 53: Financing Charges for Long Term Loan)

AEML-T has submitted that this amount is towards the down selling of the Yes Bank loan (this was a new capex loan of FY 2018-19 availed from Yes Bank Ltd) to SBI as per the requirement of Yes Bank Ltd. The Commission notes that that the financing charges on this Yes Bank loan was already allowed to be recovered through the ARR in FY 2018-19 and accordingly, allowing recovery of these financing charges on the same loan through the ARR in FY 2019-20 would be inappropriate and unfair to the Consumers. Hence, an entire amount of Rs. 6.47 Crore pertaining to financing charges on new capex loans in FY 2019-20 is disallowed.

3.8.8.2 Financing Charges for ECB – Upfront Fees: Rs. 30.04 Crore (Table 53: Financing Charges for Long Term Loan)

The Commission has observed that this upfront fee is towards availing the ECB facility limit of USD 400 million exclusively for regulated capex with a minimum average maturity of 36 months. The Commission also notes that in FY 2019-20, USD 70 Million of ECB had been drawn. The ECB drawn amount is

equivalent to 17.5% of the total limit available for AEML-T. AEML has incurred commitment fees, arrangement fees, legal fees etc. for raising funds through ECB for total limit of USD 400 million and claiming the same in toto against the drawl of only 17.5% may not be a prudent practise. Also, additional finance charges have been incurred in FY 2020-21 of Rs. 18.08 Crore by further raising USD 105 million. Hence, the Commission is allowing the Finance charges only till the limit of actual amount drawn i.e. 17.5% of the Rs. 30.04 Crore as claimed by AEML-T, which amounts to Rs. 5.26 Crore, and the same is considered for apportionment towards the Generation, the Transmission & the Distribution businesses of AEML for FY 2019-20. Accordingly, the Commission has allocated the upfront fee paid towards the ECB borrowings for the regulated business and for AEML-T the effective amount is Rs. 1.18 Crore.

3.8.8.3 Forex Loss / (Gains): Rs. 0.20 Crore (Table 53: Financing Charges for Long Term Loan)

AEML-T has submitted that this expense was towards payment of finance charges for ECB, Bond and Sub-Debt. The Commission notes that the refinancing charges towards ECB, Bond and Sub-Debt were allowed by the Commission only to the extent of the proportion of the regulatory loans in the overall actual loan portfolio of AEML. Hence, similar treatment needs to be considered for Forex Loss / (Gains). Therefore, the Commission has allowed Rs. 0.04 Crore, which is allocated on the basis of the ratio of regulatory loan to the overall refinanced loan. The Commission has therefore disallowed Rs. 0.16 Crore and allowed only Rs. 0.04 Crore which is further allocated to the functions of AEML in the ratio of the regulatory loans. The share of AEML-T in these charges is Rs. 0.01 Crore.

3.8.8.4 Bank Charges: Rs. 13.92 Crore (Table 53: Financing Charges for Long Term Loan)

AEML-T submits that out of the Rs. 13.92 Crore, an amount of Rs. 11.97 Crore was expense was towards payment of bank charges levied by the banks that replaced the Yes Bank loan as per the requirement of the Yes Bank. As discussed earlier, the down selling charges charged by Yes Bank for loan replacement has already been disallowed by the Commission. The Commission has therefore also disallowed Rs. 11.97 Crore which pertain to financing charges paid to banks who have replaced the Yes Bank Loans. Only Rs. 1.94 Crore which pertains to other financing charges is approved and is further apportioned in the ratio of regulatory loans to the overall loan portfolio. This amount works out to Rs. 0.53 Crore which is further allocated to each of the regulated business of AEML in the ratio of their respective regulatory loans, and the share pertaining to AEML-T is Rs. 0.12 Crore.

3.8.8.5 Financing Charges for Working Capital: Rs. 2.96 Crore (Table 54: Financing Charges for Working Capital Loan)

The Commission has reviewed the supporting documents provided by AEML-T in this context and found an issue in recording the details of one of the invoices in its summary calculations. It is found that 2 invoices from SBI towards execution of loan documents had an amount of Rs. 50.15 Lakhs (inclusive of GST) each. However, AEML-T in its submission to the Commission, had inadvertently mentioned the amount of Rs. 59.17 Lakhs (inclusive of GST) for each of the 2 invoices in the summary calculation excel file. Therefore, there was a discrepancy in the summary calculation excel file to the tune of total Rs. 18.05 Lakh. The Commission has therefore disallowed Rs. 18.05 Lakhs and allowed only Rs. 2.78 Crore (2.96 - 0.18) which is fully apportioned to regulatory loans. This amount of Rs. 2.78 Crore is further allocated to each of the regulated business of AEML in the ratio of their respective regulatory loans, and the share pertaining to AEML-T is Rs. 0.25 Crore.

3.8.9 Based on the above observations, allowances and disallowances, the Commission approves the Financing Charges for FY 2019-20 as per below table:

Table 56: Summary of Financing Charges for Long Term Loans for FY 2019-20, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
New Capex Loans	6.47	0.00	0.00	0.00	0.00	0.00
Upfront Fees for ECB	5.26	5.26	0.39	1.18	3.55	0.14
Forex Loss / (Gains)	0.20	0.04	0.00	0.01	0.03	0.00
Bank Charges	1.94	0.53	0.04	0.12	0.36	0.01
Total Financing Charges for Long Term Loans	13.87	5.83	0.43	1.31	3.93	0.16

Table 57: Summary of Financing Charges for Long Term Loans for FY 2019-20, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
New Capex Loans	6.47	6.47	1.45	6.47	0.00	0.00
Upfront Fees for ECB	30.04	30.04	6.74	5.26	5.26	1.18
Forex Loss / (Gains)	0.20	0.20	0.04	0.20	0.04	0.01
Bank Charges	13.92	3.79	0.85	1.94	0.53	0.12

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
Total Financing Charges for Long Term Loans	50.63	40.51	9.09	13.87	5.83	1.31

Table 58: Summary of Financing Charges for Working Capital Loans for FY 2019-20, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
Working Capital	2.78	2.78	0.76	0.25	1.29	0.48
LC & BG COMM	3.60	3.60	0.33	0.00	3.27	0.00
Bond - Upfront Fees	4.07	4.07	1.12	0.37	1.88	0.71
Total Financing Charges for Working Capital Loans	10.46	10.46	2.21	0.62	6.44	1.19

Table 59: Summary of Financing Charges for Working Capital Loans for FY 2019-20, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
Working Capital	2.96	2.96	0.27	2.78	2.78	0.25
LC & BG COMM	3.60	3.60	0.00	3.60	3.60	0.00
Bond - Upfront Fees	4.07	4.07	0.37	4.07	4.07	0.37
Total Financing Charges for Working Capital Loans	10.64	10.64	0.63	10.46	10.46	0.62

Table 60: Total Financing Charges for FY 2019-20, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
On Long Term Loans	13.87	5.83	0.43	1.31	3.93	0.16
On Working Capital Loans	10.46	10.46	2.21	0.62	6.44	1.19
Total Financing Charges	24.32	16.28	2.64	1.93	10.37	1.35

Table 61: Summary of Total Financing Charges for FY 2019-20, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
On Long Term Loans	50.63	40.51	9.09	13.87	5.83	1.31
On Working Capital Loans	10.64	10.64	0.63	10.46	10.46	0.62
Total Financing Charges	61.27	51.14	9.72	24.32	16.28	1.93

3.8.10 The Commission therefore approves Rs. 1.93 Crore of Financing Charges for FY 2019-20.

AEML-T's Submission

For FY 2020-21

3.8.11 AEML-T has submitted that in FY 2020-21, AEML has raised further USD 105 million (Rs. 767.53 Crore) through ECB for financing new capex in FY 2020-21. AEML has paid commitment fees and arrangement fees towards ECB and the same has been segregated amongst generation, transmission and distribution in the ratio of average regulatory loans of the three businesses in FY 2020-21.

3.8.12 AEML submits that it has also incurred FERV (loss) on these finance charges incurred in FY 2020-21, amounting Rs. 0.19 Crore. The same has also been segregated amongst generation, transmission and distribution in the ratio of average regulatory loans of the three businesses. In addition, there were other fees (annual fees, agency fees etc.) paid with respect to bond and sub-debt in FY 2020-21. Some of the fees earlier paid was refunded in FY 2020-21. The net amount has been considered in proportion to the regulatory loans and has been segregated among the three businesses in the ratio of average regulatory loan balance for FY 2020-21.

Table 62: Summary of Financing Charges for Long Term Loans for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
ECB Fees	18.08	18.08	1.12	4.26	12.49	0.22
FERV (Finance cost)	0.19	0.19	0.01	0.05	0.13	0.00
Other fees	(0.36)	(0.10)	(0.01)	(0.02)	(0.07)	(0.00)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
Total Financing Charges for Long Term Loans	17.91	18.17	1.12	4.28	12.55	0.22

3.8.13 Further, AEML-T submitted that AEML has raised working capital loans from banks / financial institutions for meeting the day-to-day cash requirements. AEML has also incurred LC and BG commission for payment to vendors through LC/BG for materials related to capex / opex. All these financing charges corresponding to financing of working capital requirements have been segregated among different regulated divisions in the ratio of normative working capital requirement of the different divisions of AEML (except for LC/BG charges which have been claimed at actuals for each business segment). The summary of the financing charges for working capital are given in the table below:

Table 63: Summary of Financing Charges for Working Capital Loans for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
Working Capital	0.28	0.28	0.09	0.03	0.15	0.00
LC & BG Commission	2.70	2.70	0.91	0.00	0.63	1.16
Total Financing Charges for Working Capital Loans	2.98	2.98	1.00	0.03	0.78	1.16

3.8.14 The total Financing Charges as claimed by AEML-T for FY 2020-21 is as below:

Table 64: Total Financing Charges for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
On Long Term Loans	17.91	18.17	1.12	4.28	12.55	0.22
On Working Capital Loans	2.98	2.98	1.00	0.03	0.78	1.16
Total Financing Charges	20.89	21.15	2.12	4.32	13.33	1.38

3.8.15 Based on the above, AEML-T has claimed Rs. 4.32 Crore towards Financing Charges for FY 2020-21.

Commission's Analysis and Ruling

For FY 2020-21

3.8.16 The Commission has reviewed and analysed the various expenses claimed under Financing Charges for FY 2020-21 based on the supporting documents, invoices and summary of each expense head claimed under Financing Charges as provided by AEML-T.

3.8.17 The Commission has found the below mentioned inconsistencies and issues with the allocation of charges to the regulated business of AEML and has accordingly disallowed certain portion of the below mentioned expenses.

3.8.17.1 FERV Finance Cost: Rs. 0.19 Crore (Table 62: Financing Charges on Long Term Loan)

This amount is towards the foreign exchange losses pertaining to financing charges for FY 2020-21. This expense was in relation to entire loan portfolio of foreign currency loans and it needs to be in allowed in the proportion of the regulatory loans to the overall actual loan portfolio of AEML. The Commission has allowed Rs. 0.05 Crore, which is allocated on the basis of the ratio of regulatory loan to the overall loan portfolio. The Commission has therefore disallowed Rs. 0.14 Crore and allowed only Rs. 0.05 Crore which is further allocated to the regulated business of AEML in the ratio of the function wise regulatory loans, and the share pertaining to AEML-T is Rs. 0.01 Crore.

3.8.17.2 Other Fees: Rs. -0.36 Crore (Table 62: Finance Charges for Long Term Loan)

The Commission notes that AEML-T has received a refund of Rs. 15.13 Lakhs from one of the financial advisory service providers who had charged AEML in the previous year (FY 2019-20). This amount has already been adjusted in the section on refinancing charges in the year FY 2019-20. Therefore, the Commission has deducted Rs. 15.13 Lakhs from Other Fees to avoid double counting. The Commission has therefore allowed only Rs. -0.21 Crore which is further allocated to the regulated business of AEML in the ratio of the regulatory loans, and the share pertaining to AEML-T is Rs. -0.01 Crore.

3.8.18 Based on the above observations, allowances and disallowances, the Commission approves the Financing Charges for FY 2020-21 as per below table:

Table 65: Summary of Financing Charges for Long Term Loans for FY 2020-21, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
ECB Fees	18.08	18.08	1.12	4.26	12.49	0.22

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
FERV (Finance cost)	0.19	0.05	0.00	0.01	0.04	0.00
Other fees	(0.21)	(0.6)	(0.00)	(0.01)	(0.04)	(0.00)
Total Financing Charges for Long Term Loans	18.06	18.07	1.11	4.26	12.48	0.22

Table 66: Summary of Financing Charges for Long Term Loans for FY 2020-21, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
ECB Fees	18.08	18.08	4.26	18.08	18.08	4.26
FERV (Finance cost)	0.19	0.19	0.05	0.19	0.05	0.01
Other fees	(0.36)	(0.10)	(0.02)	(0.21)	(0.6)	(0.01)
Total Financing Charges for Long Term Loans	17.91	18.17	4.28	18.06	18.07	4.26

Table 67: Summary of Financing Charges for Working Capital Loans for FY 2020-21, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
Working Capital	0.28	0.28	0.09	0.03	0.15	0.00
LC & BG COMM	2.70	2.70	0.91	0.00	0.63	1.16
Total Financing Charges for Working Capital Loans	2.98	2.98	1.00	0.03	0.78	1.16

Table 68: Summary of Financing Charges for Working Capital Loans for FY 2020-21, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
Working Capital	0.28	0.28	0.03	0.28	0.28	0.03
LC & BG COMM	2.70	2.70	0.00	2.70	2.70	0.00
Total Financing Charges for Working Capital Loans	2.98	2.98	0.03	2.98	2.98	0.03

Table 69: Total Financing Charges for FY 2020-21, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
On Long Term Loans	18.06	18.07	1.11	4.26	12.48	0.22
On Working Capital Loans	2.98	2.98	1.00	0.03	0.78	1.16
Total Financing Charges	21.04	21.05	2.11	4.29	13.27	1.38

Table 70: Summary of Total Financing Charges for FY 2020-21, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
On Long Term Loans	17.91	18.17	4.28	18.06	18.07	4.26
On Working Capital Loans	2.98	2.98	0.03	2.98	2.98	0.03
Total Financing Charges	20.89	21.15	4.32	21.04	21.05	4.29

3.8.19 The Commission therefore approves Rs. 4.29 Crore of Financing Charges for FY 2020-21.

AEML-T's Submission

For FY 2021-22

3.8.20 AEML-T has submitted that in FY 2021-22, AEML has raised USD 300 million loans (Rs. 2,231.98 Crore) through Sustainability Linked Bonds (also known as Global Medium Term Notes – GMTN), out of which USD 175 million was for repayment of the loans raised through ECB and the rest was for funding the new capital expenditure in FY 2021-22. AEML has bifurcated the fees associated with GMTN towards refinancing and new capex, as shown in table below:

Table 71: Bifurcation of GMTN Fees between New Capex and Refinancing for FY 2021-22, as submitted by AEML-T

Particulars	Rs. Crore
GMTN Fees - Total	29.92
GMTN Fees - towards New Capex (USD 125 million)	12.47
GMTN Fees - towards Refinancing (USD 175 million)	17.45

3.8.21 AEML has submitted that it has claimed the GMTN Fees towards new capex in FY 2021-22 in the ratio of capitalization in different businesses in FY 2021-22. Further, AEML has also incurred commitment fees for ECB in FY 2021-22 till the time of refinance. AEML has also incurred FERV (loss) of Rs. 18,088/- on the finance charges in FY 2021-22. These charges have also been claimed in the ratio of average regulatory loans in different businesses in FY 2021-22.

3.8.22 Further, AEML-T has claimed that AEML has incurred Escrow management fees, agency fees etc. in FY 2021-22 amounting to Rs. 5.92 Lakhs. These charges have been claimed in proportion to average regulatory loan for FY 2021-22.

Table 72: Summary of Financing Charges for Long Term Loans for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
GMTN Fees	12.47	12.47	0.66	2.66	9.12	0.03
ECB Commitment Fees	3.91	3.91	0.21	0.83	2.86	0.01
FERV (Finance cost)	0.00	0.00	0.00	0.00	0.00	0.00
Other Fees	0.06	0.06	0.00	0.01	0.04	0.00
Total Financing Charges for Long Term Loans	16.43	16.43	0.87	3.51	12.03	0.03

3.8.23 Further, AEML-T has submitted that AEML has incurred financing charges for arranging working capital from banks / financial institutions in FY 2021-22. AEML has also incurred LC and BG charges in FY 2021-22 for payment to vendors through LC/BG for materials related to capex / opex. The financing charges for arranging working capital have been claimed in the ratio of normative working capital requirement for FY 2021-22 and LC/BG charges have been claimed at actuals for each business segment. The details are provided in the table below:

Table 73: Summary of Financing Charges for Working Capital Loans for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
Working Capital	0.24	0.24	0.08	0.03	0.13	0.00
LC & BG COMM	1.39	1.39	0.00	0.00	1.39	0.00
Total Financing Charges for Working Capital Loans	1.63	1.63	0.08	0.03	1.52	0.00

3.8.24 The total Financing Charges as claimed by AEML-T for FY 2020-21 is as below:

Table 74: Total Financing Charges for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
On Long Term Loans	16.43	16.43	0.87	3.51	12.03	0.03
On Working Capital Loans	1.63	1.63	0.08	0.03	1.52	0.00
Total Financing Charges	18.06	18.06	0.95	3.53	13.54	0.03

3.8.25 Based on the above, AEML-T has claimed Rs. 3.53 Crore towards Financing Charges for FY 2021-22.

Commission's Analysis and Ruling

For FY 2021-22

3.8.26 Based on the submissions by AEML-T's, the Commission has reviewed and analysed the various expenses claimed under Financing Charges for FY 2021-22. AEML-T has also provided the Commission with the supporting documents, invoices and summaries of each expense head claimed under Financing Charges, which the Commission has reviewed.

3.8.27 The Commission has found the below mentioned inconsistencies and issues with the allocation of charges to the regulated business of AEML and has accordingly disallowed certain portion of the below mentioned expenses:

3.8.27.1 ECB commitment fees: Rs. 3.91 Crore (Table 72: Financing charges on Long Term Loan)

This amount was incurred towards the ECB commitment fees in connection with refinancing availed under the GMTN facility. The Commission has already included this fee in the refinancing charges section for FY 2021-22 and therefore deducted Rs. 3.91 Crore under financing charges.

3.8.27.2 FERV (Finance cost): Rs. 0.18 Lakhs (Table 72: Financing charges for Long Term Loan)

The Commission notes that the FERV cost is in relation to the foreign exchange losses incurred towards payment of financing fees. The Commission has allocated this expense on the basis of the ratio of regulatory loan to the overall loan portfolio. This expense is further allocated to each of the regulated business of AEML in the ratio of the regulatory loans, and the share pertaining to AEML-T is arrived at Rs. 0.00 Crore.

3.8.28 Based on the above observations, allowances and disallowances, the Commission approves the Financing Charges for FY 2021-22 as per below table:

Table 75: Summary of Financing Charges for Long Term Loans for FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
GMTN fees	12.47	12.47	0.66	2.66	9.12	0.03
ECB commitment fees	3.91	-	-	-	-	-
FERV (Finance cost)	0.00	0.00	0.00	0.00	0.00	0.00
Other fees	0.06	0.06	0.00	0.01	0.04	0.00
Total Financing Charges for Long Term Loans	16.43	12.53	0.66	2.67	9.17	0.03

Table 76: Summary of Financing Charges for Long Term Loans for FY 2021-22, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
GMTN fees	12.47	12.47	2.66	12.47	12.47	2.66
ECB commitment fees	3.91	3.91	0.83	3.91	0.00	0.00
FERV (Finance cost)	0.00	0.00	0.00	0.00	0.00	0.00
Other fees	0.06	0.06	0.01	0.06	0.06	0.01
Total Financing Charges for Long Term Loans	16.43	16.43	3.51	16.43	12.53	2.67

Table 77: Summary of Financing Charges for Working Capital Loans for FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
Working Capital	0.24	0.24	0.08	0.03	0.13	0.00
LC & BG COMM	1.39	1.39	0.00	0.00	1.39	0.00
Total Financing Charges for Working Capital Loans	1.63	1.63	0.08	0.03	1.52	0.00

Table 78: Summary of Financing Charges for Working Capital Loans for FY 2021-22, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
Working Capital	0.24	0.24	0.03	0.24	0.24	0.03
LC & BG COMM	1.39	1.39	0.00	1.39	1.39	0.00
Total Financing Charges for Working Capital Loans	1.63	1.63	0.03	1.63	1.63	0.03

Table 79: Total Financing Charges for FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-G	AEML-T	AEML-DW	AEML-DS
On Long Term Loans	16.43	12.53	0.66	2.67	9.17	0.03
On Working Capital Loans	1.63	1.63	0.08	0.03	1.52	0.00
Total Financing Charges	18.06	14.15	0.74	2.70	10.68	0.03

Table 80: Summary of Total Financing Charges for FY 2021-22, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T	Total Financing Charges	Charges Proportionate to Regulatory Loans	AEML-T
On Long Term Loans	16.43	16.43	3.51	16.43	12.53	2.67
On Working Capital Loans	1.63	1.63	0.03	1.63	1.63	0.03
Total Financing Charges	18.06	18.06	3.53	18.06	14.15	2.70

3.8.29 The Commission therefore approves Rs. 2.70 Crore of Financing Charges for FY 2021-22.

FERV: AEML-T's Submission

3.8.30 For FY 2019-20, AEML has submitted that it has contracted various hedging products to mitigate the risks of foreign exchange fluctuation. The hedging instruments and tenures as submitted by AEML-T are explained below:

- 3.8.30.1 USD 400 Million of Bond is hedged through 5 year Cross Currency Swap (CCS)– which will be rolled over at the end of 5 years. Through this instrument both principal repayment and interest liability have been hedged.
- 3.8.30.2 USD 300 Million of Bond is hedged through 10 year Principal Only Swap (POS) – which will be maturing at the end of the tenure. Through this instrument, liability of principal repayment has been hedged. Balance Bond of USD 300 Million is hedged through At The Money Forward (ATMF) Option contract for a period of 5 year. Through this instrument, liability of principal repayment has been hedged beyond Rs./\$ conversion rate of Rs. 91.75/\$. Interest liability for USD 600 Million (for Sr. b and Sr. c) is hedged through 5 year Coupon Only Swap (COS), which will be maturing at the end of the tenure.
- 3.8.30.3 USD 70 Million of ECB is hedged through 1 year Cross Currency Swap (CCS) which is being rolled over at the end of the year. Through this instrument both principal repayment and interest liability have been hedged.
- 3.8.30.4 USD 282 Million of Sub-debt is hedged through At The Money Forward (ATMF) Option contract for a period of 5 year. Through this instrument, liability of principal repayment has been hedged beyond Rs./\$ conversion rate of Rs. 91.75/\$.
- 3.8.31 AEML-T has submitted that the principal repayment for USD 300 million Bond and USD 282 million Sub-debt is hedged beyond Rs./USD conversion rate of Rs. 91.75/USD. The FERV loss or gain that will be incurred at the time of repayment of these loans shall be claimed by AEML in future. Further, the FERV (loss) accounted in books of the accounts of FY 2019-20 towards timing difference between the rate/\$ considered for loan conversion and the rate/\$ at the time of finalizing hedging contracts is Rs. 1.04 Crore. The same has been segregated among AEML-G, AEML-T and AEML-D in the ratio of regulatory loans for FY 2019-20.
- 3.8.32 Also, FERV (loss) has been incurred at the time of LC repayment in FY 2019-20, Which pertains to generation division of AEML only. This amounts to Rs. 13.06 Crore. The same has been claimed under FERV for FY 2019-20. Thus, the total FERV claimed for FY 2019-20 are as under:

Table 81 : FERV claimed for AEML-G, AEML-T and AEML-D (Rs. Crore)

Particular	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
FERV (loans)	0.08	0.23	0.70	0.03	1.04
FERV (on LC repayment)	13.06				13.06
Total	13.14	0.23	0.70	0.03	14.10

- 3.8.33 For FY 2021-22, AEML-T submits that in the section on truing up of FY 2019-20 and FY 2020-21, the principal repayment for USD 300 million Bond and USD

282 million Sub-debt is hedged beyond Rs. /\$ conversion rate of Rs. 91.75/\$. The FERV (loss or gain) that will accrue at the time of repayment of loans will be claimed in future by AEML. Further, the FERV (loss) accounted in books of the accounts of FY 2020-21 towards timing difference between the rate/\$ considered for loan conversion and the rate/\$ at the time of finalizing hedging contracts for the funds raised through GMTN is Rs. 0.46 Crore. The same has been claimed in the ratio of average regulatory loans for FY 2021-22. The FERV accrued due to LC repayment (LC used for payment of imported coal) is Rs. 1.19 Crore, which is attributable to AEML-G. These expenses have been claimed under AEML-G. The total FERV claimed is summarized as under:

Table 82: Foreign Exchange Rate Variation claimed on Loans and LC Repayment for FY 2021-22 (Rs. Crore)

Particular	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
FERV (Loans)	0.02	0.10	0.33	0.00	0.46
FERV (on LC Repayment)	1.19				1.19
Total	1.57	0.10	0.33	0.00	2.00

FERV: Commission's Analysis and Ruling

3.8.34 The Commission has noted the information provided for FERV calculations and has approved the same for AEML-T.

3.8.35 With respect to FERV loss of Rs. 1.04 Crore for FY 2019-20 and Rs. 0.46 Crore for FY 2021-22, the same has been incurred for the total loan profile of AEML and it is not prudent to allocate the entire cost to the regulated business alone. Based on the approach as adopted by the Commission for the allocation of refinance charges, the FOREX loss as claimed by AEML will be first allocated proportionately with the total regulatory loan of Generation, Transmission & Distribution businesses with total loan profile and the amount so segregated to total Regulatory loan will be further segregated to Generation, Transmission & Distribution businesses in proportionate to their respective regulatory loan.

3.8.36 Accordingly, the Commission approves the FERV as per below for FY 2019-20 and FY 2021-22

Table 83: Foreign Exchange Rate Variation on Loans for FY 2019-20 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FERV	Allocated to Regulatory account	G	T	D - W	D - S
FY 2019-20	1.04	0.28	0.02	0.06	0.19	0.01
FY 2021-22	0.46	0.13	0.01	0.03	0.09	0.00

Table 84: Summary of Foreign Exchange Rate Variation on Loans for FY 2019-20 and FY 2021-22, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	Claimed by AEML-T			Approved in this Order		
	FERV	Allocated to Regulatory Account	AEML-T	FERV	Allocated to Regulatory Account	AEML-T
FY 2019-20	1.04	1.04	0.23	1.04	0.28	0.06
FY 2021-22	0.46	0.46	0.10	0.46	0.13	0.03

3.8.37 **The Commission approves FERV of Rs. 0.06 Crore and Rs. 0.03 Crore for FY 2019-20 and FY 2021-22 respectively.**

3.9 Interest on Working Capital

AEML-T's Submission

3.9.1 For FY 2019-20, AEML-T has calculated the normative interest on working capital as per first proviso to Regulation 31.2 (a) of the MYT Regulations, 2015. The rate of interest for calculating the normative interest on working capital for FY 2019-20 works out to 9.66%, as shown in table below:

Table 85: Rate of interest on Working Capital for FY 2019-20, as submitted by AEML-T

Date	No of Days	SBI MCLR
01/04/2019	9	8.55%
10/04/2019	30	8.50%
10/05/2019	31	8.45%
10/06/2019	30	8.45%
10/07/2019	31	8.40%
10/08/2019	31	8.25%
10/09/2019	30	8.15%
10/10/2019	31	8.05%
10/11/2019	30	8.00%
10/12/2019	31	7.90%
10/01/2020	31	7.90%
10/02/2020	29	7.85%
10/03/2020	22	7.75%
31/03/2020		
Weighted Average (based on number of days)		8.16%
Add:		1.50%
SBI MCLR+150 BP		9.66%

3.9.2 For FY 2020-21, AEML-T has calculated the normative interest on working capital as per first proviso to Regulation 32.2 (a) of the MYT Regulations, 2019. The rate of interest for calculating the normative interest on working capital for FY 2020-21 works out to 8.57%, as shown in table below:

Table 86: Rate of Interest on Working Capital for FY 2020-21, as submitted by AEML-T

Date	No of Days	SBI MCLR
01/04/2020	9	7.75%
10/04/2020	30	7.40%
10/05/2020	31	7.25%
10/06/2020	30	7.00%
10/07/2020	31	7.00%
10/08/2020	31	7.00%
10/09/2020	30	7.00%
10/10/2020	31	7.00%
10/11/2020	30	7.00%
10/12/2020	31	7.00%
10/01/2021	31	7.00%
10/02/2021	28	7.00%
10/03/2021	22	7.00%
31/03/2021		
Weighted Average (based on number of days)		7.07%
Add:		1.50%
SBI MCLR+150 BP		8.57%

3.9.3 For FY 2021-22, AEML-T has calculated the normative interest on working capital as per first proviso to Regulation 32.2 (a) of the MYT Regulations, 2019. The rate of interest for calculating the normative interest on working capital for FY 2021-22 works out to 8.50%, as shown in table below:

Table 87: Rate of Interest on Working Capital for FY 2021-22, as submitted by AEML-T

Date	No of Days	SBI MCLR
01/04/2021	9	7.00%
10/04/2021	30	7.00%
10/05/2021	31	7.00%
10/06/2021	30	7.00%
10/07/2021	31	7.00%
10/08/2021	31	7.00%
10/09/2021	30	7.00%
10/10/2021	31	7.00%
10/11/2021	30	7.00%
10/12/2021	31	7.00%
10/01/2022	31	7.00%
10/02/2022	28	7.00%
10/03/2022	22	7.00%
31/03/2022		
Weighted Average (based on number of days)		7.00%
Add:		1.50%
SBI MCLR+150 BP		8.50%

3.9.4 Based on the interest rates to be considered from the above tables, the normative interest on working capital for FY 2019-20, FY 2020-21 and FY 2021-22 as calculated and submitted by AEML-T is shown in the below table:

Table 88: Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
One-twelfth of the O&M Expense	5.06	6.23	4.20	5.25	4.31	5.36
Maintenance spares at one percent of the opening GFA for the year	16.15	16.15	19.64	19.13	21.86	21.54
One and half months of the expected revenue from Transmission charges at the prevailing Tariffs	39.80	39.81	39.44	39.45	42.42	42.42
Less: Amount of Security Deposit from Transmission System Users	-	-	-	-	-	-
Total Working Capital Requirement	61.01	62.19	63.28	63.83	68.59	69.32
Interest Rate on Working capital (%)	9.55%	9.66%	9.55%	8.57%	9.55%	8.50%
Interest on Working Capital (IoWC)	5.83	6.01	6.04	5.47	6.55	5.89

Commission's Analysis and Ruling

3.9.5 The Commission has undertaken the computation of working capital in line with the provisions of the MYT Regulations, 2015 and MYT Regulations, 2019. Accordingly, the Commission has considered revised normative O&M expenses as approved in this Order and Revenue as per InSTS Order (net of rebate) for calculation of the normative IoWC.

3.9.6 The MYT Regulations, 2015 (applicable for FY 2019-20) and the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22) stipulates that the rate of IoWC shall be considered on normative basis and shall be equal to the weighted average Base Rate prevailing during the concerned year plus 150 basis points. As per the MYT Regulations, 2019, the Base Rate shall mean the one-year Marginal Cost of Funds-based Lending Rate ('MCLR') as declared by the State Bank of India from time to time. The Commission has examined the computation of the rate of interest on working capital submitted by AEML-T and finds it in order and accordingly, has considered the rate of interest as 9.66%, 8.57% and 8.50% for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

3.9.7 The summary of normative IoWC for FY 2019-20, FY 2020-21 and FY 2021-22 as approved by the Commission is given in the Table below.

Table 89: Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this	MYT Order	MTR Petition	Approved in this	MYT Order	MTR Petition	Approved in this
One-twelfth of the O&M Expense	5.06	6.23	5.11	4.20	5.25	4.34	4.31	5.36	4.53
Maintenance spares at one percent of the opening GFA for the year	16.15	16.15	16.15	19.64	19.13	18.96	21.86	21.54	21.10
One and half months of the expected revenue from Transmission charges at the prevailing Tariffs	39.80	39.81	39.81	39.44	39.45	39.45	42.42	42.42	42.42
Less: Amount of Security Deposit from Transmission System Users	-	-	-	-	-	-	-	-	-
Total Working Capital Requirement	61.01	62.19	61.07	63.28	63.83	62.74	68.59	69.32	68.06
Interest Rate on Working capital (%)	9.55%	9.66%	9.66%	9.55%	8.57%	8.57%	9.55%	8.50%	8.50%
Interest on Working Capital (IoWC)	5.83	6.01	5.90	6.04	5.47	5.38	6.55	5.89	5.78

3.9.8 The Commission approves Normative Interest on Working Capital of Rs. 5.90 Crore, Rs. 5.38 Crore and Rs. 5.78 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

3.10 Sharing of Gains and Losses of IoWC

AEML-T's Submission

3.10.1 For FY 2019-20, FY 2020-21 and FY 2021-22, AEML has incurred actual interest on working capital for the company as a whole. AEML submits that the surplus amount of the Bonds after refinancing the existing loans has been used as working capital in the business. Therefore, a part of the interest paid for Bonds has been allocated to interest on working capital (on proportion basis) for all the three years, as the Bonds have, inter alia. been availed by the Company for general corporate purposes.

3.10.2 AEML submits that for FY 2019-20, FY 2020-21 and FY 2021-22, all the working capital interest has been segregated between generation, transmission and distribution in the ratio of normative working capital requirement. Further, interest incurred for import LC bill discounting is specific to the generation business and hence the same has been included under the actual IoWC incurred for generation business only.

3.10.3 The actual interest on working capital incurred by AEML for respective years and its allocation to its 3 regulated business is as per below:

Table 90: Actual Interest on Working Capital for FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
Interest on surplus from Bonds used for working capital financing	1.12	0.37	1.88	0.71	4.07
Interest on other working capital loans	15.64	4.94	25.34	9.51	55.43
Interest on Import LC bill discounting	1.94	0	0	0	1.94
Total	18.69	5.31	27.22	10.22	61.44

Table 91: Actual Interest on Working Capital for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
Interest on surplus from Bonds used for working capital financing	10.18	3.57	16.95	0	30.71
Interest on other working capital loans	12.19	4.20	19.90	0	36.29
Interest on Import LC bill discounting	3.79	0	0	0	3.79
Total	26.16	7.77	36.86	0	70.78

Table 92: Actual Interest on Working Capital for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
Interest on surplus from Bonds used for working capital financing	10.08	3.63	16.66	0	30.37
Interest on other working capital loans	11.32	4.10	18.80	0	34.22
Interest on Import LC bill discounting	0.17	0	0	0	0.17
Total	21.56	7.73	35.46	0	64.76

- 3.10.4 As per Regulation 31.6 of the MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 32.6 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22), the difference between the normative interest on working capital and the actual interest on working capital shall be considered as efficiency gain / loss and shall be shared between the transmission company and the beneficiaries in the ratio as per the respective Regulations.
- 3.10.5 AEML-T has submitted that requirement of working capital is not always met through loans from banks. Internal accruals are also used for meeting the working capital of the company. The MYT Regulations, 2015 and the MYT Regulations, 2019 do not recognize the contribution of internal accruals to the working capital requirement of the company. Hence the cost of internal accruals is not reflected in the actual interest on working capital, which appears in the books of accounts of the company.
- 3.10.6 Considering the above provision in the MYT Regulations, 2015, the Commission had considered the actual interest on working capital as zero for FY 2016-17 at

the time of truing up of FY 2016-17 in the MTR Order dated 12 September, 2018 in Case No. 201 of 2017. AEML-T has raised this issue in the Appeal against the MTR Order before the Hon'ble APTEL, which is pending for adjudication. The same issue is also part of the Appeal pertaining to FY 2017-18 and FY 2018-19 (Appeal No DFR No. 227 of 2020), against the MYT Order dated 30 March, 2020 in Case No. 297 of 2019 before the Hon'ble APTEL, which is also pending for adjudication. Without prejudice to the contentions raised by AEML-T in the Appeal, AEML-T has considered the actual interest on working capital as appearing in the books of accounts for FY 2019-20, FY 2020-21 and FY 2021-22 and claimed the net entitlement as per the applicable MYT Regulations.

- 3.10.7 As per Regulation 31.6 of the MYT Regulations, 2015 applicable to FY 2019-20, the contribution of Delayed Payment Charges ("DPC") receipt of payment needs to be deducted from the actual interest on working capital before sharing of the efficiency gain or efficiency loss. Thus, as per the above proviso of the MYT Regulations, 2015, the actual interest on working capital for FY 2019-20 will be NIL, as DPC amount is more than the actual Interest.
- 3.10.8 The actual DPC received by AEML-T in FY 2019-20 is Rs. 13.01 Crore, and NIL for FY 2020-21 and FY 2021-22.
- 3.10.9 For FY 2020-21, AEML-T further submitted that AEML's cash flows were severely affected by the Covid-19 pandemic in FY 2020-21. Due to Covid-19 induced lockdown, many organizations closed operations or temporarily halted their activities. While large/ medium size commercial entities operated with very little activity, small commercial entities entirely closed operations, resulting in non-realization of receivable by AEML-D. Further, first few months in FY 2020-21, which were Covid-19 affected, AEML-D was carrying out provisional billing as actual billing was not taking place. This was in accordance with the practice directions given by the Commission at that time. Since the provisional bills were suppressed (meter reading being assessed in accordance with SoP Regulations, 2014), whatever realization was being made by AEML-D was also not reflective of the actual expenditure being incurred. Due to the above reasons, cash flows of all the segments of business, i.e. generation, transmission and distribution were impacted because of which AEML had to avail higher working capital loans in FY 2020-21 to meet the shortfall in revenues. **Hence AEML-T has requested the Commission to allow actual interest on working capital to AEML-T without determining any efficiency loss in interest on working capital, since Covid-19 pandemic was a Force Majeure event.** Accordingly, AEML-T has considered the actual interest on working capital for truing up of FY 2020-21.
- 3.10.10 Basis the above submissions, AEML-T has calculated the Net entitlement in interest on working capital for FY 2019-20, FY 2020-21 and FY 2021-22 as shown in the table below:

Table 93: Net Entitlement in Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Normative IOWC (A)	6.01	5.47	5.89
Actual IOWC	5.31	7.77	7.73
Less: Delayed Payment Charges (DPC)	13.01	-	-
Actual IOWC less DPC (B)	-	7.77	7.73
Efficiency Gain/ (Loss) on IoWC expenses (C = A - B)	6.01		-1.84
Net Entitlement	2.00		6.51

Commission's Analysis and Ruling

3.10.11 The Commission has reviewed the submission by AEML-T regarding the actual interest on working capital incurred for the company as a whole. The Commission has also examined the submissions of AEML regarding the use of the surplus amount of the Bonds after refinancing the existing loans, as working capital in the business. Further, the methodology for allocation of part of the interest on bonds to working capital loans has also been examined along with the available supporting calculations provided by AEML-T. Accordingly, a part of the interest paid for Bonds has been allocated to interest on working capital (on proportionate basis) appropriately for all the three years.

3.10.12 The Commission has reviewed the segregation of the applicable and relevant working capital interest between generation, transmission, and distribution in the ratio of normative working capital requirement. Accordingly, the actual interest on working capital as incurred by AEML-T for FY 2019-20, FY 2020-21 and FY 2021-22 and approved by the Commission is as per the table below:

Table 94: Actual Interest on Working Capital for AEML-T for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Interest on surplus from Bonds used for working capital financing	0.37	3.57	3.63
Interest on other working capital loans	4.94	4.20	4.10
Interest on Import LC bill discounting	0	0	0
Total	5.31	7.77	7.73

3.10.13 The Commission has reviewed the supporting documents of AEML-T and confirms that AEML-T received Delayed Payment Charges of Rs. 13.01 Crore in FY 2019-20 and there has been no such income received in FY 2020-21 and FY 2021-22.

3.10.14 For FY 2020-21, AEML-T has requested the Commission to allow actual interest on working capital to AEML-T without determining any efficiency loss in interest on working capital, since Covid-19 pandemic was a Force Majeure event, and it

impacted the overall cash flows for the business (Generation, Transmission & Distribution) given the business challenges as explained by AEML-T. **The Commission observes that as far as AEML-T is concerned, their cash flow is dependent on the money collected from the STU from all the TSUs in the State and remitted to AEML-T and such other licensees.**

3.10.15 **Further, considering that the STU makes payments to all the Licensees on a proportionate basis, the challenges faced by AEML-T would be same as that faced by other transmission licensees in the State. The Commission has not made any concession for the other transmission licensees in this regard considering the COVID-19 situation in the FY 2020-21. Accordingly, it is not proposed to consider the request of AEML-T in this regard for FY 2020-21 therefore, the Commission has calculated the net entitlement in interest in working capital for FY 2020-21 considering the sharing of efficiency gains / (losses) and approved the same accordingly.**

3.10.16 The Commission has observed that for FY 2019-20, AEML-T has considered contribution of delay in receipt of payment and has deducted it from the actual interest on working capital, before sharing of the efficiency gain or efficiency loss, in accordance with Regulation 31.6 of MYT Regulations, 2015.

3.10.17 For FY 2020-21 and FY 2021-22, the Commission has reviewed the audited financial statements of AEML-T and observes that AEML-T has not received any Delayed Payment Charges during the said years.

3.10.18 Sharing of gain on account of IoWC is approved in this Order as per provisions of Regulation 11 of MYT Regulations, 2015 and Regulation 11 of MYT Regulations, 2019. Relevant extract of the Regulation is reproduced below.

“Two-third of the amount of such gain shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4”

3.10.19 Accordingly, the Commission approves the net entitlement in Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22 as per the below table.

Table 95: Net Entitlement in Interest on Working Capital for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MTR Petition	Approved in this	MTR Petition	Approved in this	MTR Petition	Approved in this Order
Normative IOWC (A)	6.01	5.90	5.47	5.38	5.89	5.78
Actual IOWC	5.31	5.31	7.77	7.77	7.73	7.73
Less: Delayed Payment Charges	13.01	13.01	-	-	-	-
Actual IOWC less DPC (B)	-	-	7.77	7.77	7.73	7.73
Efficiency Gain/ (Loss) on IoWC expenses (C = A - B)	6.01	5.90		-2.39	-1.84	-1.95
Net Entitlement	2.00	1.97		6.18	6.51	6.43

3.10.20 The Commission approves IoWC expenses of Rs. 1.97 Crore, Rs. 6.18 Crore and Rs. 6.43 Crore for FY 2019-20, FY 2020-21 and FY 2021-22, respectively, along with the sharing of efficiency gains on IoWC expenses.

3.11 Return on Equity (RoE)

AEML-T's Submission

3.11.1 AEML-T has submitted that the Return on equity (RoE) for FY 2019-20 has been determined by applying the rate of return as specified in the MYT Regulations, 2015. AEML-T submits that the new loan drawl in AEML-T for FY 19-20 is about 66.83% of total fresh capex. Therefore, the equity portion deployed for capital expenditure is more than 30%, and in accordance with the MYT Regulations, 2015, the same is therefore restricted to 30% for determining RoE. The RoE approved during provisional truing up of FY 2019-20 and as per actuals are shown in **Table 98** below.

3.11.2 For FY 2020-21 and FY 2021-22, AEML-T submits that the MYT Regulations, 2019 provides for allowing RoE in two parts i.e. Base RoE and additional RoE linked to actual performance. The additional RoE is to be allowed at the time of truing up for respective years based on actual performance. In the MYT Order dated 30 March 2020, the Commission had allowed the Base RoE only. For transmission business, the Base RoE is 14% per annum and eligibility for additional RoE is linked to performance parameters of transmission availability. The relevant section of the MYT Regulations, 2019 is reproduced below:

“29.7 In case of Transmission, an additional rate of Return on Equity shall be allowed on Transmission Availability, at time of truing up as per the following schedule:

a) For every 0.50% over-achievement in Transmission Availability up to Transmission Availability of 99.50% for AC System and 96.50% for HVDC bi-pole links and HVDC back-to-back stations, rate of return shall be increased by 0.75%; b) For every 0.25% over-achievement in Transmission Availability above 99.50% for AC System and 96.50% for HVDC bi-pole links and HVDC back-to-back stations, rate of return shall be increased by 0.75%, subject to ceiling of additional rate of Return on Equity of 1.50%;

Provided that the additional rate of Return on Equity shall be allowed on prorata basis for incremental Availability higher than Target Availability:

Provided further that Target Availability for additional rate of Return on Equity shall be as per Regulation 60.”

3.11.3 AEML-T submitted that as per the above Regulation, it is evident that the transmission licensee is eligible for additional 1.5% RoE, if the annual

transmission availability of the licensee is 99.75% or more. The actual annual availability of AEML-T in FY 2020-21 was 99.87% and in FY 2021-22 was 99.69%. Accordingly AEML-T has claimed RoE of 15.5% for FY 2020-21 and 15.32% for FY 2021-22 [(including the additional RoE of 1.32% (1.5% pro-rated based on availability)].

- 3.11.4 AEML-T submits that the MYT Regulations, 2019 provide the following with regard to working out Effective Tax Rate for grossing up RoE for FY 2020-21 and FY 2021-22.

*“34.3 The base 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 of Return on Equity / (1-t),
Where “t” is the effective tax rate*

34.4 The effective tax rate shall be considered on the basis of actual tax paid in respect of financial year in line with the provisions of the relevant Finance Acts by the concerned Generating Company or Licensee or MSLDC, as the case may be:

Provided that, in case of the Generating Company or Licensee or MSLDC has engaged in any other regulated or unregulated Business or Other Business, the actual tax paid on income from any other regulated or unregulated Business or Other Business shall be excluded for the calculation of effective tax rate:

Provided further that effective tax rate shall be estimated for future year based on actual tax paid as per latest available Audited accounts, subject to prudence check.”

- 3.11.5 AEML-T submits that from the second proviso to Regulation 34.4 above, it is clear that the Taxable Income for a Generating Company or Licensee or SLDC is required to be determined in isolation of its any other un-regulated or regulated activity or other business and the effective tax rate be determined from such taxable income accordingly. Therefore, for Companies like AEML, this would mean that the taxable income and hence effective tax rate of transmission segment of AEML, which is AEML-T, is required to be worked out in isolation of its other regulated and non-regulated segments of generation, Distribution (both regulated) and Corporate-treasury (un-regulated).
- 3.11.6 AEML-T submits that in order to determine the Taxable Income (i.e. Profit Before Tax) for AEML-T exactly as per its Regulated business alone, as required by the second proviso to Regulation 34.4 above, the financial effect of other regulated and un-regulated assets and liabilities is also required to be removed so as to reveal the true taxable income as per the financial values obtained from regulatory books alone.
- 3.11.7 The above exercise requires that the elements of P&L such as Depreciation (both book depreciation and tax depreciation) and Interest and Finance cost are considered as per the asset values recognized in the Regulatory books of AEML-

T for FY 2020-21 and FY 2021-22. This will reveal the true Taxable Income of a single Regulated business (i.e. AEML-T, in this case) in isolation of its regulated and non-regulated businesses for FY 2020-21 and FY 2021-22.

3.11.8 AEML-T submits that basis the above explanation, the tax payable by AEML-T for FY 2020-21 and FY 2021-22, considering expenses corresponding to regulatory assets of AEML-T is as under:

Table 96: Income Tax on Standalone Basis for FY 2020-21 and FY 2021-22 (on Regulatory PBT), as submitted by AEML-T (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Income from Transmission charges	315.61	339.36
True up gap/Surplus	11.15	53.05
Non-Tariff Income	6.30	6.11
Total Revenue	333.05	398.52
Operation & maintenance expense	62.98	64.28
Impact of SC Judgment on PF	0.18	0.15
Depreciation	88.33	97.88
Interest on loan	53.31	54.80
Financing charges	4.32	3.53
Refinancing charges	-	4.00
NPV for refinancing	-	1.61
Foreign Exchange Rate Variation	-	0.10
Interest on Working Capital	7.77	7.73
Contribution to Contingency Reserves	4.78	5.38
Early payment incentive to TSUs	0.38	0.42
Total expenses	226.63	239.88
Profit Before Tax	106.42	158.64
Add		
Depreciation considered in Expenses	88.33	97.88
Other disallowance while computing IT	14.99	2.70
Less		
Tax Depreciation	163.13	128.48
Other expenses allowed for computing Income Tax	1.80	0.70
Total Taxable Income	44.83	130.04
Tax Payable at Corporate Tax Rate	17.17	45.45
MAT Computation		
Total Revenue	333.05	398.52
Total Expenses	222.32	239.88
Book Profit	110.74	158.64
Tax Payable under MAT Rate	19.35	27.71

3.11.9 AEML-T has submitted that it is important to note that all the assessment of ARR for AEML-T happens with respect to its regulatory books only i.e., the values of assets, loans, expenses and revenues as recognized and allowed for regulatory purpose. While AEML had up-valued its assets as acquired from RInfra in order to reflect the correct market value of assets as on the date of transaction. However,

the various regulatory expenses allowed to AEML (i.e. depreciation, interest and return) still correspond to regulated value of assets only, which is the historical value. **Hence, the Effective Rate of Income Tax for any given regulated segment of AEML should also be worked out considering the financials as per its regulatory books only, as that will be the correct and fair reflection of its expenses and tax liability, recoverable from its beneficiaries / consumers.**

3.11.10 Further, it is clear from the Hon'ble APTEL judgment in Appeal No. 251 of 2006 that the Regulated business segment should be held in a water-tight compartment, so that other regulated or un-regulated or other business(es) of the Company neither subsidise the regulated business, nor are subsidized by it. The same principle is also enshrined in the MYT Regulations, 2019. AEML has submitted that this principle is the cornerstone for allowance of all cost revenue to a regulated business, including the tax liability. In order to correctly reveal the stand-alone tax liability of the regulated segment, the financial impact of all elements which are otherwise not considered for regulatory purposes is required to be eliminated. AEML-T has submitted that this is also the intent of Regulation 34.4, first proviso and correspondingly AEML-T has followed the same in its Petition.

3.11.11 As seen from the above table submitted by AEML-T, the income tax applicable for AEML-T on a standalone basis, considering the regulated asset base corresponding cost is payable at the MAT Rate for FY 2020-21 and payable at the Corporate tax rate for FY 2021-22. Hence, the MAT rate should be effective rate for FY 2020-21 and the corporate tax rate should be considered as the effective tax rate for FY 2021-22 for grossing up the RoE. Accordingly, AEML-T has grossed up the RoE rate with MAT rate for claiming for FY 2020-21 and the Corporate tax rate for claiming RoE for FY 2021-22. The effective rate for grossing up RoE is as under:

Table 97: Effective Rate of Grossing up RoE for FY 2020-21 and FY 2021-22, as submitted by AEML-T

Particulars	Formula	FY 2020-21	FY 2021-22
Effective Tax Rate of the Company (%)	(a)	17.47%	34.95%
Rate of Return on Equity (%) (Base Rate + Additional Rate based on availability efficiency)	(b)	15.50%	15.32%
Rate of Grossing up RoE (%)	c = b / (1-a)	18.78%	23.55%

3.11.12 The RoE as claimed by AEML-T for FY 2019-20 based on the provisions of MYT Regulations, 2015 and for FY 2020-21 and FY 2021-22 using the effective rate of grossing up RoE as per the provisions of the MYT Regulations, 2019 is as under:

Table 98: Return on Equity for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Regulatory equity at the beginning of the year	525.69	525.69	630.39	615.22	696.95	687.44
Add: Equity portion of expenditure capitalized	104.80	89.62	66.56	72.81	16.06	11.61
Less: Equity portion of asset retired during the year	0.09	0.09	-	0.58	-	0.85
Regulatory equity at the end of the year	630.39	615.22	696.95	687.44	713.01	698.20
Return Computation	-	-	-	-	-	-
RoE at the beginning of the year	81.48	81.48	106.94	115.55	118.23	161.90
RoE on capitalization during the year	8.11	6.95	5.65	6.84	1.36	1.37
Total Return on Equity	89.60	88.43	112.59	122.38	119.59	163.27

Commission's Analysis and Ruling

3.11.13 The Commission has considered the regulatory equity at the beginning of the FY 2019-20, same as that of closing equity for FY 2018-19, approved by the Commission in MYT Order in Case No. 297 of 2020. Similarly, the Commission has considered the opening of the regulatory equity for FY 2020-21 same as that of the closing of the regulatory equity for FY 2019-20. The Commission has considered the opening of the regulatory equity for FY 2021-22 same as that of the closing of the regulatory equity for FY 2020-21.

3.11.14 As regards the computation of RoE for FY 2019-20 is concerned, the provisions of the MYT Regulations, 2015 are applicable and hence does not involve the grossing up of base rate of RoE. Accordingly, the Commission, based on the opening equity and additions during the year approved in this Order and considering the rate of RoE at 15.50%, approves the Return on Equity for FY 2019-20 as summarised in the Table 100 below.

3.11.15 The Commission has also reviewed the certificates provided by MSLDC certifying the availability of AEML-T transmission network for FY 2019-20, FY 2020-21 and FY 2021-22, and the Commission approves the same.

3.11.16 Further, based on the availability of Transmission network of AEML-T, the Commission has approved the additional rate of return for FY 2020-21 and FY 2021-22 as 1.5% and 1.32% respectively. Therefore, the Commission approves the total rate of return (base rate + additional rate) for FY 2020-21 and FY 2021-22 as 15.50% and 15.32% respectively.

3.11.17 Further, the Commission has reviewed the calculation shared by AEML-T to determine the effective income tax applicable for AEML-T on a standalone basis, considering the regulated asset base corresponding cost for each of the financial years of true-up. The Commission has also examined the justification provided by AEML-T with regards to considering the effective tax rate based on the stand-alone income tax computation for the individual regulated businesses. In this context, the Commission has closely studied the provisions of the Regulation 34.4 and the intent behind these provisions. The relevant extract is reproduced below:

“34.3 The base 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 of Return on Equity / (1-t),

Where “t” is the effective tax rate

*34.4 The effective tax rate shall be considered on the **basis of actual tax paid in respect of financial year** in line with the provisions of the relevant Finance Acts by the concerned Generating Company or Licensee or MSLDC, as the case may be:*

*Provided that, in case of the Generating Company or Licensee or MSLDC has engaged in any other regulated or unregulated Business or Other Business, **the actual tax paid on income from any other regulated or unregulated Business or Other Business shall be excluded for the calculation of effective tax rate:***

*Provided further that **effective tax rate shall be estimated for future year based on actual tax paid as per latest available Audited accounts, subject to prudence check.**”*

3.11.18 On close reading of the above provision, it is evident that the emphasis of the Commission, while outlining the principles of allowing recovery of income tax on Return on Equity, has been on allowing the effective tax rate based on the actual tax paid during the year. Even in the case where the licensee is engaged in some other unregulated business, the actual income tax paid on income from such unregulated business is envisaged to be excluded from the calculation of effective tax rate.

3.11.19 Further, the analysis of the Commission in the context of Regulation 34.4 of MYT Regulations, 2019 provided in the “**Statement of Reasons**” issued by the Commission dated 01 August 2019 is reproduced as below:

*“4.31.3 **Analysis and Commission’s Decision***

*The Commission has considered the submissions of the stakeholders and decided to simplify the method of computation of Income Tax to be recovered through the ARR and Tariff. **The RoE and additional RoE allowed to be recovered by the Commission are the legitimate profit of the Utility, and Income Tax has to be allowed on such profit, so that the Utilities are able to recover the assured RoE without having to pay Income Tax out of the RoE, which would result in lower effective RoE for the Utilities. Hence, the***

Commission has adopted the grossing up of RoE approach followed by the CERC, for allowing Income Tax to the Utilities...

....

*(c) **The effective tax rate shall be considered on the basis of actual tax paid in the respective financial year by the concerned Utility;***

*(d) **Provided that the actual tax paid on income from any other regulated or unregulated Business or Other Business shall be excluded for the calculation of effective tax rate;***"

(Emphasis added)

3.11.20 It is evident from the above extract that the income tax on legitimate profit is to be allowed for recovery to the licensee at the rate so as to ensure that the licensee does not have to pay the income tax on his legitimate profit (RoE and additional RoE) through his RoE which would result in the licensee ending up with lower effective RoE. Further, it is also clarified that actual tax paid on income from any other regulated or unregulated Business or Other Business shall be excluded for the calculation of effective tax rate. Thus, the intent of the Commission is clear that it would allow adequate recovery of income tax on the legitimate profit for the licensee so as to ensure that the licensee does not end up paying the income tax on his legitimate profit from his RoE. However, having said this, it also comes out very clearly that the Licensee should not end up recovering income tax more than what it has actually paid on the legitimate profit earned in the regulated business. Such a situation would arise when the utility is actually paying income tax at a lower rate and claiming the grossing up of RoE at a higher rate based on standalone computation of income tax. Even in case of utilities like AEML which are integrated utilities with multiple regulated / unregulated businesses within the same company, the intent of the Regulations has always been to allow recovery of adequate income tax on legitimate profits allowed under the regulatory regime. Accordingly, the licensees should not end up recovering higher income tax than their eligibility on account of being allowed higher Income Tax through tariff as compared to the Income Tax actually paid. This would amount to unjust enrichment by the Licensee.

3.11.21 Accordingly, the Commission deems it fit to compare the actual income tax rate applicable to the licensee based on actual tax paid to the income tax authorities by the company as a whole vis-à-vis the rate worked out based on a stand-alone basis as submitted by AEML-T. The intent is that the legitimate costs of the licensee are allowed to be recovered and the beneficiaries / consumers are not unduly burdened.

3.11.22 The Commission has reviewed the actual tax payment details and supporting documents submitted by AEML-T in this regard and notes that AEML-T has paid the actual taxes on MAT rate basis for FY 2020-21 and FY 2021-22. However,

the Commission observes that AEML has claimed the effective rate for grossing up the RoE for FY 2020-21 equivalent to MAT rate and for FY 2021-22 at Corporate tax rate. Accordingly, based on the foregoing discussion, the Commission has considered MAT rate for both FY 2020-21 and FY 2021-22 for grossing up of RoE.

3.11.23 Therefore, for the grossing up of RoE, the Commission approves the consideration of MAT rate for FY 2020-21 and FY 2021-22. The effective rate for grossing up RoE is as under:

Table 99: Effective Rate of Grossing up RoE for FY 2020-21 and FY 2021-22, as approved by the Commission

Particulars	Formula	FY 2020-21	FY 2021-22
Effective Tax Rate of the Company (%)	(a)	17.47%	17.47%
Rate of Return on Equity (%) (Base Rate + Additional Rate based on availability efficiency)	(b)	15.50%	15.32%
Rate of Grossing up RoE (%)	c = b / (1-a)	18.78%	18.56%

3.11.24 For the two years of true-up (FY 2020-21 and FY 2021-22), the Commission has computed RoE at 18.78% and 18.56% on the opening equity of the respective financial year and on 50% of the equity portion of the approved capitalization in FY 2020-21 and FY 2021-22.

3.11.25 The summary of RoE for FY 2019-20, FY 2020-21 and FY 2021-22 as approved by the Commission is provided in Table below.

Table 100: Return on Equity for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Regulatory equity at the beginning of the year	525.69	525.69	525.69	630.39	615.22	609.99	696.95	687.44	674.28
Add: Equity portion of expenditure capitalized	104.80	89.62	84.39	66.56	72.81	64.87	16.06	11.61	9.02
Less: Equity portion of asset retired during the year	0.09	0.09	0.09	-	0.58	0.58	-	0.85	0.85
Regulatory equity at the end of the year	630.39	615.22	609.99	696.95	687.44	674.28	713.01	698.20	682.45
Return Computation									
RoE at the beginning of the year	81.48	81.48	81.48	106.94	115.55	114.57	118.23	161.90	125.17
RoE on capitalization during the year	8.11	6.95	6.54	5.65	6.84	6.09	1.36	1.37	0.84
Total Return on Equity	89.60	88.43	88.02	112.59	122.38	120.66	119.59	163.27	126.01

3.11.26 The Commission approves Return on Equity of Rs. 88.02 Crore, Rs. 120.66 Crore and Rs. 126.01 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

3.12 Contribution to Contingency Reserve

AEML-T's Submission

3.12.1 AEML-T submitted that Regulation 34.1 of the MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 35.1 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22) provides for Contributions to Contingency Reserve of a sum not less than 0.25 per cent and not more than 0.5 per cent of the original cost of fixed assets. AEML-T has considered the contribution to contingency reserve at 0.25% of the original cost of fixed assets as on the first date of the respective financial years.

Table 101: Contribution to Contingency Reserve for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Opening Balance of Contingency Reserves	31.78	31.78	35.81	35.81	40.72	40.60
Opening Gross Fixed Assets	1,614.73	1,614.73	1,963.76	1,913.15	2,185.62	2,153.90
Opening Balance of Contingency Reserves as % of Opening GFA	1.97%	1.97%	1.82%	1.87%	1.86%	1.88%
Contribution to Contingency Reserves during the year	4.04	4.04	4.91	4.78	5.46	5.38

Commission's Analysis and Ruling

3.12.2 Regulation 34.1 of the MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 35.1 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22) provides for Contributions to Contingency Reserve a sum not less than 0.25% and not more than 0.5% of the original cost of fixed assets.

3.12.3 AEML-T has submitted folio statement of investments made in various mutual funds, PRTs (Power Receivables Trusts), Government Securities (G-Sec) as part of documentary evidence for investment in Contingency Reserve. The Commission has examined the supporting documents provided by AEML- and finds them to be in order. Accordingly, the Commission approves the contribution to contingency reserve of Rs. 3.76 Crore and Rs. 3.97 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively as it is in compliance to Regulation 34.1 of the MYT Regulations, 2015 and Regulation 35.1 of the MYT Regulations, 2019. The details are available in the table given below:

Table 102: Contribution to Contingency Reserve for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this	MYT Order	MTR Petition	Approved in this	MYT Order	MTR Petition	Approved in this
Opening Balance of Contingency Reserves	31.78	31.778	31.78	35.81	35.81	35.81	40.72	40.60	40.55
Opening Gross Fixed Assets	1,614.73	1,614.73	1,614.73	1,963.76	1,913.15	1,895.73	2,185.62	2,153.90	2,110.03
Opening Balance of Contingency Reserves as % of Opening GFA	1.97%	1.97%	1.97%	1.82%	1.87%	1.89%	1.86%	1.88%	1.92%
Contribution to Contingency Reserves during the year	4.04	4.04	4.04	4.91	4.78	4.74	5.46	5.38	5.28

3.12.4 The Commission approves Contribution to Contingency Reserve of Rs. 4.04 Crore, Rs. 4.74 Crore and Rs. 5.28 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

3.13 Income Tax

AEML-T's Submission

3.13.1 AEML-T submitted that the Commission, in the MYT Order, had provisionally approved the income tax for FY 2019-20 of Rs. 33.06 crore, i.e., at the same level as approved for FY 2018-19, subject to truing up. For truing up of FY 2019-20, AEML-T has computed income tax based on approved methodology of determining stand-alone Regulatory Profit before Tax (PBT) for Transmission business.

3.13.2 AEML-T submits that in the AEML-T's MTR Order dated 12 September 2018 for truing up of FY 2016-17, the Commission has considered double deduction of Interest on working capital while computing Profit before Tax for FY 2016-17 i.e., net entitlement of IoWC is reduced from the revenue side and normative IoWC is also considered an expense element. AEML-T has filed appeal against the said matter before the Hon'ble ATE (Appeal No.105 of 2018, which is pending for decision. The Commission also followed the same approach while calculating regulatory PBT and income tax at the time of truing up of FY 2017-18 and FY 2018-19 in AEML-T's MYT Order dated 30 March 2020. AEML-T has raised this issue in the Appeal against the MYT Order filed before the Hon'ble ATE (DFR No. 227 of 2020), which is also pending for decision. AEML-T submits that the MYT Petition has been filed in accordance with the Commission's ruling, without prejudice to AEML-T's contentions in the said Appeals.

3.13.3 AEML-T in the present Petition has computed Income Tax for FY 2019-20 based on stand-alone Regulatory Profit before Tax (PBT) for Transmission business as per the approach and methodology approved by the Commission in previous Orders.

3.13.4 AEML-T has computed Income Tax for FY 2019-20 at Corporate Tax as well as MAT rate on Book Profit, after determining the Taxable Income. However, AEML-T has claimed income tax as per MAT Rate for FY 2019-20 depending on the applicability.

Table 103: Income Tax for FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20
Income from Transmission charges	318.48
Non Tariff Income	4.87
Less: Incentive	2.37
Less: O&M efficiency	2.48
Less: IoWC efficiency	2.00
Total Revenue	316.50
	-
Operation & maintenance expense	74.74
Impact of SC Judgment on PF	0.21
Depreciation	71.02
Interest on loan	48.78
Financing charges	9.72
Refinancing charges	6.78
NPV for refinancing	0.80
Foreign Exchange Rate Variation	0.23
Interest on Working Capital	6.01
Contribution to Contingency Reserves	4.04
Early payment incentive to TSUs	0.40
Total expenses	222.73
Profit Before Tax	93.77
Add	-
Depreciation considered in Expenses	71.02
Other disallowance while computing IT	5.39
Less	-
Tax Depreciation	119.02
Other expenses allowed for computing Income Tax	5.18
Total Taxable Income	45.97
Tax Payable at Corporate Tax Rate	16.07
MAT Computation	-
Total Revenue	316.50
Total Expenses	222.72
Book Profit	93.77
Tax Payable under MAT Rate	16.38
Tax to be recovered through ARR	16.38

Commission's Analysis and Ruling

3.13.5 The Commission has computed Income Tax in accordance with Regulation 33.1 of MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 34.1 of MYT Regulations, 2015 (applicable for FY 2020-21 and FY 2021-22) and as

specified in Hon'ble APTEL Judgement dated 2 December 2013 in Case No. 138 and 139 of 2012.

- 3.13.6 As per Regulation 33.1 of MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 34.1 of MYT Regulations, 2015 (applicable for FY 2020-21 and FY 2021-22):

“Provided further that no Income Tax shall be considered on the amount of income from Delayed Payment Charges or Interest on Delayed Payment or Income from Other Business, as well as on the income from any source that has not been considered for computing the Aggregate Revenue Requirement:

Provided also that no Income Tax shall be considered on the amount of efficiency gains and incentive approved by the Commission, irrespective of whether or not the amount of such efficiency gains and incentive are billed separately.”

- 3.13.7 As specified in the Regulations and Hon'ble APTEL Judgment, the Commission has arrived at Income Tax paid based on Regulatory Profit before Tax (PBT) considering the normative cost allowed by the Commission. The ratio with regard to tax liability is calculated on the regulatory income and cost within the MYT regime considering the applicable tax depreciation for computation of the Income Tax. Accordingly, the calculation of Income tax provides the tax payable for the Regulatory business whereby all the items of ARR and Revenue are considered on normative basis for tariff purpose. Also in line with MYT Regulations, 2015 and MYT Regulations, 2019 no efficiency gains and incentive earned are considered for computation of Tax on PBT basis.

- 3.13.8 The Income Tax calculation for FY 2019-20 as approved by the Commission:

Table 104: Income Tax for FY 2019-20, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	
	MTR Petition	Approved in this Order
Income from Transmission charges	318.48	318.48
Non Tariff Income	4.87	4.87
Less: Incentive	2.37	2.38
Less: O&M efficiency	2.48	-
Less: IoWC efficiency	2.00	1.97
Total Revenue	316.50	319.01
Operation & maintenance expense	74.74	61.42
Impact of SC Judgment on PF	0.21	0.21
Depreciation	71.02	70.66
Interest on loan	48.78	48.25
Financing charges	9.72	1.93
Refinancing charges	6.78	6.77
NPV for refinancing	0.80	0.81
Foreign Exchange Rate Variation	0.23	0.06

Particulars	FY 2019-20	
	MTR Petition	Approved in this Order
Interest on Working Capital	6.01	5.90
Contribution to Contingency Reserves	4.04	4.04
Early payment incentive to TSUs	0.40	0.40
Total expenses	222.73	200.44
Profit Before Tax	93.77	118.57
Add		
Depreciation considered in Expenses	71.02	70.66
Other disallowance while computing IT	5.39	5.39
Less		
Tax Depreciation	119.02	119.02
Other expenses allowed for computing Income Tax	5.18	5.18
Total Taxable Income	45.97	70.41
Tax Payable at Corporate Tax Rate	16.07	24.61
MAT Computation		
Total Revenue	316.50	319.01
Total Expenses	222.72	200.44
Book Profit	93.77	118.57
Tax Payable under MAT Rate	16.38	20.71
Tax to be recovered through ARR	16.38	24.61

3.13.9 The Commission approves Income Tax of Rs. 24.61 Crore for FY 2019-20.

3.14 Revenue from Transmission Charges

AEML-T's Submission

3.14.1 As per the InSTS tariff order dated 12 September 2018 in Case No. 265 of 2018 (applicable for FY 2019-20) and the InSTS tariff order dated 30 March 2020 in Case No. 327 of 2019 (applicable for FY 2020-21 and FY 2021-22), the revenue from transmission charges billed to TSUs in the respective years and the early payment incentives to TSUs is as per the below table. Also, as per Regulation 35.3 of the MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 36.4 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22), all rebates or incentives given by the Generating Company or Licensee shall be allowed as an expense in ARR and the same has been claimed as expense in the respective years:

Table 105: Revenue from InSTS for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Revenue from Transmission charges	-	318.48	-	315.61	-	339.36
Less: Early Payment Incentive to TSUs	-	0.40	-	0.38	-	0.42
Net Revenue from Transmission charges	318.44	318.08	325.11	315.23	339.36	339.36

3.14.2 As per the approved Transmission Pricing Framework, the entire Transmission system of Maharashtra owned by separate licensees is considered as one system and all users are considered as using the system as a whole. The revenue recovered from Transmission System Users is pooled in a common account administered and operated by the State Transmission Utility (STU). From the said account, the revenue is then allocated and remitted to individual transmission licensees based on the proportion of their respective ARRs approved for the year in question. Thus, the revenue is received by AEML-T from the STU Pool Account and not directly from any User.

Commission's Analysis and Ruling

3.14.3 As per Regulation 35.3 of the MYT Regulations, 2015 (applicable for FY 2019-20) and Regulation 36.4 of the MYT Regulations, 2019 (applicable for FY 2020-21 and FY 2021-22), rebates or incentives given by the licensee are allowed as an expense for the licensee:

“All rebates or incentives earned by the Generating Company or Licensee or MSLDC shall be considered under its Non-Tariff Income, while all rebates and incentives given by the Generating Company or Licensee or MSLDC shall be allowed as an expense for the Generating Company or Licensee or MSLDC”

3.14.4 Accordingly, the Commission has considered net revenue from Transmission charges after reducing the respective rebates or incentives as submitted by AEML-T for FY 2019-20, FY 2020-21 and FY 2021-22.

Table 106: Revenue from InSTS for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Revenue from Transmission charges		318.48	318.48		315.61	315.61		339.36	339.36
Less: Early Payment Incentive to TSUs		0.40	0.40		0.38	0.38		0.42	0.42
Net Revenue from Transmission charges	318.44	318.08	318.08	325.11	315.23	315.23	339.36	339.36	338.94

3.14.5 The Commission approves Net Revenue from Transmission Charges of Rs. 318.08 Crore, Rs. 315.23 Crore and Rs. 338.94 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

3.15 Non -Tariff Income

AEML-T's Submission

3.15.1 AEML-T submits that the Commission had approved Non-Tariff Income of Rs. 3.77 Crore for FY 2019-20. Additionally, AEML-T submitted that the Commission had approved Non-Tariff Income of Rs. 2.81 crore and Rs. 4.48 Crore for FY 2020-21 and FY 2021-22 respectively in the MYT Order dated 30 March 2020 in Case No. 297 of 2019.

3.15.2 The head wise Non-Tariff Income for FY 2019-20, FY 2020-21 and FY 2021-22 as submitted by AEML-T is shown in table below:

Table 107: Non-Tariff Income for FY 2019-20, FY 2020-21 and FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Income from rent of land or buildings (land usage charges)	1.50	1.50	-	1.32	-	1.32
Income from sale of scrap	0.22	0.93	-	2.39	-	1.05
Income from investments (contingency reserve)	2.04	2.35	-	2.51	-	2.45
Profit on sale of asset	-	-	-	-	-	0.59
Realisation of exchange gain	0.01	-	-	0.08	-	-
Other/Miscellaneous receipts	-	0.09	-	-	-	0.70
Non Tariff Income	3.77	4.87	2.81	6.30	4.48	6.11

Note: In FY 2020-21, the Petitioner had missed counting "realisation of exchange gain" in the Petition. However, the same was included in Petitioner's supporting excel formats. Hence, the Commission has considered the supporting excel format numbers as a submission from AEML-T and corrected the above table to reflect actual submission by AEML-T.

3.15.3 For FY 2019-20, AEML-T has further submitted the details of the ***Interest on contingency reserve investments*** as below:

3.15.3.1 For FY 2019-20, AEML has made investment in securities authorized under Indian Trusts Act, 1882. As per the MYT Regulations, 2015, AEML has been making investment of contingency reserve in specified securities and has generated an interest income of Rs. 2.75 Crore in FY 2019-20.

3.15.3.2 However, the actual investment made by AEML in securities is more than the amount of investment required to be made as per MYT Regulations, 2015. The cumulative investment required to be made as per MYT Regulations, 2015 is Rs.

31.78 Crore as on 01 April 2019, while the cumulative investment as per books of accounts is Rs. 37.30 Crore.

3.15.3.3 Hence AEML-T has considered the interest on contingency reserve of Rs. 2.34 Crore in Non-Tariff Income on proportionate basis for FY 2019-20.

3.15.4 For FY 2020-21, AEML-T has further submitted the details of the Income from contingency reserve investments as below:

3.15.4.1 The Commission in the MYT Order dated 30 March 2020 in the section pertaining to provisional truing-up for FY 2019-20 directed AEML-T to transfer the existing mutual fund investment towards contribution to contingency reserve (CCR) to safer instruments i.e., G-Sec within 6 months of the issue of this order. The CCR investment as per the Regulatory books for FY 2020-21 is as under:

Table 108: Contribution to Contingency Reserve for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-DW	AEML-DS	AEML-D-Total	AEML-T	Total
Invested value as on 01-04-2019 (including investment of FY 2018-19)	124.83	16.64	141.47	31.78	173.25
Addition for FY 2019-20 (0.25% of opening GFA for FY 2019-20) (to be invested by 30-09-2020 i.e., within 6 months of close of the year)	14.88	1.26	16.15	4.04	20.19
Invested value as on 30-09-2020 (closing balance for FY 2020-21)	139.72	17.90	157.62	35.81	193.44
Actual invested value as per books of accounts as on 30.09.2020			160.28	44.38	204.66

3.15.4.2 Out of the total amount as per books shown above, the amount of Rs. 185.07 Crore was invested in Mutual Funds as on 31 March, 2020. However, as per the Commission's direction in the MYT Order, the said amount was withdrawn and parked in Power Receivables Trust (PRT), a notified Trust under SEBI (Debenture Trustees) Rules and Regulations, 2019 and governed by Catalyst Trusteeship Limited. Further, an additional investment of Rs. 21.99 Crore was made towards complying with investing the contribution of FY 2019-20, till 30 September, 2020. Out of the same, an amount of Rs. 19.15 Crore was invested in PRT and the balance Rs. 2.84 Crore in G-Sec. Thereafter, as on December 2020, an amount of Rs. 204.66 Crore has been invested in G-Sec. in compliance

with the Commission's directions. This amount is more than the amount required as per the Regulations and shown in the table above. Further, it is submitted that even during the period when the amount was invested with PRT, the interest received from PRT is more than what could have been received through G-Sec. The interest available from PRT was in around 8.50% whereas the effective interest available from G-Sec is in the range of 6%-7%. Therefore, investment in PRT was only an interim measure before withdrawing the funds and reinvesting in G-Sec., by December 2020. Further as the interest received from PRT was more than the interest receivable from G-Sec, it has only been beneficial for the end consumers. Thus, the contingency reserve investment was made in Mutual Funds, Power Receivable Trust and G-Sec during the course of the Financial Year (From Dec-2020, amount is invested in G-Sec) and the income received from the investment in FY 2020-21 was from three different sources i.e. gain on sale of mutual funds, interest from Power Receivable trust and interest from G-Sec. The total interest received has been apportioned to the investment required as per Regulations, since the actual investment is more than the required amount as per Regulatory books. In the next step, the total interest attributable to regulatory accounts is apportioned between Distribution Wires, Distribution Supply and Transmission in the ratio of regulatory closing balance as on 30 September, 2020. Accordingly, the income considered for FY 2020-21 is shown in the table below:

Table 109: Income from Contingency Reserve for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-D	AEML-T	Total
CRI Income in FY 2020-21	12.18	3.11	15.29
Attributable to Regulated books	11.98	2.51	14.49

3.15.4.3 Accordingly, AEML-T requests the Commission to approve the income from contingency reserve investments for FY 2020-21 as above.

3.15.5 For FY 2021-22, AEML-T has further submitted the details of the Income from contingency reserve investments as below:

3.15.5.1 The contribution to contingency reserve (CCR) investment as per the Regulatory books for FY 2021-22 is as under:

Table 110: Contribution to Contingency Reserve for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-D (W)	AEML-D (S)	AEML-D- Total	AEML- T	Total
Invested value as on 01-04-2020	139.72	17.90	157.62	35.81	193.44

Particulars	AEML-D (W)	AEML-D (S)	AEML-D- Total	AEML-T	Total
Addition for FY 2020-21 (0.25% of opening GFA for FY 2020-21) (to be invested by 30-09-2021 i.e. within 6 months of close of the year)	16.56	1.25	17.81	4.78	22.60
Invested value as on 30-09-2021 (closing balance for FY 2021-22) – as required by Regulations	156.28	19.16	175.43	40.60	216.03
Actual invested value as per books of accounts as on 30.09.2021					229.45

3.15.5.2 Out of the total amount as per books shown above, Rs. 204.66 Crore was invested in G-Secs as on 31 March 2021. In September 2021, an amount of Rs. 23.25 Crore (Rs. 18.25 Crore for distribution and Rs. 5 Crore for transmission) was invested in T-Bills, which are also Government securities. Since the maturity period of T-Bills is 6 months, they matured in March 2022. After their redemption, AEML again invested Rs. 24.79 Crore (Rs. 19.83 Crore in distribution and Rs. 4.96 Crore in transmission) in March 2022. Thus, the closing balance of invested contingency reserve as per books in FY 2021-22 is Rs. 229.45 Crore. Since the actual amount invested in contingency reserve is more than the amount required as per Regulations, the actual interest received from contingency reserve has been apportioned corresponding to amount of contingency reserve required as per regulatory books at the end of FY 2021-22. In the next step, the total interest attributable to regulatory accounts is apportioned between Distribution Wires, Distribution Supply and Transmission in the ratio of regulatory closing balance of contingency reserve as on 30 September 2021. Accordingly, the income considered for FY 2021-22 is shown in the table below:

Table 111: Income from Contingency Reserve for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-D	AEML-T	Total
CRI Income in FY 2021-22	10.84	2.99	13.83
Attributable to Regulated books	10.57	2.45	13.02

3.15.5.3 Accordingly, AEML-T has requested the Commission to approve the income from contingency reserve investments for FY 2021-22 as above.

3.15.6 AEML-T has further submitted an overview Rental income from land usage, forming part of the Non-Tariff Income. AEML-D has installed its receiving

stations on the land owned by AEML-T at Aarey, Versova and Ghodbunder EHV Stations plots, for which AEML-T is receiving rental charges from AEML-D on the basis of the MoM executed between the two divisions.

- 3.15.7 In addition to the above, income from sale of scrap and other miscellaneous receipts have been included in the Non-Tariff Income.
- 3.15.8 In accordance with MYT Regulations, 2015, AEML-T has not included the income from delayed payment charges in the Non-Tariff Income for FY 2019-20. For FY 2020-21 and FY 2021-22, AEML-T has submitted that it has not received any Delayed Payment Charges.
- 3.15.9 For all the years, AEML-T has not included interest on staff loans and interest from investments (such as bank FDs) received in the Non-Tariff Income for all the three financial years, as the loans and investments were extended/made out of the RoE.
- 3.15.10 Accordingly, the Non-Tariff income claimed for truing up of FY 2019-20, FY 2020-21 and FY 2021-22 is as per the Table 107 above.

Commission's Analysis and Ruling

- 3.15.11 The Commission has scrutinized the income from contingency reserve investments for each year under each head claimed by AEML-T in its Petition. The income from investments made for contribution to contingency reserve has been scrutinized by the Commission based on the audited annual accounts and are in line with the submission.
- 3.15.12 No formal agreement for Land Usage Charges can be executed between AEML-T and AEML-D as these are regulated businesses of the same entity. Therefore, AEML has formalized an arrangement for land usage charges through Minutes of Meeting (MoM). Income from land usage charges receivable from AEML-D is in line with MOM provided. Income from rent of land or buildings is considered as Non-Tariff Income.
- 3.15.13 The Commission has scrutinized the other Non-Tariff Income claimed by AEML-T from audited annual accounts and accordingly approves the same.
- 3.15.14 The Commission has excluded delayed payment charges and staff loans & advances from the Non-Tariff Income considering the submissions of AEML-T in this matter.

Table 112: Non-Tariff Income for FY 2019-20, FY 2020-21 and FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this	MYT Order	MTR Petition	Approved in this
Income from rent of land or buildings (land usage charges)	1.50	1.50	1.50		1.32	1.32		1.32	1.32
Income from sale of scrap	0.22	0.93	0.93		2.39	2.39		1.05	1.05
Income from investments (contingency reserve)	2.04	2.35	2.35		2.51	2.51		2.45	2.45
Profit on sale of asset	-	-	-		-	-		0.59	0.59
Realisation of exchange gain	0.01	-	-		0.08	0.08		-	-
Other/Miscellaneous receipts	-	0.09	0.09		-	-		0.70	0.70
Non Tariff Income	3.77	4.87	4.87	2.81	6.30	6.30	4.48	6.11	6.11

3.15.15 The Commission approves Non-Tariff Income of Rs. 4.87 Crore, Rs. 6.30 Crore and Rs. 6.11 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

3.16 Income from Other Business

AEML-T's Submission

3.16.1 AEML-T submits that no income from other business has been received by AEML-T in FY 2019-20, FY 2020-21 and FY 2021-22 as there had been no arrangement with any third-party agency or organization for optimum utilization of assets in accordance with MYT Regulations.

Commission's Analysis and Ruling

3.16.2 The Commission has scrutinized the audited annual accounts of AEML-T and finds no income from other business.

3.16.3 The Commission approves Income from Other Business of Rs. NIL for each of FY 2019-20, FY 2020-21 and FY 2021-22.

3.17 Incentive on Availability of AEML-T Network

AEML-T's Submission

3.17.1 For 2019-20, AEML-T has provided the Maharashtra State Load Despatch Centre (MSLDC) certificate for AEML-T's transmission system availability at 99.78%. Accordingly, as per the MYT Regulations, 2015, AEML-T has computed incentive for transmission availability up to 99.75%, which works out to Rs. 2.37 crore.

Commission's Analysis and Ruling

3.17.2 The Commission has analysed the submissions of AEML-T and verified its Transmission System Availability from the certification provided by MSLDC for

FY 2019-20. The MYT Regulation, 2015 specifies the provisions for Incentive on achieving Transmission Availability higher than 99%.

3.17.3 As per Regulation 57 and Regulation 54 of the MYT Regulation, 2015, Annual Transmission Charges comprise ARR including Income Tax.

3.17.4 Further, as per Regulation 57 of the MYT Regulation, 2015, for recovery of full Annual Fixed Cost, the Target Availability should be 98% and above, while for incentive computation minimum Target Availability should be 99%.

3.17.5 Based on the above, the Commission has calculated the Incentive on Transmission Availability for FY 2019-20 in accordance with the Regulations and has considered ARR including the approved Income Tax for FY 2019-20. The Incentive approved by the Commission is as shown in the following Table below:

Table 113: Incentive on Availability of AEML-T Network for FY 2019-20, as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	
	MYT Order	MTR Petition
Aggregate Revenue Requirement from Transmission Tariff	313.30	313.63
Actual Availability (%)	99.78%	99.78%
Normative Availability (%)	99.00%	99.00%
Incentive	2.37	2.38

3.17.6 **The Commission approves Incentive on Availability of Rs. 2.38 Crore for FY 2019-20.**

3.18 Revenue Gap / (Surplus) for FY 2019-20, FY 2020-21 and FY 2021-22

AEML-T's Submission

3.18.1 AEML-T has determined the revenue gap/ (surplus) for FY 2019-20, FY 2020-21 and FY 2021-22 by comparing the revenue from InSTS and the Aggregate Revenue Requirement (net of Non-Tariff Income and Income from Other Business).

3.18.2 AEML-T has submitted the summary of Truing up for FY 2019-20, FY 2020-21 and FY 2021-22 which is provided in the Table below.

Table 114: Summary of Truing-up of ARR for FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars	MYT Order	MTR Petition
Operation & Maintenance Expenses	60.66	69.78
Impact of SC Judgment on PF	-	0.21
Depreciation Expenses	74.50	71.02
Interest on Long-term Loan Capital	50.42	48.78

Particulars	MYT Order	MTR Petition
Financing charges	-	9.72
Refinancing charges	-	6.78
NPV for refinancing	-	0.80
Foreign Exchange Rate Variation	-	0.23
Interest on Working Capital and on security deposits	5.83	2.00
Income Tax	33.06	16.38
Contribution to Contingency reserves	4.04	4.04
Total Revenue Expenditure	228.50	229.74
Return on Equity Capital	89.60	88.43
Aggregate Revenue Requirement	318.10	318.17
Less: Non Tariff Income	3.77	4.87
Less: Income from Other Business	-	-
Add: Availability Incentive	-	2.37
Add; Early payment incentive to TSUs	-	0.40
Aggregate Revenue Requirement from Transmission Tariff	314.33	316.07
	-	-
Revenue from transmission tariff	-	-
Long-term TSUs incl Distribution Licensees	318.44	318.48
Revenue Gap/(Surplus)	-4.11	-2.41

Table 115: Summary of Truing-up of ARR for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	MYT Order	MTR Petition
Operation & Maintenance Expenses	50.36	60.88
Impact of SC Judgment on PF	-	0.18
Depreciation Expenses	93.10	88.33
Interest on Long-term Loan Capital	60.93	53.31
Financing charges	-	4.32
Refinancing charges	-	0.27
Interest on Working Capital and on security deposits	6.04	7.77
Contribution to Contingency reserves	4.91	4.78
Total Revenue Expenditure	215.34	219.84
Return on Equity Capital	112.59	122.38
Aggregate Revenue Requirement	327.92	342.23
Less: Non Tariff Income	2.81	6.30
Add; Early payment incentive to TSUs	-	0.38
Aggregate Revenue Requirement from Transmission Tariff	325.11	336.31
FY 17-18 Revenue gap/ (surplus) - incremental	2.06	2.06
Carrying / (Holding) cost for FY 17-18	-2.58	-2.58
FY 18-19 Revenue gap/ (surplus)	-2.29	-2.29
Carrying / (Holding) cost for FY 18-19	-0.88	-0.88
FY 16-17 - Impact of Review Petition with (holding) cost	-1.75	-1.75
FY 19-20 revenue gap/ (surplus)	-4.11	-4.11
Net ARR	315.56	326.76
Revenue from transmission tariff	-	-

Particulars	MYT Order	MTR Petition
Long-term TSUs incl Distribution Licensees	315.56	315.61
Revenue Gap/(Surplus)	-	11.15

Table 116: Summary of Truing-up of ARR for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	MYT Order	MTR Petition
Operation & Maintenance Expenses	51.71	60.88
Impact of SC Judgment on PF	-	0.15
Depreciation Expenses	99.60	97.88
Interest on Long-term Loan Capital	60.93	54.80
Financing charges	-	3.53
Refinancing charges	-	4.00
NPV for refinancing	-	1.61
Foreign Exchange Rate Variation	-	0.10
Interest on Working Capital and on security deposits	6.55	6.51
Contribution to Contingency reserves	5.46	5.38
Other Expenses	-	-
Total Revenue Expenditure	224.25	234.84
Return on Equity Capital	119.59	163.27
Aggregate Revenue Requirement	343.84	398.10
Less: Non Tariff Income	4.48	6.11
Less: Income from Other Business	-	-
Add; Early payment incentive to TSUs	-	0.42
Aggregate Revenue Requirement from Transmission Tariff	339.36	392.41
Revenue from transmission tariff	-	-
Long-term TSUs incl Distribution Licensees	339.36	339.36
Revenue Gap/(Surplus)	-	53.05

Commission's Analysis and Ruling

3.18.3 Based on discussion on various cost components in this Chapter, the Commission has computed total ARR and Revenue Gap/ (Surplus) for FY 2019-20, FY 2020-21 and FY 2021-22 as detailed in the Table below.

Table 117: Summary of Truing-up of ARR for FY 2019-20, including Sharing of Efficiency Gains / (Losses), as approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Operation & Maintenance Expenses	60.66	69.78	71.18
Impact of SC Judgment on PF	-	0.21	0.21
Depreciation Expenses	74.50	71.02	70.66
Interest on Long-term Loan Capital	50.42	48.78	48.25
Financing Charges	-	9.72	1.93
Refinancing Charges	-	6.78	6.77
NPV for Refinancing	-	0.80	0.81
Foreign Exchange Rate Variation	-	0.23	0.06
Interest on Working Capital and on Security Deposits	5.83	2.00	1.97
Income Tax	33.06	16.38	24.61
Contribution to Contingency Reserves	4.04	4.04	4.04
Total Revenue Expenditure	228.50	229.74	230.47
Return on Equity Capital	89.60	88.43	88.02
Aggregate Revenue Requirement	318.10	318.17	318.50
Less: Non Tariff Income	3.77	4.87	4.87
Less: Income from Other Business	-	-	-
Add: Availability Incentive	-	2.37	2.38
Add; Early Payment Incentive to TSUs	-	0.40	0.40
Aggregate Revenue Requirement from Transmission Tariff	314.33	316.07	316.40
Revenue from Transmission Tariff			
Long-term TSUs incl Distribution Licensees	318.44	318.48	318.48
Revenue Gap / (Surplus)	(4.11)	(2.41)	(2.08)

3.18.4 After Truing up of various elements for FY 2019-20 as discussed in earlier paragraphs, Revenue Surplus works out to Rs. 2.08 Crore.

Table 118: Summary of Truing-up of ARR for FY 2020-21 including Sharing of Efficiency Gains / (Losses), as approved by the Commission (Rs. Crore)

Particulars	MYT Order	AEML-T Petition	Approved in this Petition
Operation & Maintenance Expenses	50.36	60.88	68.94
Impact of SC Judgment on PF	-	0.18	0.18
Depreciation Expenses	93.10	88.33	86.97
Interest on Long-term Loan Capital	60.93	53.31	51.66
Financing Charges	-	4.32	4.29
Refinancing Charges	-	0.27	0.27
Interest on Working Capital and on Security Deposits	6.04	7.77	6.18
Contribution to Contingency Reserves	4.91	4.78	4.74
Total Revenue Expenditure	215.34	219.84	223.22
Return on Equity Capital	112.59	122.38	120.66
Aggregate Revenue Requirement	327.92	342.23	343.87
Less: Non Tariff Income	2.81	6.30	6.30
Less: Income from Other Business	-	-	-
Add; Early Payment Incentive to TSUs	-	0.38	0.38
Aggregate Revenue Requirement from Transmission Tariff	325.11	336.31	337.95
FY 2017-18 Revenue Gap/ (Surplus) - incremental	2.06	2.06	2.06
Carrying / (Holding) Cost for FY 2017-18	(2.58)	(2.58)	(2.58)
FY 2018-19 Revenue Gap/ (Surplus)	(2.29)	(2.29)	(2.29)
Carrying / (Holding) Cost for FY 2018-19	(0.88)	(0.88)	(0.88)
FY 2016-17 - Impact of Review Petition with (Holding) Cost	(1.75)	(1.75)	(1.75)
FY 2019-20 Revenue Gap/ (Surplus)	(4.11)	(4.11)	(4.11)
Net ARR	315.56	326.76	328.40
Revenue from Transmission Tariff			
Long-term TSUs incl Distribution Licensees	315.56	315.61	315.61
Revenue Gap / (Surplus)	-	11.15	12.80

3.18.5 After Truing up of various elements for FY 2020-21 as discussed in earlier paragraphs, Revenue Gap works out to Rs. 12.80 Crore.

Table 119: Summary of Truing-up of ARR for FY 2021-22 including Sharing of Efficiency Gains / (Losses), as approved by the Commission (Rs. Crore)

Particulars	MYT Order	AEML-T Petition	Approved in this Petition
Operation & Maintenance Expenses	51.71	60.88	57.33
Impact of SC Judgment on PF	-	0.15	0.15
Depreciation Expenses	99.60	97.88	95.63
Interest on Long-term Loan Capital	60.93	54.80	52.19
Financing Charges	-	3.53	2.70
Refinancing Charges	-	4.00	4.90
NPV for Refinancing	-	1.61	1.31
Foreign Exchange Rate Variation	-	0.10	0.03
Interest on Working Capital and on Security Deposits	6.55	6.51	6.43
Contribution to Contingency Reserves	5.46	5.38	5.28
Other Expenses	-	-	-
Total Revenue Expenditure	224.25	234.84	225.94
Return on Equity Capital	119.59	163.27	126.01
Aggregate Revenue Requirement	343.84	398.10	351.95
Less: Non Tariff Income	4.48	6.11	6.11
Less: Income from Other Business	-	-	-
Add; Early Payment Incentive to TSUs	-	0.42	0.42
Aggregate Revenue Requirement from Transmission Tariff	339.36	392.41	346.26
Revenue from Transmission Tariff			
Long-term TSUs incl Distribution Licensees	339.36	339.36	339.36
Revenue Gap / (Surplus)	-	53.05	6.90

3.18.6 After Truing up of various elements for FY 2021-22 as discussed in earlier paragraphs, Revenue Gap works out to Rs. 6.90 Crore.

4 PROVISIONAL TRUING-UP OF ARR FOR FY 2022-23

4.1 Background

- 4.1.1 AEML-T had filed the MYT Petition in Case No. 297 of 2019 which included the ARR determination for FY 2022-23. The Commission issued an Order dated 30 March 2020 approving the ARR for FY 2022-23.
- 4.1.2 AEML-T has submitted the provisional actuals for FY 2022-23 with respect to capital expenditure, revenue expenditure and income. AEML-T has presented the comparison of expenditure and revenues as approved by the Commission in the MYT Order in Case No. 297 of 2019 for FY 2022-23 with the provisional actuals for AEML-T.
- 4.1.3 The analysis underlying the Commission's Provisional Truing-up for FY 2022-23 is set out below.

4.2 Capital Investment Plan and Capitalization

AEML-T's Submission

- 4.2.1 AEML-T has submitted that the Commission, in the MYT Order, had approved capitalization of Rs. 53.54 Crore for FY 2022-23 on provisional basis. The Commission had approved the capitalization for FY 2022-23 considering 50% of average capitalization of AEML-T from FY 2015-16 to FY 2019-20.
- 4.2.2 For FY 2022-23, AEML-T has considered the schemes that are principally approved by the Commission and schemes that are submitted for approval of the Commission and STU for approval. AEML-T submitted that the DPRs which are submitted to STU are at various stages of discussion before the STU and will be submitted to the Commission once STU accords its approval.
- 4.2.3 Summary of the capital expenditure and capitalization for FY 2022-23 submitted by AEML-T is as below.

Table 120: Summary of Scheme-wise Capital Expenditure and Capitalisation for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	Capitalization with IDC (MYT Order)	Capital Expenditure (Estimates)	Capitalization with IDC (Estimates)
Commissioned Schemes:			
33 kV AIS to GIS conversion		0.15	0.15
3rd Transformer at Borivali S/s.		0.31	0.68
Reactor at Gorai EHV Station		0.25	0.45
Schemes under execution:			

Particulars	Capitalization with IDC (MYT Order)	Capital Expenditure (Estimates)	Capitalization with IDC (Estimates)
220kV EHV at BKC S/stn		189.33	
220kV AIS to GIS Conversion (Aarey)		84.00	
Schemes submitted to the Commission for approval:			
GHD-Boisar LILO Upgradation (Switching Stn) - Resubmitted		15.00	
Schemes submitted to STU for approval:			
220kV Chandivali EHV Station		126.42	
Non DPR Schemes		15.18	10.26
Total	53.54	430.63	11.54

4.2.4 AEML-T submitted that almost all capitalization estimated in FY 2022-23 is against Non-DPR works only. With regard to capitalisation against Non-DPR Schemes, the Regulation 24.7 of the MYT Regulations, 2019 provides as below:

“The cumulative amount of capitalisation against non-DPR schemes for any Year shall not exceed 20% or such other limit as may be stipulated by the Commission through an Order, of the cumulative amount of capitalisation approved against DPR schemes for that Year”

4.2.5 Further, the SoR accompanying MYT Regulations, 2019 states that the cumulative capitalization against Non-DPR Schemes should be within the limit of 20% of cumulative capitalization against DPRs over the fourth Control Period. The same is reproduced below:

“The Commission is of the view that the suggestion of limiting the Non-DPR schemes to 20% of approved DPR schemes on a cumulative basis over the Control Period rather than annual basis, can be considered, as such a situation could arise in a particular year, and the intention is not to block Non-DPR schemes.”

4.2.6 AEML-T submitted that based on the above, it is clear that the Commission's intent is not to block non-DPR capex and therefore, the limit of 20% of capitalisation for Non-DPR Schemes is to be considered over the Control Period on a cumulative basis. On cumulative basis over the fourth Control Period (FY 2020-21 to FY 2024-25), Non-DPR capitalisation shall be within the limit of 20% of DPR capitalization. Hence the Commission is requested to approve the capitalization claimed for FY 2022-23. Further, the cumulative DPR vs. Non-DPR capitalisation for the Control Period, till the end of FY 2022-23 is a little over 20%, which shall be within the limit of 20% cumulatively by the end of Control Period.

4.2.7 AEML-T has also provided brief details of the various DPR Schemes which it proposes to consider for Capitalisation during the FY 2022-23 in the Petition, and the details of the same is covered in the “*Commission’s Analysis & Ruling*” section hereinbelow.

4.2.8 AEML-T has submitted the details of the Non-DPR Schemes for FY 2022-23 as per the below table:

Table 121: Capitalisation (including IDC) of Non-DPR Schemes for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars for Non-DPR Schemes for FY 2022-23	Capitalisation	
	MYT Order	MTR Petition
Non-DPR Works		10.26
Brief Description of Work:		
<ul style="list-style-type: none"> • Supply and services of Insulation enhancement system near NGTS's of 220kV/33kV, 100 MVA transformers at Aarey, Versova and Ghodbunder • Procurement & Installation of Helical Gripper • Oil Filtration for N2FF Installation Work • Procurement & Installation of high creepage polymer insulators with grading ring for additional replacement at critical tower locations • Supply and Installation of Cable Fault Identification (CFIP) Panels • Procurement and Installation of 33kV 1C*630sqmm cables along with associated accessories (Cable Terminations, Cable cleats etc.) for EHV Transformer • PIDS for Ghodbunder and Gorai • It is submitted that typically, Non-DPR works being incurred are against categories pertaining to System Reliability Improvement, System up-gradation activities, Miscellaneous civil activities, etc. The actual bifurcation of the Non-DPR Schemes against these categories will be made available once the Financial year is completed and would be submitted at the time of truing up for FY 2022-23. AEML-T has estimated the IDC on capitalization for FY 2022-23 on provisional basis only. The actual IDC shall be submitted at the time of truing up of FY 2022-23. 		

Commission’s Analysis and Ruling

4.2.9 The Commission had approved capitalization of Rs. 53.54 Crore for FY 2022-23 in the MYT Order. The Commission had approved such capitalization considering 50% of average capitalization of AEML-T from FY 2015-16 to FY 2019-20.

4.2.10 The Commission has scrutinized all the DPR Schemes for capitalization submitted by AEML-T in its MTR Petition. Following is the Scheme-wise capitalization for

DPR Schemes as approved by the Commission for FY 2022-23 in the MTR Order vis-a-vis capitalization submitted by AEML-T in the MYT Petition.

Table 122: Capitalisation for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	Capitalisation with IDC	
	MYT Order	Approved in this Order
FY 2022-23		
Project Name: 33kV AIS to GIS Conversion	-	0.15
Brief Description of Work: <ul style="list-style-type: none"> As submitted in the section on truing up of FY 2020-21, the Scheme is commissioned on 30.03.2021. Commissioning letter submitted to the Hon'ble Commission vide letter ref. no. AEML-MT/COD/33kV AIS to GIS/RR/02/2021-22 dated 01.04.2021. Other minor civil works completed will be in H2 of FY 2022-23. 		
Approval Remarks: The submission of AEML-T that the scheme is commissioned in FY 2020-21 and the cost against minor civil works is noted. There was a minor cost overrun in this scheme which has been allowed by the Commission considering the justification and the supporting documentation provided by AEML-T. Accordingly, the proposed expenditure is provisionally approved, subject to scrutiny during truing up period.		
Project Name: 3rd Transformer at Borivali EHV Station		0.68
Brief Description of Work: <ul style="list-style-type: none"> As submitted in the section on truing up of FY 2020-21, on 31.03.2021, Borivali 3rd Transformer DPR Scheme was successfully commissioned. Commissioning letter submitted to the Hon'ble Commission vide AEML -MT/COD/Borivali 3rd Transformer/RR/01 /FY 2021-22 dated 01.04.2021. Other minor civil works and electrical works i.e., Degasification work is ongoing and shall be completed by FY 22-23. Scheme is likely to be closed in FY 22-23. 		
Approval Remarks: The submission of AEML-T that the scheme is commission in FY 2020-21 and the cost against minor civil and electrical works is noted. There was a no cost overrun in this scheme in the truing up period. Accordingly, the proposed expenditure is provisionally approved, subject to scrutiny during truing up period.		
Project Name: 120 MVAR Reactor at Gorai EHV Station		0.45

Particulars	Capitalisation with IDC	
	MYT Order	Approved in this Order
<p>Brief Description of Work:</p> <ul style="list-style-type: none"> •As submitted in the section on truing up of FY 2021-22, the scheme was commissioned in March 2022 against MERC DPR approval of FY2022-23. •Minor balance work will be completed in FY 2022-23. 		
<p>Approval Remarks:</p> <p>The submission of AEML-T that the scheme is commission in FY 2020-21 and the cost against minor balance works is noted. There was a cost overrun in this scheme which has been allowed by the Commission considering the justification and the supporting documentation provided by AEML-T. Accordingly, the proposed expenditure is provisionally approved, subject to scrutiny during truing up period.</p>		
TOTAL		1.28

4.2.11 The Commission has provisionally approved the capitalization for DPR Schemes for FY 2022-23, however, the final approval of the capital cost would be done only on the basis of detailed scrutiny of the actual works executed at the time of Truing-up for FY 2022-23.

4.2.12 AEML-T has claimed Non-DPR capitalization of Rs. 10.26 Crore for FY 2022-23. The ratio of Non-DPR capitalization to approved DPR capitalization is around 88%, therefore the proposed non-DPR capitalization for the FY 2022-23 is well beyond the limit of 20% specified by the Commission. However, AEML-T has submitted that the Commission's intent in the Regulations 24.7 of MYT Regulations, 2019 and the support SOR is not to block non-DPR capex and therefore, the limit of 20% of capitalisation for Non-DPR Schemes is to be considered over the Control Period on a cumulative basis. On cumulative basis over the fourth Control Period (FY 2020-21 to FY 2024-25), Non-DPR capitalisation shall be within the limit of 20% of DPR capitalization. Hence AEML-T has requested the Commission to approve the capitalization claimed for FY 2022-23. Further, the cumulative DPR vs. Non-DPR capitalisation for the Control Period, till the end of FY 2022-23 is a little over 20%, which shall be within the limit of 20% cumulatively by the end of Control Period. Accordingly, considering the submissions of AEML-T, the Commission provisionally approves the Non-DPR capitalization of Rs. 10.26 Crore for FY 2022-23.

4.2.13 As explained in the Capitalisation section in the truing-up section, the Commission has now reclassified each activity under Non-DPR Scheme as either Capex or R&M. The reclassification of each activity/works by the Commission for FY 2022-23, is as per **Appendix-4: Activities / Works under Non-DPR**

Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2022-23.

4.2.14 Based on the review of the activities/works under Non-DPR Schemes for FY 2022-23, the Commission has approved Capitalisation, including IDC, worth Rs. 4.96 Crore, against the total Non-DPR approval sought by AEML-T worth Rs. 10.26 Crore. The balance amount of Rs. 5.31 Crore has been classified as O&M expenses in nature and hence not considered for Capitalisation for FY 2022-23.

Table 123: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2022-23, by the Commission (Rs. Crore)

Particulars	FY 2022-23	
	Claimed by AEML-T	Approved in this Order
Reclassification of Non-DPR Activities		
Capex – Considered for Capitalisation	10.26	4.96
R & M – Not Considered for Capitalisation	-	5.31
Total of Non-DPR Activities	10.26	10.26

4.2.15 The Capitalisation of activities/works classified as Capex under Non-DPR Schemes for FY 2022-23 and as approved by the Commission is covered in the **Appendix-4: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2022-23**. The expenses reclassified as R&M in nature are excluded from the Capitalisation of Non-DPR activities. The R&M nature of expenses are also not considered in the O&M expenses since the Commission considers normative O&M expenses for FY 2022-23 based on the number of bays and the transmission network (Ckt. Km) approved by the Commission.

4.2.16 AEML-T has also submitted details of Schemes in which only capital expenditure is envisaged during FY 2022-23 and no capitalisation has been proposed during the year. Accordingly, Commission has presently not approved any capitalisation against such schemes.

Table 124: Schemes with Only Capital Expenditure Proposed during FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	Capital Expenditure	
	MYT Order	MTR Petition
FY 2022-23		
Project Name: 220 kV BKC EHV DPR Scheme		189.33
Brief Description of Work: The scheme is under execution. The Contract for main package has been awarded. On 04.06.2022, the kick off meeting carried out with vendor. • Land acquisition: Land acquired for construction BKC EHV. • Cable trenching in MMRDA & MCGM area.		

Particulars	Capital Expenditure	
	MYT Order	MTR Petition
<p>o Cable trenching permission with MCGM & MMRDA is in progress</p> <p>o 1,070 mts of HDPE pipe encasing and construction of 2 nos of joint chambers completed at MMRDA, MCGM area, Trenching work initiated</p> <p>• Substation:</p> <p>o Civil & Electrical Engineering work in progress for Substation part</p> <p>o Contactor mobilized at BKC site, excavation work initiated</p> <p>Cost Escalation in the scheme:</p> <p>On 08.06.2022, AEML-T had submitted a letter to MERC vide ref no. AEML-T/BKC DPR/2022-23/01, regarding cost variation in the scheme. Based on cost discovery during the ongoing competitive bidding process, it is observed that the project cost would be higher by around 19.36% than the cost estimated at the time of submission of DPR and approved by Commission on account of various reasons as explained hereunder:</p> <p>a) Time period between DPR submission and approval:</p> <p>DPR was submitted to Hon'ble Commission on 07.08.2020, wherein cost estimation was based on Last Purchase Price (LPP) with escalation, as per prevailing market rates and budgetary offers received from various vendors in year 2019 and 2020. Also, the budgetary offers had limited time validity. The detailed documentary evidence were also submitted to the Hon'ble Commission during DPR scrutiny process based on which, the Hon'ble Commission granted its In-principle approval vide letter Ref. No. MERC/Capex/MSETCL/2021-22/E-Letter dated 06.08 2021.</p> <p>b) Escalation in material rates:</p> <p>The prices of raw material required for manufacturing of 220 kV Cables, 220 kV GIS, 220/33 kV Power Transformer, 33 kV GIS, cable trenching civil works, etc. have risen as per prevailing market conditions also reflected in CPI/WPI variations. Accordingly, there is a substantial increase in rates of finished products.</p> <p>c) Increase in RI charges:</p> <p>Increase in MCGM, MMRDA and Railway Authority's reinstatement/way leave charges due to change in type of road surface and DLP (Defect liability period) multiplier. In addition, MMRDA has started charging land rent upfront for cable laying on the roads under their jurisdiction.</p> <p>In accordance with above AEML-T has claimed the revised cost for BKC DPR in this Petition. The Commission is requested to consider AEML-T's submissions and accordingly approve the cost of the scheme.</p>		
<p>Approval Remarks:</p> <p>The Commission has noted the submission. No approval for cost escalation is granted presently through this Order.</p>		

Particulars	Capital Expenditure	
	MYT Order	MTR Petition
<p>Project Name: 220 kV AIS to GIS at Aarey DPR Scheme</p> <p>Brief Description of Work:</p> <ul style="list-style-type: none"> • The award of the Contract for the project has been completed and the scheme under execution • Engineering and Major Material supply: <ul style="list-style-type: none"> o Kick Off meeting carried out with vendor o Civil foundation drawings for GIS plinth issued. • Construction work status: - <ul style="list-style-type: none"> o Foundation work for Capacitor bank done, 6 nos. of capacitor banks commissioned and foundation work GIS plinth in progress, will be completed in FY 2022-23 		84.00
<p>Approval Remarks: The Commission has noted the submission.</p>		
<p>Project Name: 220 kV Borivali -Ghodbunder – Boisar LILO line Augmentation</p> <p>Brief Description of Work:</p> <ul style="list-style-type: none"> • The Scheme is under execution. • AEML-T has started execution of scheme and initiated project activities in terms of Land options scrutiny, Tendering related works etc. • Regarding the land required for the execution of the scheme, AEML-T had submitted the difficulty in procuring the required land as per submitted DPR and had submitted other land options available vide letter dated 10.08.2021. Accordingly, AEML is exploring other viable land options. There is cost revision in view of revised land. • However, in view of Covid-19 Pandemic and associated frequent lockdown/restrictions, activities related to finalisation of land have been hampered. • AEML has submitted a letter to the Hon'ble Commission on 14.01.2022 for relaxation of timelines for execution of the project. • On 26.08.2022, DPR submitted to STU with revised cost estimate of Rs. 110.38 Cr • STU issued letter on 07.07.2022 and on 17.09.22, advising to take-up execution in a time bound manner. • In view of the significant increase in cost of the schemes, AEML-T is in the process of submitting revised DPR for the scheme for approval. AEML-T requests the Commission to approve the revised cost in view of the difficulty faced by AEML-T to implement the project as per approved DPR dated 04.01.2021. 		15.00
<p>Approval Remarks: The Commission has noted the submission. No approval for cost revision is granted presently through this Order.</p>		

Particulars	Capital Expenditure	
	MYT Order	MTR Petition
Project Name: 220 kV Chandivali EHV Station		126.42
Brief Description of Work: Scheme brief: <ul style="list-style-type: none"> • To meet the load growth in and around Chandivali area due to Residential & Commercial development happening in that area. • Load at existing 220kV Aarey & Saki EHV Station is estimated to cross its firm capacity limit within 3-4 years considering the estimated load growth around Chandivali area. Scope: <ul style="list-style-type: none"> • Construction of 220 kV GIS EHV Substation with 2 x 125 MVA transformers and associated system along with space provision for future expansion. • Connectivity - LILO of TPC 220 kV Salsette-Saki line. The scheme has been submitted to STU for approval. AEML-T has considered the capital expenditure planned for this scheme. However, the scheme will be initiated after getting necessary approvals from STU and the Hon'ble Commission.		
Approval Remarks: The Commission has noted the submission.		

4.2.17 The following table shows the capitalization provisionally approved by the Commission for FY 2019-20.

Table 125: Summary of Scheme-wise Capitalization for FY 2022-23, as approved by the Commission (Rs. Crore)

Name of Scheme	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
DPR Schemes			
33 kV AIS to GIS conversion		0.15	0.15
3rd Transformer at Borivali S/s.		0.68	0.68
220kV 120MVAR Reactor at AEML Gorai S/stn		0.45	0.45
		-	-
Total DPR Schemes		1.28	1.28
Non-DPR Schemes		10.26	4.96
Total Capitalisation	53.54	11.54	6.23

4.2.18 The Commission thus provisionally approves Capitalisation of Rs. 6.23 Crore for FY 2022-23.

4.3 Operation and Maintenance Expenses

AEML-T's Submission

4.3.1 AEML-T submits the provisional O&M expense for H1 of FY 2022-23 (without Corporate Expense) as shown in the table below:

Table 126: Actual O&M Expense in H1 of FY 2022-23 (Provisional), as submitted by AEML-T (Rs. Crore)

Particulars	H1 of FY 2022-23
Gross Employee Expense	16.15
Less: Expense capitalized	8.45
Net Employee Expense	7.70
A&G Expense	10.66
R&M Expense	3.98
Actual O&M Expense - Total	22.34

4.3.2 AEML-T submits that no addition in bays or Ckt. km is expected in FY 2022-23 in AEML-T system. Hence AEML-T has calculated the allowable O&M expense for FY 2022-23 considering the closing no. of bays and line length for FY 2021-22 and the norms for O&M expense as specified in MYT Regulations, 2019.

4.3.3 AEML-T also submits that as mentioned in the truing up section of FY 2019-20, FY 2020-21 and FY 2021-22, a portion of expense of shared services has been allocated to transmission division of AEML so that O&M cost of each division is correctly reflected. Since the cost of shared service allocated to transmission division is not built in the norms for bays and Ckt. km as specified in MYT Regulations, 2019, it is necessary to add the cost of shared service allocated to the norms. This way the norms will be comparable to the actuals being presented at the time of truing up. For the purpose of provisional truing up of FY 2022-23, AEML-T has considered the cost allocated in FY 2022-23 at the same level as the actual cost allocated in FY 2021-22. Hence the revised normative O&M expense for FY 2022-23 is as under:

Table 127: Normative O&M Expense for FY 2022-23 (Estimated), as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	MTR Petition
Average Length in Ckt Km	576.13	573.03
Applicable O&M cost Norm for Transmission Lines (Rs. Lakh/Ckt Km)	0.76	0.76
Normative O&M expenses for Transmission Lines (Rs. Crore)	4.38	4.36
Avg Number of 220 kV AIS bays	31	31
Avg Number of 220 kV GIS bays	78	86
Avg Number of 33 kV AIS bays	36	41

Particulars	FY 2022-23	
	MYT Order	MTR Petition
Avg Number of 33 kV GIS bays	302	351
Applicable O&M Cost Norm for 220 kV AIS Bays (Rs. Lakh/Bay)	35.89	35.89
Applicable O&M Cost Norm for 220 kV GIS Bays (Rs. Lakh/Bay)	25.12	25.12
Applicable O&M Cost Norm for 33 kV AIS Bays (Rs. Lakh/Bay)	7.50	7.50
Applicable O&M Cost Norm for 33 kV GIS Bays (Rs. Lakh/Bay)	5.25	5.25
Normative O&M Expenses for Bays (Rs. Crore)	49.28	54.23
Total Normative O&M expenses for Transmission Lines & Bays (Rs. Crore)	53.66	58.59
Add: Shared Service Allocation (Rs. Crore)		7.82
Total Normative O&M expenses (Rs. Crore)		66.41

- 4.3.4 AEML-T submitted that in line with the reasoning given in the true-up section, AEML-T has claimed an additional amount of Rs. 0.15 Crore (at the same level as that of FY 2021-22) for FY 2022-23 towards the PF contribution payable by AEML-T as per the Hon'ble SC Judgment dated 28 February 2019.
- 4.3.5 Also, AEML-T in its MYT Petition had submitted that Aarey-Borivali cable connectivity would be commissioned in FY 2019-20 and there are chances that for the cable being present on the Highway falling under jurisdiction of PWD, ground rental charges may be levied by PWD. The ground rental charges for the cable laid as part of Aarey-Borivali cable connectivity scheme was claimed by AEML-T on provisional basis for FY 2022-23 in the MYT Petition. The Commission, while not allowing the claim, had directed AEML-T to submit the impact of the same with justification at the time of truing up. AEML-T submits that no demand has been received from PWD or any other Government institution for access charges for cables laid for Aarey-Borivali cable connectivity till date. In case the same is received in future, the additional liability related to same shall be claimed during truing up.

Commission's Analysis and Ruling

- 4.3.6 The Commission has considered opening Ckt. km. of transmission line and number of bays for FY 2022-23 same as the closing value of Ckt. km. of transmission line and number of bays approved for FY 2021-22 in this Order.
- 4.3.7 Based on the submission by AEML-T regarding the utilisation of previously unutilised bays, 4 nos. of 33 kV GIS bays are utilised during FY 2022-23 and 1 no. of 33 kV GIS bay which was utilised in FY 2021-22 was unutilised in FY

2022-23, which results into net 3 nos. of 33 kV GIS bays being utilised additionally in FY 2022-23. The list of unutilised bays as submitted by AEML-T as on end of January 2023 is provided in **Appendix-5: List of Unutilised Bays as of end of January 2023, as submitted by AEML-T.**

- 4.3.8 The Commission has disallowed the Shared Services costs for FY 2022-23 based on the explanation given in the Truing up sections of this Order. AEML-T may approach the Commission for considering the allocation of Shared Services Cost during the fixing of norms during the next control period.
- 4.3.9 For the provisional truing up of FY 2022-23, the Commission has considered the additional estimated claim of Rs. 0.15 Crore arising due to Hon'ble Supreme Court's judgement relating to computation of the contribution to provident fund based on all components of wages, revision of basic wages by Government of Maharashtra.
- 4.3.10 The summary of normative O&M expenses for FY 22-23 as submitted by AEML-T and as provisionally approved by the Commission is provided in Table below:

Table 128: Normative O&M Expenses for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Average Length in Ckt Km	576.13	573.03	573.03
Applicable O&M cost Norm for Transmission Lines (Rs. Lakh/Ckt Km)	0.76	0.76	0.76
Normative O&M expenses for Transmission Lines (Rs. Crore)	4.38	4.36	4.36
Avg Number of 220 kV AIS bays	31	31	31
Avg Number of 220 kV GIS bays	78	86	86
Avg Number of 33 kV AIS bays	36	41	38
Avg Number of 33 kV GIS bays	302	351	321
Applicable O&M Cost Norm for 220 kV AIS Bays (Rs. Lakh/Bay)	35.89	35.89	35.89
Applicable O&M Cost Norm for 220 kV GIS Bays (Rs. Lakh/Bay)	25.12	25.12	25.12
Applicable O&M Cost Norm for 33 kV AIS Bays (Rs. Lakh/Bay)	7.50	7.50	7.50
Applicable O&M Cost Norm for 33 kV GIS Bays (Rs. Lakh/Bay)	5.25	5.25	5.25
Normative O&M Expenses for Bays (Rs. Crore)	49.28	54.23	52.41
Total Normative O&M expenses for Transmission Lines & Bays (Rs. Crore)	53.66	58.59	56.76
Add: Shared Service Allocation (Rs. Crore)		7.82	-
Total Normative O&M expenses (Rs. Crore)		66.41	56.76

4.3.11 The Commission thus provisionally approves normative O&M expenses of Rs. 56.76 Crore for FY 2022-23.

4.4 Depreciation

AEML-T's Submission

4.4.1 For the purpose of depreciation for FY 2022-23, AEML-T has considered the average asset class wise depreciation rates for FY 2021-22 and has applied the rate to the average estimated GFA of FY 2022-23. The table below shows the depreciation approved for FY 2022-23 in the MYT Order dated 30 March 2020 and estimates for FY 2022-23.

Table 129: Depreciation for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	MTR Petition
Depreciation	101.21	99.01
Opening GFA	2,239.16	2,189.77
Closing GFA	2,292.70	2,201.03

Commission's Analysis and Ruling

- 4.4.2 AEML-T in the present Petition has submitted depreciation expenses claimed in line with the MYT Regulations, 2019. The Commission has gone through the details of calculation of asset wise depreciation expenses as provided by AEML-T in its Petition.
- 4.4.3 The Commission for the purpose of calculation of depreciation for FY 2022-23 has considered opening GFA of FY 2022-23 same as that of closing GFA for FY 2021-22. Addition in GFA is considered equal to capitalization approved by the Commission in the earlier sections of this Order.
- 4.4.4 The summary of depreciation for FY 2022-23 as submitted by AEML-T and as provisionally approved by the Commission is given in the Table below.

Table 130: Depreciation Cost for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Depreciation	101.21	99.01	96.43
Opening GFA	2,239.16	2,189.77	2,137.28
Closing GFA	2,292.70	2,201.03	2,143.23

- 4.4.5 **The Commission provisionally approves Depreciation of Rs. 96.43 Crore for FY 2022-23.**

4.5 Interest on Loan Capital

AEML-T's Submission

- 4.5.1 AEML-T submits that as per Regulation 30.5 of MYT Regulations, 2019, the rate of interest shall be the weighted average rate of interest computed on the basis of actual long term loan portfolio at the beginning of each year. The weighted average interest rate considering the opening balance of loans for FY 2022-23 works out to 8.34%. Accordingly, AEML-T has calculated the interest on loans for FY 2022-23.
- 4.5.2 Additionally, Regulation 30.8 of the MYT Regulations, 2019 specifies that the finance charges incurred for obtaining loans from financial institutions for any

year shall be allowed by the Commission at the time of truing-up, subject to prudence check. Accordingly, AEML-T shall submit the financing charges incurred for FY 2022-23 at the time of truing up of FY 2022-23.

4.5.3 AEML-T submits that the actual FERV, if any, shall be claimed at the time of truing up of FY 2022-23.

4.5.4 The table below shows the interest on loans as approved for FY 2022-23 in the MYT Order and revised estimates for FY 2022-23.

Table 131: Interest on Loan Capital for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	MTR Petition
Opening Balance	642.19	620.81
Addition - equivalent to 70% of capitalization	37.48	8.08
Repayment (equal to depreciation claimed)	101.21	99.01
Closing balance	578.46	529.88
Average loan balance	610.33	575.35
Interest Rate in %	9.05%	8.34%
Interest on loan capital	55.23	47.98
Finance Charges	-	-
Total Interest and Finance Charges	55.23	47.98

Commission's Analysis and Ruling

4.5.5 As the Commission is undertaking Provisional True up for FY 2022-23, the Commission has presently considered the interest rate of 8.34% for FY 2022-23 which is the weighted average interest rate based on the opening loan portfolio of FY 2022-23. Any change due to revision in interest rate on account of the actual interest paid during FY 2022-23 will be considered at time of final Truing up of FY 2022-23.

4.5.6 The opening balance of the loan for FY 2022-23 is considered same as the closing balance of loan for FY 2021-22 approved by the Commission in the earlier sections of the Order. Further, the loan additions are considered as 70% of the approved capitalization for FY 2022-23. The repayments are considered equal to depreciation allowed during the year. The closing balance of the loan for FY 2022-23 is arrived by adding the loan additions and deducting the normative repayments as computed by the above methodology.

4.5.7 The interest rate provisionally approved above is then applied on the average of opening and closing loan balance for the year to calculate the interest expenses for FY 2022-23. The computation of interest on loan capital as provisionally approved by the Commission for FY 2022-23 is provided in the Table below:

Table 132: Interest on Loan Capital for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Opening Balance	642.19	620.81	588.04
Addition - equivalent to 70% of capitalization	37.48	8.08	4.36
Repayment (equal to depreciation claimed)	101.21	99.01	96.43
Closing balance	578.46	529.88	495.97
Average loan balance	610.33	575.35	542.01
Interest Rate in %	9.05%	8.34%	8.34%
Interest on loan capital	55.23	47.98	45.18
Finance Charges	-	-	-
Total Interest and Finance Charges	55.23	47.98	45.18

4.5.8 The Commission provisionally approves Interest on Loan Capital including financing charges of Rs. 45.18 Crore for FY 2022-23.

4.6 Interest on Working Capital

AEML-T's Submission

4.6.1 AEML-T has calculated the normative interest on working capital as per the first proviso to Regulation 32.2 (a) of the MYT Regulations, 2019. The rate of interest for calculating the normative interest on working capital for FY 2022-23 (SBI MCLR 7.95% plus 150 Basis Points) as on the date of filing this petition works out to 9.45%. The same has been considered for calculation of normative IoWC for FY 2022-23.

4.6.2 AEML-T submits that it has availed short term loans to fund its working capital requirement in FY 2022-23. Also, AEML-T has employed its internal accruals to fund its working capital requirement. AEML-T shall present the actual interest on working capital along with the net entitlement at the time of truing up of FY 2022-23.

4.6.3 The following Table shows the interest on working capital as submitted by AEML-T.

Table 133: Interest on Working Capital for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	MTR Petition
O&M expenses for 1 month	4.47	5.53
Maintenance spares @ 1% of opening GFA	22.39	21.90
One and half months of InSTS revenue	42.47	42.47
Working capital requirement	69.33	69.90

Particulars	FY 2022-23	
	MYT Order	MTR Petition
Interest rate (%)	9.55%	9.45%
Interest on Working Capital (IOWC)	6.62	6.61

Commission's Analysis and Ruling

- 4.6.4 As the Commission is presently provisionally Truing up for FY 2022-23, the interest on working capital has been considered on normative basis as per the Regulation 32 of MYT Regulations, 2019.
- 4.6.5 As per MYT Regulations, 2019, the rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points. AEML-T has filed Petition on 1 November, 2022 and applicable base rate was 7.95%. Accordingly, interest rate provisionally approved by the Commission for calculation of interest on working capital is 9.45%.
- 4.6.6 The above interest rate is applied on the normative working capital requirement to arrive at the interest on working capital. The computation of the interest on working capital provisionally approved by the Commission is provided in the Table below.

Table 134: Interest on Working Capital for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
O&M expenses for 1 month	4.47	5.53	4.73
Maintenance spares @ 1% of opening GFA	22.39	21.90	21.37
One and half months of InSTS revenue	42.47	42.47	42.47
Working capital requirement	69.33	69.90	68.57
Interest rate (%)	9.55%	9.45%	9.45%
Interest on Working Capital (IOWC)	6.62	6.61	6.48

- 4.6.7 **The Commission provisionally approves normative Interest on Working Capital of Rs. 6.48 Crore for FY 2022-23.**

4.7 Return on Equity

AEML-T's Submission

- 4.7.1 The MYT Regulations, 2019 provides for allowing RoE in two parts i.e., Base RoE and additional RoE linked to actual performance. The additional RoE is to be allowed at the time of truing up for respective years based on actual performance. In the MYT Order dated 30 March 2020, the Commission had

allowed the Base RoE only. For transmission business, the Base RoE is 14% per annum and eligibility for additional RoE is linked to performance parameters of transmission availability.

- 4.7.2 In the MYT Petition (Case No. 297 of 2019), AEML-T had submitted that AEML-T had achieved the performance parameters linked to the eligibility for additional RoE in the past and hence AEML-T should be allowed full RoE at 15.5% instead of 14% at the time of ARR itself, as deferring the allowance of additional RoE at the time of truing up will only increase the revenue gap, which will be required to be borne by the consumers along with carrying cost. The Commission, however, in the MYT Order dated 30 March 2020, did not consider the submissions of AEML-T and allowed the RoE at base of rate of 14%. AEML-T has raised this issue in the Appeal against MYT Order (DFR No. 227 of 2020), which is pending. Without prejudice to the contentions in Appeal, AEML-T has calculated the RoE for FY 2022-23 considering the base rate of 14%.
- 4.7.3 In the section of true-up of FY 2020-21 and FY 2021-22, AEML-T has submitted that, as per the Regulation 34.4 of the MYT Regulations, 2019, the effective Rate for Income Tax should be worked out considering the taxable income of regulated segment of Generation business of AEML alone, which is reflected in accordance with regulatory books. However, as per the second proviso of Regulation 34.4, the effective tax rate for future years is to be estimated based on the actual tax paid as per the latest available Audited Accounts. The Audited Accounts available to AEML-T (or generation or Distribution segments) are as per the Company's books and according to the taxable income so derived, the Effective Tax Rate thereon is the MAT rate. Hence, for provisional true-up of FY 2022-23 and for projections thereafter, AEML-T has estimated the effective tax rate for grossing up RoE as the MAT rate of 17.47%. AEML-T submits the RoE allowed for FY 2022-23 in the MYT Order and RoE being claimed now for FY 2022-23 on provisional basis as per the table below and request for approval by the Commission:

Table 135: Return on Equity for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	MTR Petition
Regulatory equity at the beginning of the year	713.02	698.20
Add: Equity portion of expenditure capitalized	16.06	3.46
Less: Equity portion of asset retired during the year	-	-
Regulatory equity at the end of the year	729.08	701.66
Return Computation		
RoE at the beginning of the year	120.95	118.44
RoE on capitalization during the year	1.36	0.29
Total Return on Equity	122.32	118.73

Commission's Analysis and Ruling

- 4.7.4 The Commission has considered the regulatory equity at the beginning of the year of FY 2022-23, same as that approved closing equity for FY 2021-22 in this Order. The additions are considered equal to the equity portion of assets capitalized during FY 2022-23 and provisionally approved in this Order.
- 4.7.5 Regulation 34.2 of the MYT Regulations, 2019, specifies that the rate of RoE including additional rate of RoE as allowed by the commission, shall be grossed up with the effective tax rate of respective financial year.
- 4.7.6 Further, as per the Regulation 34.4 of the MYT Regulations, 2019, the effective tax rate shall be considered on the basis of actual tax paid in respect of financial year in line with the provisions of the relevant Finance Acts by the concerned Licensee. However, as per the second proviso of Regulation 34.4 states that the effective tax rate for future years is to be estimated based on the actual tax paid as per the latest available Audited Accounts. The actual tax rate considered by the Commission for grossing up the Roe for FY 2021-22 was 17.47% i.e. MAT rate as per the Income Tax notification. Accordingly, the Commission has considered the MAT rate for provisionally grossing up the RoE for FY 2022-23.
- 4.7.7 The summary of RoE for FY 2022-23 as submitted by AEML-T and as provisionally approved by the Commission is provided in Table below:

Table 136: Return on Equity for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Regulatory equity at the beginning of the year	713.02	698.20	682.45
Add: Equity portion of expenditure capitalized	16.06	3.46	1.87
Less: Equity portion of asset retired during the year	-	-	-
Regulatory equity at the end of the year	729.08	701.66	684.32
Return Computation			
RoE at the beginning of the year	120.95	118.44	115.77
RoE on capitalization during the year	1.36	0.29	0.16
Total Return on Equity	122.32	118.73	115.93

- 4.7.8 **The Commission provisionally approves Return on Equity of Rs. 115.93 Crore for FY 2022-23.**

4.8 Contribution to Contingency Reserve

AEML-T's Submission

- 4.8.1 AEML-T submitted that Regulation 35.1 of the MYT Regulations, 2019 provides for Contributions to Contingency Reserve of a sum not less than 0.25% and not more than 0.5% of the original cost of fixed assets.
- 4.8.2 AEML-T has considered the contribution to contingency reserve at 0.25% of the original cost of fixed assets as on 01 April, 2022.

Table 137: Contribution to Contingency Reserve for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	MTR Petition
Opening Balance of Contingency Reserves	46.19	45.98
Opening Gross Fixed Assets	2,239.16	2,189.77
Opening Balance of Contingency Reserves as % of Opening GFA	2.06%	2.10%
Contribution to Contingency Reserves during the year	5.60	5.47

Commission's Analysis and Ruling

- 4.8.3 As the provisional Truing up for FY 2022-23 is being taken up, the Commission has considered the investments in securities as proposed by AEML-T and the final investments will be verified during the Truing up exercise.
- 4.8.4 In line with the Regulation 34 of MYT Regulations, 2015, the Commission has provisionally approved the contribution to contingency reserve as 0.25% of the Opening GFA for FY 2022-23.

Table 138: Contribution to Contingency Reserve for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Opening Balance of Contingency Reserves	46.19	45.98	45.83
Opening Gross Fixed Assets	2,239.16	2,189.77	2,137.28
Opening Balance of Contingency Reserves as % of Opening GFA	2.06%	2.10%	2.14%
Contribution to Contingency Reserves during the year	5.60	5.47	5.34

- 4.8.5 **The Commission provisionally approves Contribution to Contingency Reserve of Rs. 5.34 Crore for FY 2022-23.**

4.9 Revenue from Transmission Charges

AEML-T's Submission

4.9.1 The Commission in the InSTS tariff order dated 30 March 2020 in Case No. 327 of 2019, had approved a revenue of Rs. 339.77 Crore for AEML-T for FY 2022-23. For provisional truing up of FY 2022-23, AEML-T has considered the revenue from InSTS charges as Rs. 339.77 Crore.

Commission's Analysis and Ruling

4.9.2 The Commission observes that the Transmission charges submitted in the Petition are in line with the InSTS tariff order dated 30 March 2020 in Case No. 327 of 2019 applicable for FY 2022-23.

4.9.3 The Commission has considered revenue from Transmission charges in accordance with the aforementioned Order.

4.9.4 The following Table shows the revenue from Transmission charges provisionally approved by the Commission for FY 2019-20.

Table 139: Revenue from Transmission Charges for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Revenue from Transmission Charges	339.77	339.77	339.77

4.9.5 **The Commission provisionally approves Revenue from Transmission Charges of Rs. 339.77 Crore for FY 2022-23.**

4.10 Non -Tariff Income

AEML-T's Submission

4.10.1 AEML-T has estimated Rs. 3.98 Crore as Non-Tariff Income (NTI) for FY 2022-23 based on the provisional actual NTI for H1 of FY 2022-23 of Rs. 1.99 Crore. Considering the past trends and the provisional actual NTI for H1, NTI for H2 is estimated as Rs. 1.99 Crore.

Table 140: Non-Tariff Income for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24			
	MYT Order	MTR Petition H1-Prov.	MTR Petition H2-Est.	MTR Petition FY 2022-23
Income from rent of land or buildings (land usage charges)	-	0.66	0.66	1.32
Income from sale of scrap	-	1.00	1.00	2.00
Income from investments (contingency reserve)	-	0.13	0.13	0.26
Other/Miscellaneous receipts	-	0.20	0.20	0.40
Non Tariff Income	4.86	1.99	1.99	3.98

Commission's Analysis and Ruling

4.10.2 The Commission has scrutinized the income under each head claimed by AEML-T in its Petition. The provisional numbers for FY 2022-23 as submitted by AEML-T are accepted for provisional Truing up by the Commission. Any variation in actual numbers against provisional numbers will be adjusted at time of final Truing-up.

Table 141: Non-Tariff Income for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24				Approved in this Order
	MYT Order	MTR Petition H1-Prov.	MTR Petition H2-Est.	MTR Petition FY 2022-	
Income from rent of land or buildings (land usage charges)		0.66	0.66	1.32	1.32
Income from sale of scrap		1.00	1.00	2.00	2.00
Income from investments (contingency reserve)		0.13	0.13	0.26	0.26
Other/Miscellaneous receipts		0.20	0.20	0.40	0.40
Non Tariff Income	4.86	1.99	1.99	3.98	3.98

4.10.3 The Commission provisionally approves Non-Tariff Income of Rs. 3.98 Crore for FY 2022-23.

4.11 Income from Other Business

AEML-T's Submission

4.11.1 AEML-T has submitted that it has not entered into agreement with any entity for optimum utilization of its assets as per MYT Regulations, 2019. Hence no income from Other Business has been estimated for FY 2022-23.

Commission's Analysis and Ruling

4.11.2 As there is no agreement or arrangement by AEML-T with any entity for optimum utilization of its assets, the Commission provisionally approves NIL income from other business for FY 2022-23.

4.12 Provisional Revenue Gap / (Surplus) for FY 2022-23

AEML-T's Submission

4.12.1 AEML-T has determined the revenue gap/ (surplus) for FY 2022-23 by comparing the revenue approved in the InSTS tariff order dated 30 March, 2020 in Case No. 327 of 2019 for FY 2022-23 and the Aggregate Revenue Requirement (net of Non-Tariff Income and Income from Other Business).

4.12.2 AEML-T has submitted the summary of provisional FY 2022-23 based on provisional H1-FY 2022-23 performance, which is provided below:

Table 142: Summary of Truing-up of ARR for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Difference
Operation & Maintenance Expenses	53.66	66.41	12.75
Impact of SC Judgment on PF	-	0.15	0.15
Depreciation Expenses	101.21	99.01	-2.20
Interest on Long-term Loan Capital	55.24	47.98	-7.26
Interest on Working Capital and on security deposits	6.62	6.61	-0.01
Contribution to Contingency reserves	5.60	5.47	-0.13
Total Revenue Expenditure	222.32	225.64	3.32
Return on Equity Capital	122.32	118.73	-3.59
Aggregate Revenue Requirement	344.63	344.37	-0.26
Less: Non Tariff Income	4.86	3.98	-0.88
Less: Income from Other Business	-	-	-
Aggregate Revenue Requirement from Transmission Tariff	339.77	340.40	0.63
Revenue from transmission tariff			
Long-term TSUs incl Distribution Licensees	339.77	339.77	-
Revenue Gap/(Surplus)	-	0.63	0.63

Commission's Analysis and Ruling

4.12.3 Based on discussion on various cost components in this Chapter, the Commission has computed total ARR and Revenue Gap / (Surplus) for FY 2022-23 as detailed in the Table below.

Table 143: Summary of Provisional True up for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	MYT Order	AEML-T Petition	Approved in this Order
Operation & Maintenance Expenses	53.66	66.41	56.76
Impact of SC Judgment on PF	-	0.15	0.15
Depreciation Expenses	101.21	99.01	96.43
Interest on Long-term Loan Capital	55.24	47.98	45.18
Interest on Working Capital and on security deposits	6.62	6.61	6.48
Contribution to Contingency reserves	5.60	5.47	5.34
Total Revenue Expenditure	222.32	225.64	210.35
Return on Equity Capital	122.32	118.73	115.93
Aggregate Revenue Requirement	344.63	344.37	326.28
Less: Non Tariff Income	4.86	3.98	3.98
Less: Income from Other Business	-	-	-
Aggregate Revenue Requirement from Transmission Tariff	339.77	340.40	322.30
Revenue from transmission tariff			
Long-term TSUs incl Distribution Licensees	339.77	339.77	339.77
Revenue Gap / (Surplus)	-	0.63	(17.47)

4.12.4 The Commission provisionally approves Revenue Surplus of Rs. 17.47 Crore for FY 2022-23.

5 REVISED ARR FOR 2023-24 and FY 2024-25

5.1 Background

- 5.1.1 AEML-T has presented the revised ARR projections for the remaining 2 years of the Control Period i.e., FY 2023-24 and FY 2024-25 as per the provisions of the MYT Regulations, 2019.
- 5.1.2 The projections are based on the regulatory provisions as per the MYT Regulations, 2019 and determination of the normative cost accordingly and the assumptions for the ARR for the Control Period whose rationale is explained by AEML-T in the Petition.
- 5.1.3 The analysis underlying the Commission's approval of the revised ARR for FY 2023-24 and FY 2024-25 is set out below.

5.2 Capital Investment Plan and Capitalization

AEML-T's Submission

- 5.2.1 AEML-T submitted that the Commission, in the MYT Order, had approved capitalization of Rs. 53.54 Crore in FY 2023-24 and FY 2024-25 on a provisional basis considering 50% of average capitalization of AEML-T from FY 2015-16 to FY 2019-20, as there were no approved schemes on-going at that time.
- 5.2.2 AEML-T submitted that since then the Commission has approved two capital expenditure schemes of AEML-T, which are under execution. Further, AEML-T has also planned additional receiving transmission schemes, which are submitted to the State Transmission Utility for approval and subsequent to receiving such approval, they shall be submitted to the Commission.
- 5.2.3 The expected capital expenditure and capitalization in FY 2023-24 and FY 2024-25 against various DPR Schemes and Non-DPR works is shown in the table below:

Table 144: Capital Expenditure and Capitalisation for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24 (Projected)		FY 2024-25 (Projected)	
	Capital Expenditure	Capitalization with IDC	Capital Expenditure	Capitalization with IDC
Schemes under execution:				
220kV EHV at BKC S/stn	375.29		84.78	1269.46
220kV AIS to GIS Conversion (Aarey)	51.29	96.00		48.84
Schemes to be resubmitted to the Commission for approval:				

Particulars	FY 2023-24 (Projected)		FY 2024-25 (Projected)	
	Capital Expenditure	Capitalization with IDC	Capital Expenditure	Capitalization with IDC
GHD-Boisar LILO Upgradation (Switching Stn) - Resubmitted	31.15		28.94	
Schemes submitted to STU for approval:				
220kV EHV Scheme at Kandivali	138.50		154.45	
220kV Chandivali EHV Station	52.16		176.03	
220kV EHV Scheme at Dahisar	136.07		166.60	
220kV Malad EHV Scheme	113.41		100.18	
220kV EHV Scheme at Khardanda	254.36		215.63	
2nd Feed to BKC	163.62		245.44	
220kV GIS Station at Mira Bhyander/ Uttan	87.57		145.35	
120 MVAR Chembur Reactor	4.79		38.29	49.66
Schemes to be submitted to STU:				
Line Augmentation- HTLS/ Twin Conductors- Aarey - Borivali, Versova- Aarey, Dahanu- Ghodbunder, dahanu- Versova			16.00	
220kV EHV Scheme at Airport			63.00	
Non-DPR Schemes	25.00	30.98	20.00	20.53
Total	1433.20	126.98	1454.69	1388.49

Commission's Analysis and Ruling

5.2.4 The Capital investment plan submitted by AEML-T for FY 2023-24 and FY 2024-25 is segregated into the following groups:

- DPR Schemes for which in-principle approval is already given by the Commission.
- DPR Schemes re-submitted to Commission for revised in-principle approval.
- New DPR Schemes envisaged by AEML-T which are submitted to the STU for in-principle approval.
- New DPR Schemes envisaged by AEML-T which are to be submitted to the STU for in-principle approval.
- Non-DPR Schemes.

5.2.5 Based on the above segregation, capitalization proposed by AEML-T is shown in table below:

Table 145: Capitalization for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	Capital Expenditure		Capitalisation	
	FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
Approved DPR	457.73	113.72	96.00	1,318.30
DPR submitted to STU for approval	950.47	1,241.97		49.66
DPR to be submitted to STU for approval		79.00		
Non-DPR	25.00	20.00	30.98	20.53
Total	1,433.20	1,454.69	126.98	1,388.49

5.2.6 The Commission has observed that capitalisation has been proposed by AEML-T for projects whose DPRs have been approved by the Commission. These include the scheme pertaining to 220kV EHV at BKC S/stn and 220 kV AIS to GIS Conversion (Aarey). The scheme-wise approval comments are given below:

5.2.6.1 220kV EHV at BKC S/stn:

This is an ongoing scheme with approved project cost of Rs. 1,093.90 Crore. The cumulative capitalisation proposed by AEML-T in the present control period is Rs. 1,336.86 Crore with some part of the capitalisation (Rs. 67.40 Crore) envisaged to happen beyond the 4th Control period. The capitalisation proposed in FY 2024-25 is Rs. 1,269.46 Crore. As discussed in this Order, there has been a cost escalation envisaged in this project on account of the following reasons:

Cost Escalation in the scheme:

On 08 June, 2022, AEML-T had submitted a letter to MERC vide ref no. AEML-T/BKC DPR/2022-23/01, regarding cost variation in the scheme. Based on cost discovery during the ongoing competitive bidding process, it is observed that the project cost would be higher by around 19.36% than the cost estimated at the time of submission of DPR and approved by Commission on account of various reasons as explained hereunder:

a) Time period between DPR submission and approval:

DPR was submitted to Commission on 07 August, 2020, wherein cost estimation was based on Last Purchase Price (LPP) with escalation, as per prevailing market rates and budgetary offers received from various vendors in year 2019 and 2020. Also, the budgetary offers had limited time validity. The detailed documentary evidence was also submitted to the Commission during DPR scrutiny process based on which, the Commission granted its In-principle approval vide letter Ref. No. MERC/Capex/MSETCL/2021-22/E-Letter dated 06.08 2021.

b) Escalation in material rates:

The prices of raw material required for manufacturing of 220 kV Cables, 220 kV GIS, 220/33 kV Power Transformer, 33 kV GIS, cable trenching civil works, etc. have risen as per prevailing market conditions also reflected in CPI/WPI variations. Accordingly, there is a substantial increase in rates of finished products.

c) Increase in RI charges:

Increase in MCGM, MMRDA and Railway Authority's re-instatement/way leave charges due to change in type of road surface and DLP (Defect liability period) multiplier. In addition, MMRDA has started charging land rent upfront for cable laying on the roads under their jurisdiction.

In accordance with above AEML-T has claimed the revised cost for BKC DPR in this Petition.

Commissions Analysis and Ruling

5.2.6.2 The Commission had sought the status of the works completed under this scheme. The current status of the Project, as submitted by AEML-T, is under:

- The turnkey LOA has been awarded to contractor on 22 July 2022.
- Land acquisition for construction of EHV station has been completed.

220 kV Chembur- BKC cable laying work:

- Technical clearance for manufacturing of major equipment like 220 kV GIS, 33 kV GIS (HV side), EHV Power Transformers etc. has been issued.
- Excavation work for substation building has been completed.
- 90% of grid earthing work has been completed.
- Casting of raft at -5 meter level has been completed, steel placing for retaining and shear wall is in progress.
- Casting of raft at -13 meter level planned on 26 February 2023.

220 kV Chembur- BKC cable laying work:

- Civil Trenching work of around 5.3 km has been completed (total scope 12 km),
- 10 nos. of joint chamber construction completed (total scope 20 nos)
- 220 kV cable supply: 29.47 km received at site. Next lot 15.6 km expected to be delivered in 1st week of Mar 2023 (total scope 72 km),
- Cable laying of around 1.5 km completed (total scope 12 km)
- Application for PTCC approval submitted PTCC office Delhi (with copy to MTNL, BSNL, Reginal PTCC office Santacruz, Indian Railways CST, Indian Army Delhi office) on 22 December 2022.

AEML-T has submitted that the project is expected to be completed in FY 2024-25.

5.2.6.3 Further, the Commission has also noted the submissions of AEML-T regarding the escalation of the project cost beyond the approved project cost. Presently the Commission is only approving the project capitalisation against this scheme and not the revised cost of the scheme as requested by AEML-T. Considering this, the Commission deems it appropriate to restrict the capitalisation proposed in FY 2024-25 to the approved project cost. AEML-T is at liberty to approach the Commission for seeking the approval for the actual cost during the truing up process wherein the Commission may undertake necessary scrutiny while approving the actual capitalisation. Accordingly, the Commission approves the capitalisation of Rs. 1,093.90 Crore as against Rs. 1,296.46 Crore claimed by AEML-T.

5.2.6.4 **220KV AIS to GIS Conversion at Aarey EHV:**

This is an ongoing scheme with approved project cost of Rs. 144.84 Crore. The cumulative capitalisation proposed by AEML-T in the present control period is Rs. 144.84 Crore with the entire capitalisation expected within the 4th Control period. The capitalisation proposed in FY 2023-24 is Rs. 96.00 Crore and FY 2024-25 is Rs. 48.84 Crore.

Commissions Analysis and Ruling

5.2.7 The scheme under consideration is an approved DPR Scheme. There is no cost overrun envisaged in this scheme presently. Accordingly, for the purpose of this Order, the Commission approves the capitalisation of Rs. 96.00 Crore for FY 2023-24 and Rs 48.84 Crore for FY 2024-25.

5.2.8 There is only one scheme (120 MVAR Chembur Reactor) for which the DPR has been submitted to the STU for approval and capitalisation has been proposed in FY 2024-25. The Commission has not approved capitalisation against this scheme as the DPR is not yet approved. AEML-T can seek approval for the capitalisation against this scheme at the time of truing up for FY 2024-25 subject to approval of the DPR.

5.2.9 Further, the approval of Non-DPR Schemes is subject to the cap of 20% of the approved DPR Schemes in line with the Regulation 24.7 of MYT Regulations, 2019. However, the Commission observes that the capitalisation approvals for DPR Schemes sought in FY 2023-24 is significantly lower as compared Non-DPR Schemes. As discussed in the earlier sections of this Order, the Commission has approved Non-DPR Schemes in a particular year even though it exceeds the 20% cap if the overall Non-DPR Scheme related capitalisation envisaged during the control period is within the 20% limit. Accordingly, the Commission has

considered provisional approval of the proposed Non-DPR Schemes in the FY 2023-24 and FY 2024-25.

5.2.10 Further, as explained in the Capitalisation section in the truing-up section, the Commission has now reclassified each activity under Non-DPR Scheme as either Capex or R&M. The reclassification of each activity/works by the Commission for FY 2023-24 and FY 2024-25 is covered in **Appendix-6: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2023-24 and FY 2024-25.**

5.2.11 Based on the review of the activities/works under Non-DPR Schemes for FY 2023-24 and FY 2024-25, the Commission approves Capitalisation, including IDC, worth Rs. 10.32 Crore and Rs. 8.66 Crore, against the total Non-DPR approval sought by AEML-T worth Rs. 30.98 Crore and Rs. 20.53 Crore, for FY 2023-24 and FY 2024-25 respectively. The balance amount of Rs. 20.66 Crore and Rs. 11.87 Crore has been classified as O&M expenses in nature and hence not considered for Capitalisation for FY 2023-24 and FY 2024-25 respectively.

Table 146: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2023-24 and FY 2024-25, by the Commission (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Claimed by AEML-T	Approved in this Order	Claimed by AEML-T	Approved in this Order
Reclassification of Non-DPR Activities				
Capex – Considered for Capitalisation	30.98	10.32	20.53	8.66
R & M – Not Considered for Capitalisation	-	20.66		11.87
Total of Non-DPR Activities	30.98	30.98	20.53	20.53

5.2.12 The Capitalisation of activities/works classified as Capex under Non-DPR Schemes for FY 2022-23 and as approved by the Commission is covered in the **Appendix-6: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2023-24 and FY 2024-25.** The expenses reclassified as R&M in nature are excluded from the Capitalisation of Non-DPR activities. The R&M nature of expenses are also not considered in the O&M expenses since the Commission considers normative O&M expenses for FY 2023-24 and FY 2024-25 based on the number of bays and the transmission network (Ckt. Km) approved by the Commission for the respective years of projections.

5.2.13 In addition to the above, AEML-T has also provided details of schemes which are planned to be implemented during the FY 2023-24 and FY 2024-25. AEML-T has only projected capital expenditure against these schemes, however, no capitalisation has been proposed against these schemes during the last two years of the Control period. The DPR's for most of these schemes is yet to be approved by the STU/Commission. Accordingly, the Commission has not approved any capitalisation against these schemes during FY 2023-24 and FY 2024-25.

5.2.14 The following table shows the capitalization approved by the Commission for FY 2023-24 and FY 2024-25:

Table 147: Capitalization for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
DPR Schemes		96.00	96.00		1,367.96	1,142.74
Non-DPR Schemes		30.98	10.32		20.53	8.66
Total Capitalisation	53.54	126.98	106.32	53.54	1,388.49	1,151.40

5.2.15 **The Commission approves capitalisation of Rs. 106.32 Crore for FY 2023-24 and Rs. 1,151.40 Crore for FY 2024-25.**

5.3 Operation and Maintenance Expenses

AEML-T's Submission

- 5.3.1 AEML-T submits that as per the capitalization projections for FY 2023-24, no new 220 kV or 33 kV bay or line is expected to be added in FY 2023-24. AEML-T also submits that 24 km of 220 kV line is expected to be added in FY 2024-25 when 220 kV BKC S/stn will be commissioned in FY 2024-25. AEML-T has accordingly considered addition in Ckt. km in FY 2024-25 and has calculated normative O&M expense considering the norms as specified in MYT Regulations, 2019.
- 5.3.2 In FY 2024-25, 9 no. of 220 kV bays are expected to be added as part of commissioning of 220 kV BKC S/stn DPR. Similarly, 20 no. of 33 kV bays are also expected to be added as part of 220 kV BKC S/stn DPR in FY 2024-25.
- 5.3.3 AEML-T further submitted that in line with the reasoning given in true-up section for FY 2019-20, AEML-T is claiming an additional amount of Rs. 0.15 Crore (at the same level as that of FY 2021-22) for FY 2023-24 and FY 2024-25 towards the PF contribution payable by AEML-T as per the Hon'ble SC Judgment dated 28 February 2019.
- 5.3.4 AEML-T is not claiming any amount towards PWD ground rental for cable laying as no demand for the same has been received so far. The same shall be claimed on true-up based on actuals.
- 5.3.5 AEML-T also submitted that as mentioned in the sections relating to truing up of FY 2019-20, FY 2020-21 and FY 2021-22, a portion of expense of shared services has been allocated to transmission division of AEML so that O&M cost of each division is correctly reflected. Since the cost of shared service allocated to

transmission division is not built in the norms for bays and Ckt. km as specified in MYT Regulations, 2019, it is necessary to add the cost of shared service allocated to the norms. This way the norms will be comparable to the actuals being presented at the time of truing up. For the purpose of projections of FY 2023-24 and FY 2024-25, AEML-T has considered the cost allocated in FY 2023-24 and FY 2024-25 at the same level as the actual cost allocated in FY 2021-22. Hence the revised normative O&M expense for FY 2023-24 and FY 2024-25 are as under:

Table 148: Normative O&M Expenses for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Average Length in Ckt Km		573.03		585.03
Applicable O&M cost Norm for Transmission Lines (Rs. Lakh/Ckt Km)		0.79		0.82
Normative O&M expenses for Transmission Lines (Rs. Crore)	4.55	4.53	4.72	4.80
Avg Number of 220 kV AIS bays		26		21
Avg Number of 220 kV GIS bays		91		101
Avg Number of 33 kV AIS bays		41		41
Avg Number of 33 kV GIS bays		351		361
Applicable O&M Cost Norm for 220 kV AIS Bays (Rs. Lakh/Bay)		37.27		38.70
Applicable O&M Cost Norm for 220 kV GIS Bays (Rs. Lakh/Bay)		26.09		27.09
Applicable O&M Cost Norm for 33 kV AIS Bays (Rs. Lakh/Bay)		7.79		8.09
Applicable O&M Cost Norm for 33 kV GIS Bays (Rs. Lakh/Bay)		5.45		5.66
Normative O&M Expenses for Bays (Rs. Crore)	51.18	55.77	53.14	59.11
Total Normative O&M expenses for Transmission Lines & Bays (Rs. Crore)	55.73	60.29	57.86	63.91
Add: Shared Service Allocation (Rs. Crore)		7.82		7.82
Total Normative O&M expenses (Rs. Crore)		68.12		71.73

Commission's Analysis and Ruling

5.3.6 The Commission has considered opening Ckt. km of transmission line and number of bays for FY 2023-24 same as closing Ckt. km of transmission line and number of bays approved for FY 2022-23 in this Order. The Commission has disallowed

certain bays as covered in the earlier sections of this Order. The utilisation of such unutilised bays will be considered at the time of Truing-up, subject to prudence check.

- 5.3.7 The Commission also notes that 10 number of 220 kV AIS bays will be converted to 10 number of 220 kV GIS bays in FY 2023-24.
- 5.3.8 The Commission has considered addition of network (transmission line and number of bays) as per DPR Scheme approved for FY 2023-24 and FY 2024-25. The Commission observes that there is no addition of network (transmission lines) for FY 2023-24. The Commission approves the addition of 24 km of transmission lines under 220kV BKC EHV DPR Scheme in FY 2024-25. Under the 220kV BKC EHV DPR Scheme, the Commission also considers an addition of 9 number of 220 kV GIS bays and 20 number of 33 kV GIS bays in FY 2024-25.
- 5.3.9 The Commission has disallowed the Shared Services costs for FY 2023-24 and FY 2024-25 based on the explanation given in the Truing up sections of this Order. AEML-T may approach the Commission for inclusion of the Shared Services costs in the O&M norms during the process of fixing norms in the next control period.
- 5.3.10 During projection period of FY 2023-24 and FY 2024-25, the Commission has considered the additional claim of Rs. 0.15 Crore arising due to Hon'ble Supreme Court's judgement relating to computation of the contribution to provident fund based on all components of wages, revision of basic wages by Government of Maharashtra. This is being allowed over and above normative O&M expenses and included in the computation of ARR as a separate element.
- 5.3.11 Based on above, the addition in bays and Ckt km lines in the respective year, the Commission has computed the normative O&M expenses for FY 2023-24 and FY 2024-25 as shown in the table below:

Table 149: Normative O&M Expenses for FY 2023-24 and FY 2024-25, as approved by the Commission

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Average Length in Ckt Km		573.03	573.03		585.03	585.03
Applicable O&M cost Norm for Transmission Lines (Rs. Lakh/Ckt Km)		0.79	0.79		0.82	0.82
Normative O&M expenses for Transmission Lines (Rs. Crore)	4.55	4.53	4.53	4.72	4.80	4.80
Avg Number of 220 kV AIS bays		26	26		21	21
Avg Number of 220 kV GIS bays		91	91		101	101
Avg Number of 33 kV AIS bays		41	38		41	38
Avg Number of 33 kV GIS bays		351	322		361	332
Applicable O&M Cost Norm for 220 kV AIS Bays (Rs. Lakh/Bay)		37.27	37.27		38.70	38.70
Applicable O&M Cost Norm for 220 kV GIS Bays (Rs. Lakh/Bay)		26.09	26.09		27.09	27.09
Applicable O&M Cost Norm for 33 kV AIS Bays (Rs. Lakh/Bay)		7.79	7.79		8.09	8.09
Applicable O&M Cost Norm for 33 kV GIS Bays (Rs. Lakh/Bay)		5.45	5.45		5.66	5.66
Normative O&M Expenses for Bays (Rs. Crore)	51.18	55.77	53.95	53.14	59.11	57.23
Total Normative O&M expenses for Transmission Lines & Bays (Rs. Crore)	55.73	60.29	58.48	57.86	63.91	62.03
Add: Shared Service Allocation (Rs. Crore)		7.82	-		7.82	-
Total Normative O&M expenses (Rs. Crore)		68.12	58.48		71.73	62.03

5.3.12 The Commission approves O&M Expenses of Rs. 58.48 Crore for FY 2023-24 and Rs. 62.03 Crore for FY 2024-25. In addition, the Commission has also allowed additional claim of Rs. 0.15 Crore each year arising due to Hon'ble Supreme Court's judgement relating to computation of the contribution to provident fund as part of the ARR for FY 2023-24 and FY 2024-25.

5.4 Depreciation

AEML-T's Submission

5.4.1 For the purpose of depreciation for FY 2023-24 and FY 2024-25, AEML-T submits that it has considered the average asset class wise depreciation rates for FY 2021-22 and has applied the rates to the average estimated GFA of FY 2023-24 and FY 2024-25. The projected depreciation for FY 2023-24 and FY 2024-25 is shown in the table below:

Table 150: Depreciation for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Revised Projections	MYT Order	Revised Projections
Depreciation	103.71	102.22	101.68	137.67
Opening GFA	2,292.70	2,201.03	2,346.24	2,328.01
Closing GFA	2,346.24	2,328.01	2,399.78	3,716.49

Commission's Analysis and Ruling

5.4.2 The Commission has considered the average asset class wise depreciation rates for FY 2021-22 and has applied the rates to the average estimated GFA of FY 2023-24 and FY 2024-25.

5.4.3 The addition to GFA for each year has been considered equal to the capitalization approved for respective years by the Commission in earlier sections of this Order. For FY 2024-25, the Commission has not approved Capitalisation for one capital expenditure scheme which has been elaborated in the earlier sections of this Order. The Commission has also not considered any retirements of assets in line with the submissions of AEML-T and the retirement of assets would be taken up at the time of Truing-up of the respective years.

Table 151: Depreciation Cost for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Depreciation	103.71	102.22	99.03	101.68	137.67	128.46
Opening GFA	2,292.70	2,201.03	2,143.23	2,346.24	2,328.01	2,249.56
Closing GFA	2,346.24	2,328.01	2,249.56	2,399.78	3,716.49	3,400.96

5.4.4 The Commission approves Depreciation of Rs. 99.03 Crore for FY 2023-24 and Rs. 128.46 Crore for FY 2024-25.

5.5 Interest on Loan Capital

AEML-T's Submission

5.5.1 AEML-T has considered the normative opening loan balance for FY 2023-24 and FY 2024-25 as equal to closing normative loan balance for each preceding Financial Year.

- 5.5.2 AEML-T has considered a normative Debt: Equity ratio of 70:30 for capitalized assets during FY 2023-24 and FY 2024-25 in accordance with the MYT Regulations, 2019. The repayment during each year shall be deemed to be equal to the depreciation allowed for that year as per Regulation 30.4 of the MYT Regulations, 2019.
- 5.5.3 As per Regulation 30.5 of the MYT Regulations, 2019, the rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year. The weighted average interest rate considering the opening balance of loans for FY 2022-23 works out to 8.34%. There shall be variations in interest rate of individual loans in the overall loan portfolio of AEML in FY 2023-24 and FY 2024-25, which cannot be predicted now. Hence AEML-T has considered the interest rate of 8.34% on provisional basis for calculation of interest expense for FY 2023-24 and FY 2024-25.
- 5.5.4 Further, AEML-T submits that Regulation 30.8 of the MYT Regulations, 2019 specifies that the finance charges incurred for obtaining loans from financial institutions for any year shall be allowed by the Commission at the time of truing-up, subject to prudence check. Accordingly, AEML-T shall submit the financing charges incurred for FY 2023-24 and FY 2024-25 at the time of truing up of respective years.
- 5.5.5 AEML-T has submitted the FERV for the portion of loans not hedged / partially hedged in the section of truing up of FY 2019-20, FY 2020-21 and FY 2021-22. The actual FERV for FY 2023-24 and FY 2024-25 for the loans not hedged / partially hedged shall be claimed at the time of truing up of respective years.
- 5.5.6 The interest expense along with the finance charges estimated by AEML-T for FY 2023-24 and FY 2024-25 are provided in the table below:

Table 152: Interest on Loan Capital for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Opening Balance	578.47	529.88	512.24	516.55
Addition - equivalent to 70% of capitalization	37.48	88.89	37.48	971.94
Repayment (equal to depreciation claimed)	103.71	102.22	101.68	137.67
Closing balance	512.24	516.55	448.04	1,350.82
Average loan balance	545.36	523.21	480.14	933.68
Interest Rate in %	0.09	0.08	0.09	0.08
Interest on loan capital	49.35	43.64	43.45	77.87
Finance Charges	-	-	-	-
Total Interest and Finance Charges	49.35	43.64	43.45	77.87

Commission's Analysis and Ruling

5.5.7 Regulation 30 of MYT Regulations, 2019 specifies the following:

"30.1 The loans arrived at in the manner indicated in Regulation 27 on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalization of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence

30.2 The normative loan outstanding as on April 1, 2020, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2020 from the gross normative loan.

30.3 The repayment during each year of the Control Period from FY 2023-24 and FY 2024-25 shall be deemed to be equal to the depreciation allowed for that year.

30.4 Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the Scheme and shall be equal to the annual depreciation allowed....."

5.5.8 As provided in the above Regulations, the Commission has considered normative opening loans for FY 2023-24 equal to the closing normative loan balance for FY 2022-23 approved in this Order. Loan additions are considered equal to 70% of the capitalization approved for each year. Repayments during the year are considered equal to depreciation as per Regulation 30.3 of MYT Regulations, 2019.

5.5.9 As per Regulation 30.5 of MYT Regulations, 2019:

"The rate of interest shall be the weighted average rate of interest computed on the basis of the actual loan portfolio at the beginning of each year"

5.5.10 Considering that the FY 2023-24 and FY 2024-25 are projected years, the rate of interest approved by the Commission for FY 2022-23 is considered for the purpose of computation of interest on loans for these two years. This rate is 8.34% and is based on actual opening balance as on 1 April, 2022 as submitted by AEML-T. The actual weighted average rate of interest of the actual loan portfolio during the respective years as per the Regulation would be considered for interest expense approval during the Truing-up exercise of the respective years.

5.5.11 The Commission has not considered any retirement of asset during the FY 2023-24 and FY 2024-25 in line with the submissions of AEML-T and the same would

be considered based on the actual data during the Truing-up for the respective years.

5.5.12 The Commission has applied the weighted average interest rate on the average of opening and closing loan balance to arrive at interest expenses for FY 2023-24 and FY 2024-25.

5.5.13 As per the submission by AEML-T, the finance charges on loan and the FERV are considered nil for FY 2023-24 and FY 2024-25. The Commission shall, in accordance with the MYT Regulations, 2019, consider the actual finance charges and the FERV costs for FY 2023-24 and FY 2024-25 at the time of actual truing up for the respective years.

5.5.14 The following Table shows the interest expenses approved by the Commission for the FY 2023-24 and FY 2024-25.

Table 153: Interest on Loan Capital for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Opening Balance	578.47	529.88	495.97	512.24	516.55	471.37
Addition - equivalent to 70% of capitalization	37.48	88.89	74.43	37.48	971.94	805.98
Repayment (equal to depreciation claimed)	103.71	102.22	99.03	101.68	137.67	128.46
Closing balance	512.24	516.55	471.37	448.04	1,350.82	1,148.89
Average loan balance	545.36	523.21	483.67	480.14	933.68	810.13
Interest Rate in %	9.05%	8.34%	8.34%	9.05%	8.34%	8.34%
Interest on loan capital	49.35	43.64	40.32	43.45	77.87	67.53
Finance Charges	-	-	-	-	-	-
Total Interest and Finance Charges	49.35	43.64	40.32	43.45	77.87	67.53

5.5.15 **The Commission approves interest on loan capital of Rs. 40.32 Crore for FY 2023-24 and Rs. 67.53 Crore for FY 2024-25.**

5.6 Interest on Working Capital

AEML-T's Submission

5.6.1 AEML-T has calculated working capital requirement as per the first proviso of the Regulation 32.2 (a) of the MYT Regulations, 2019 for each year of the Control Period.

5.6.2 The rate of interest for calculating the normative interest on working capital for FY 2023-24 and FY 2024-25 (SBI MCLR plus 150 Basis Points) as on the date of

filing Petition works out to 9.45%. The same has been considered for calculation of normative IoWC for FY 2023-24 and FY 2024-25.

- 5.6.3 AEML-T submits that it avails short term loans to fund its working capital requirement. Also, AEML-T employs its internal accruals to fund its working capital requirement. AEML-T shall present the actual interest on working capital along with the net entitlement at the time of truing up of FY 2023-24 and FY 2024-25.
- 5.6.4 The following Table shows the normative interest on working capital for FY 2023-24 and FY 2024-25 as claimed by AEML-T:

Table 154: Interest on Working Capital for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
O&M expenses for 1 month	4.64	5.68	4.82	5.98
Maintenance spares @ 1% of opening GFA	22.93	22.01	23.46	23.28
One and half months of InSTS revenue	42.63	53.03	42.22	57.28
Working capital requirement	70.20	80.71	70.50	86.54
Interest rate (%)	9.55%	9.45%	9.55%	9.45%
Interest on Working Capital (IOWC)	6.70	7.63	6.73	8.18

Commission's Analysis and Ruling

- 5.6.5 Regulation 32.2 of MYT Regulations, 2019 specifies the methodology for assessment of working capital requirement by a Transmission Licensee. The relevant extracts are given as below.

“32.2 Transmission: — (a) The working capital requirement of the Transmission Licensee shall cover:—

Normative operation and maintenance expenses for one month;

Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year ; and

One and a half month equivalent of the expected revenue from transmission charges at the prevailing Tariff ;

minus

Amount held as security deposits in cash, if any, from Transmission System Users”

- 5.6.6 The Commission has approved O&M expenses for one month based on the normative O&M expenses approved in this Order for FY 2023-24 and FY 2024-25. The Commission has considered maintenance spares equivalent to 1% of GFA approved in this Order.
- 5.6.7 The Transmission charges considered for arriving the working capital requirement is the ARR including past gaps approved by the Commission for the respective years, i.e., FY 2023-24 and FY 2024-25 in this Order.
- 5.6.8 The MYT Regulations, 2019 stipulate that the rate of IoWC shall be considered on normative basis and shall be equal to base rate plus 150 basis points. The relevant extracts of Regulation 32.2 is provided as below

“(b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points...”

- 5.6.9 As per MYT Regulations, 2019, rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points. AEML-T has filed Petition on 1 November, 2022 and applicable base rate was 7.95%. Accordingly, interest rate approved by the Commission for calculation of interest on working capital is 9.45%.

Table 155: Interest on Working Capital for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
O&M expenses for 1 month	4.64	5.68	4.87	4.82	5.98	5.17
Maintenance spares @ 1% of opening GFA	22.93	22.01	21.43	23.46	23.28	22.50
One and half months of InSTS revenue	42.63	53.03	46.63	42.22	57.28	46.84
Working capital requirement	70.20	80.71	72.94	70.50	86.54	74.50
Interest rate (%)	9.55%	9.45%	9.45%	9.55%	9.45%	9.45%
Interest on Working Capital (IOWC)	6.70	7.63	6.89	6.73	8.18	7.04

- 5.6.10 **The Commission approves interest on Working Capital of Rs. 6.89 Crore for FY 2023-24 and Rs. 7.04 Crore for FY 2024-25.**

5.7 Return on Equity

AEML-T's Submission

- 5.7.1 The MYT Regulations, 2019 provides for allowing RoE in two parts i.e., Base RoE and additional RoE linked to actual performance. The additional RoE is to be allowed at the time of truing up for respective years based on actual performance. In the MYT Order dated 30.03.2020, the Commission had allowed the Base RoE only. For transmission business, the Base RoE is 14% per annum and eligibility for additional RoE is linked to performance parameters of transmission availability.
- 5.7.2 In the MYT Petition (Case No. 297 of 2019), AEML-T had submitted that AEML-T had achieved the performance parameters linked to the eligibility for additional RoE in the past and hence AEML-T should be allowed full RoE at 15.5% instead of 14% at the time of ARR itself, as deferring the allowance of addnl. RoE at the time of truing up will only increase the revenue gap, which will be required to be borne by the consumers along with carrying cost. The Commission, however, in the MYT Order dated 30.03.2020, did not consider the submissions of AEML-T and allowed the RoE at base of rate of 14%. AEML-T has raised this issue in the Appeal against MYT Order (DFR No. 227 of 2020), which is pending. Without prejudice to the contentions in Appeal, AEMLT has calculated the RoE for FY 2023-24 and FY 2024-25 considering the base rate of 14%.
- 5.7.3 In the section of true-up of FY 2020-21 and FY 2021-22, AEML-T has submitted that, as per the first proviso to the Regulation 34.4 of MYT Regulations, 2019, the effective Rate for Income Tax should be worked out considering the taxable income of regulated segment of transmission business of AEML alone, which is reflected in accordance with regulatory books. However, as per the second proviso of Regulation 34.4, the effective tax rate for future years is to be estimated based on the actual tax paid as per the latest available Audited Accounts. The Audited Accounts available to AEML-T (or Generation or Distribution segments) are as per the Company's books and according to the taxable income so derived, the Effective Tax Rate thereon is the MAT rate. Hence, for provisional true-up of FY 2022-23 and for projections thereafter, AEML-T has estimated the effective tax rate for grossing up RoE as the MAT rate of 17.47%. The projected RoE for FY 2023-24 and FY 2024-25 as submitted by AEML-T is shown in the table below:

Table 156: Return on Equity for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Regulatory equity at the beginning of the year	729.08	701.66	745.14	739.76

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Equity portion of expenditure capitalized	16.06	38.09	16.06	416.55
Regulatory equity at the end of the year	745.14	739.76	761.20	1,156.30
Return Computation				
RoE at the beginning of the year	123.68	119.03	126.40	125.49
RoE on capitalization during the year	1.36	3.23	1.36	35.33
Total Return on Equity	125.04	122.26	127.77	160.82

Commission's Analysis and Ruling

5.7.4 Regulation 29 of MYT Regulations, 2019 specifies for determination of Return on Equity for the MYT fourth Control Period. The relevant clause is provided as below.

“29.1 Return on equity for a Generating Company, Transmission Licensee, Distribution Wires Business and MSLDC shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 15.5 per cent per annum in Indian Rupee terms, and for the Retail Supply Business, Return on equity capital shall be allowed on the amount of equity capital determined in accordance with Regulation 27 at the rate of 17.5 per cent per annum in Indian Rupee terms.

28.2 Base Return on equity for the Generating company, Transmission Licensee, Distribution Wires Business and MSLDC shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 14 per cent per annum in Indian Rupee terms, and for the Retail Supply Business, Return on equity capital shall be allowed on the amount of equity capital determined in accordance with Regulation 27 at the rate of 15.5 per cent per annum in Indian Rupee terms.

28.3 The return on equity shall be computed in the following manner:—

(a) Return at the allowable rate as per this Regulation, applied on the amount of equity capital at the commencement of the Year; plus

(b) Return at the allowable rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable capital cost, for the investments put to use in Generation Business or Transmission Business or Distribution Business or MSLDC, for such Year.

- 5.7.5 As specified in the above Regulations, for projection period, Base RoE of 14% has been considered. AEML-T is eligible for additional return on equity at time of Truing-up for respective year based on actual performance, after prudence check of the Commission.
- 5.7.6 Regulation 34.2 of the MYT Regulations, 2019, specifies that the rate of RoE including additional rate of RoE as allowed by the commission, shall be grossed up with the effective tax rate of respective financial year.
- 5.7.7 Further, as per the Regulation 34.4 of the MYT Regulations, 2019, the effective tax rate shall be considered on the basis of actual tax paid in respect of financial year in line with the provisions of the relevant Finance Acts by the concerned Licensee. However, as per the second proviso of Regulation 34.4 states that the effective tax rate for future years is to be estimated based on the actual tax paid as per the latest available Audited Accounts. The actual tax rate considered by the Commission for grossing up the RoE for FY 2021-22 was 17.47% i.e. MAT rate as per the Income Tax notification. Accordingly, the Commission has considered the MAT rate for provisionally grossing up the RoE for FY 2023-24 and FY 2024-25.
- 5.7.8 Considering the above, the Commission approves additional RoE of 16.96% for FY 2023-24 and FY 2024-25.
- 5.7.9 The Commission has considered closing equity balance of FY 2022-23 as opening equity balance for FY 2023-24. The equity addition has been considered as 30% of the approved capitalization for FY 2023-24 and FY 2024-25 respectively. There are no retirements considered and hence, no effects of retirements on equity balances.
- 5.7.10 AEML-T has not considered any retirements and hence the effect of the same in terms of writing off depreciation, reduction in equity and loan balances, etc. will be accounted on actual basis, as and when it is submitted for Truing-up.
- 5.7.11 The following Table shows the computation and approval of the Commission for Return on Equity for FY 2023-24 and FY 2024-25.

Table 157: Return on Equity for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Regulatory equity at the beginning of the year	729.08	701.66	684.32	745.14	739.76	716.22
Equity portion of expenditure capitalized	16.06	38.09	31.90	16.06	416.55	345.42
Regulatory equity at the end of the year	745.14	739.76	716.22	761.20	1,156.30	1,061.64

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Return Computation						
RoE at the beginning of the year	123.68	119.03	116.09	126.40	125.49	121.50
RoE on capitalization during the year	1.36	3.23	2.71	1.36	35.33	29.30
Total Return on Equity	125.04	122.26	118.79	127.77	160.82	150.79

5.7.12 The Commission approves Return on Equity of Rs. 118.79 Crore for FY 2023-24 and Rs. 150.79 Crore for FY 2024-25.

5.8 Contribution to Contingency Reserve

AEML-T's Submission

5.8.1 Regulation 35.1 of the MYT Regulations, 2019 provides for Contribution to Contingency Reserves (CR) of a sum not less than 0.25% and not more than 0.5% of the original cost of fixed assets. In view of the above, AEML-T has considered the contribution to contingency reserve at 0.25% of the projected GFA for FY 2023-24 and FY 2024-25.

Table 158: Contribution to Contingency Reserve for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Opening Balance of Contingency Reserves	51.78	51.46	57.52	56.96
Opening Gross Fixed Assets	2,292.70	2,201.03	2,346.24	2,328.01
Opening Balance of Contingency Reserves as % of Opening GFA	2.26%	2.34%	2.45%	2.45%
Contribution to Contingency Reserves during the year	5.73	5.50	5.87	5.82

Commission's Analysis and Ruling

5.8.2 Regulation 35 of MYT Regulations, 2019 provides for contribution to contingency reserve. The relevant extracts are as given below.

“35.1 Where the Licensee has made a contribution to the Contingency Reserve, a sum not less than 0.25 per cent and not more than 0.5 per cent of the original cost of fixed assets shall be allowed annually towards such contribution in the calculation of Aggregate Revenue Requirement :

Provided that where the amount of such Contingency Reserves exceeds five (5) per cent of the original cost of fixed assets, no further contribution shall be allowed:

Provided further that such contribution shall be invested in securities authorized under the Indian Trusts Act, 1882 within a period of six months of the close of the Year.

5.8.3 The Commission in line with the MYT Regulations, 2019 has approved Contribution to Contingency Reserve at 0.25% of the opening GFA approved by the Commission in this Order for each of the remaining year of the fourth MYT Control Period.

5.8.4 The following Table shows the Contribution to Contingency Reserve as approved by the Commission for FY 2023-24 and FY 2024-25.

Table 159: Contribution to Contingency Reserve for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Opening Balance of Contingency Reserves	51.78	51.46	51.17	57.52	56.96	56.53
Opening Gross Fixed Assets	2,292.70	2,201.03	2,143.23	2,346.24	2,328.01	2,249.56
Opening Balance of Contingency Reserves as % of Opening GFA	2.26%	2.34%	2.39%	2.45%	2.45%	2.51%
Contribution to Contingency Reserves during the year	5.73	5.50	5.36	5.87	5.82	5.62

5.8.5 **The Commission approves Contribution to Contingency Reserves of Rs. 5.36 Crore for FY 2023-24 and Rs. 5.62 Crore for FY 2024-25.**

5.9 Non -Tariff Income

AEML-T's Submission

5.9.1 AEML-T has considered the NTI for FY 2023-24 and FY 2024-25 at the same level as that of the provisional NTI considered for FY 2022-23 in the section on provisional truing up of FY 2022-23.

5.9.2 AEML-T has not entered into agreement with any entity for optimum utilization of its assets as per MYT Regulations, 2019. Hence, no income from Other Business has been estimated for FY 2023-24 and FY 2024-25.

Table 160: Non-Tariff Income for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Income from rent of land or buildings (land usage charges)	-	1.32	-	1.32
Income from sale of scrap	-	2.00	-	2.00
Income from investments (contingency reserve)	-	0.26	-	0.26
Other/Miscellaneous receipts	-	0.40	-	0.40
Non Tariff Income	5.25	3.98	5.65	3.98

Commission's Analysis and Ruling

5.9.3 In line with the submission of AEML-T, the Commission has retained the estimated non-tariff income for FY 2023-24 and FY 2024-25 same as the provisionally approved non-tariff income for FY 2022-23.

5.9.4 As per AEML-T's submission, the Commission makes note that they have not projected any income from Other Business and hence the Commission has not considered any income from Other Business for FY 2023-24 and FY 2024-25.

5.9.5 The following Table shows the Non-Tariff Income approved by the Commission for the FY 2023-24 and FY 2024-25.

Table 161: Non-Tariff Income for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Income from rent of land or buildings (land usage charges)		1.32	1.32		1.32	1.32
Income from sale of scrap		2.00	2.00		2.00	2.00
Income from investments (contingency reserve)		0.26	0.26		0.26	0.26
Other/Miscellaneous receipts		0.40	0.40		0.40	0.40
Non Tariff Income	5.25	3.98	3.98	5.65	3.98	3.98

5.9.6 **The Commission approves Non-Tariff Income of Rs. 3.98 Crore for FY 2023-24 and Rs. 3.98 Crore for FY 2024-25.**

5.10 Carrying Cost on Revenue Gap / (Surplus) for FY 2019-20, FY 2020-21 and FY 2021-22

AEML-T's Submission

5.10.1 The carrying / holding cost calculation on the incremental revenue gap/ (surplus) for FY 2019-20 (excluding availability incentive) is shown in the table below.

Table 162: Carrying Cost on Incremental Gap / (Surplus) for FY 2019-20, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening	0	(4.78)	(0.67)	(0.67)	(0.67)
Addition (FY 2017-18 truing-up surplus excluding availability incentive)	(4.78)				
Recovery		(4.11)			(0.67)
Closing	(4.78)	(0.67)	(0.67)	(0.67)	0.00
Average	(2.39)	(2.72)	(0.67)	(0.67)	(0.33)
Carrying Cost rate (%)	9.66%	8.57%	8.50%	9.45%	9.45%
Carrying Cost	(0.23)	(0.23)	(0.06)	(0.06)	(0.03)
Total Carrying Cost			(0.61)		

Table 163: Carrying Cost on Gap / (Surplus) for FY 2020-21, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening	0	11.15	11.15	11.15
Addition (FY 17-18 truing-up surplus excluding availability incentive)	11.15			
Recovery				11.15
Closing	11.15	11.15	11.15	0.00
Average	5.57	11.15	11.15	5.57
Carrying Cost rate (%)	8.57%	8.50%	9.45%	9.45%
Carrying Cost	0.48	0.95	1.05	0.53
Total Carrying Cost		3.01		

Table 164: Carrying Cost on Gap / (Surplus) for FY 2021-22, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
Opening	0	53.05	53.05
Addition (FY 17-18 truing-up surplus excluding availability incentive)	53.05		
Recovery		0.00	53.05
Closing	53.05	53.05	0.00
Average	26.53	53.05	26.53

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
Carrying Cost rate (%)	8.50%	9.45%	9.45%
Carrying Cost	2.25	5.01	2.51
Total Carrying Cost	9.77		

5.10.2 Based on the above, the cumulative revenue gap/(surplus) till FY 2022-23 is shown in table below:

Table 165: Past Gap / (Surplus) till FY 2022-23 with Carrying / (Holding) Cost, as submitted by AEML-T (Rs. Crore)

Particulars	Rs. Crore
FY 2019-20 Revenue Gap / (Surplus) - incremental	1.70
Carrying / (Holding) Cost for FY 2019-20	(0.62)
FY 2020-21 Revenue Gap / (Surplus)	11.15
Carrying / (Holding) Cost for FY 2020-21	3.01
FY 2021-22 Revenue Gap / (Surplus)	53.05
Carrying / (Holding) Cost for FY 2021-22	9.77
FY 2022-23 Revenue Gap / (Surplus)	0.63
Total Gap / (Surplus) till FY 2022-23	78.69

Commission's Analysis and Ruling

5.10.3 The Commission has worked out carrying cost / (holding cost) on the Revenue Gap/ (Surplus) of FY 2019-20, FY 2020-21 and FY 2021-22 on simple interest basis. Carrying/ (holding) cost is given on addition in revenue gap/ (surplus) during the year excluding incentive.

5.10.4 The Commission has considered the interest rate in accordance with MYT Regulations, 2019. The relevant extracts are as follows.

“The Commission shall allow Carrying Cost or Holding Cost, as the case may be, on the admissible amounts, with simple interest, at the weighted average Base Rate prevailing during the concerned Year, plus 150 basis points.”

5.10.5 Based on the above, the Commission approves the carrying/ (holding) cost on revenue gap/ (surplus) and the computation of the same is shown in the Table below.

Table 166: Carrying / (Holding) Cost for FY 2019-20, as approved by the Commission (Rs. Crore)

Particulars (Rs. Crore)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Balance	0	(4.45)	(0.34)	(0.34)	(0.34)
Addition	(4.45)				
Recovery		(4.11)			(0.17)
Closing Balance	(4.45)	(0.34)	(0.34)	(0.34)	(0.17)
Average Balance	(2.23)	(2.40)	(0.34)	(0.34)	(0.26)
Carrying Cost (%)	9.66%	8.57%	8.50%	9.45%	9.45%
Carrying Cost	(0.22)	(0.21)	(0.03)	(0.03)	(0.02)
Total Carrying / (Holding) Cost					(0.51)

Table 167: Carrying / (Holding) Cost for FY 2020-21, as approved by the Commission (Rs. Crore)

Particulars (Rs. Crore)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Balance	0	12.80	12.80	12.80
Addition	12.80			
Recovery				6.40
Closing Balance	12.80	12.80	12.80	6.40
Average Balance	6.40	12.80	12.80	9.60
Carrying Cost (%)	8.57%	8.50%	9.45%	9.45%
Carrying Cost	0.55	1.09	1.21	0.91
Total Carrying / (Holding) Cost				3.75

Table 168: Carrying / (Holding) Cost for FY 2021-22, as approved by the Commission (Rs. Crore)

Particulars (Rs. Crore)	FY 2021-22	FY 2022-23	FY 2023-24
Opening Balance	0	6.90	6.90
Addition	6.90		
Recovery			3.45
Closing Balance	6.90	6.90	3.45
Average Balance	3.45	6.90	5.17
Carrying Cost (%)	8.50%	9.45%	9.45%
Carrying Cost	0.29	0.65	0.49
Total Carrying / (Holding) Cost			1.43

Table 169: Carrying / (Holding) Cost on Revenue Gap / (Surplus) up to FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars (Rs. Crore)	FY 2023-24
FY 2019-20 Revenue Gap / (Surplus) - incremental	2.03
Carrying / (Holding) Cost for FY 2019-20	-0.51
FY 2020-21 Revenue Gap / (Surplus)	12.80
Carrying / (Holding) Cost for FY 2020-21	3.75
FY 2021-22 Revenue Gap / (Surplus)	6.90
Carrying / (Holding) Cost for FY 2021-22	1.43
FY 2022-23 Revenue Gap / (Surplus)	-17.47
	8.94

5.11 ARR for FY 2023-24 and FY 2024-25

AEML-T's Submission

5.11.1 Based on the individual elements discussed in the Petition, the total projected Aggregate Revenue Requirement (ARR) for FY 2023-24 and FY 2024-25 is shown in the table:

Table 170: ARR for FY 2023-24 and FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	AEML-T Petition	MYT Order	AEML-T Petition
Operation & Maintenance Expenses	55.73	68.12	57.87	71.73
Impact of SC Judgment on PF	-	0.15	-	0.15
Depreciation Expenses	103.71	102.22	101.68	137.67
Interest on Loan Capital	49.35	43.64	43.45	77.87
Interest on Working Capital and on Consumer Security Deposits	6.70	7.63	6.73	8.18
Contribution to contingency reserves	5.73	5.50	5.87	5.82
Total Revenue Expenditure	221.22	227.25	215.60	301.42
Add: Return on Equity Capital	125.04	122.26	127.77	160.82
Aggregate Revenue Requirement	346.27	349.51	343.37	462.24
Less: Non Tariff Income	5.25	3.98	5.65	3.98
Aggregate Revenue Requirement from Transmission Business	341.02	345.53	337.72	458.26
Net ARR	341.02	345.53	337.72	458.26
FY 2019-20 Revenue gap/ (surplus) - incremental	-	1.70	-	-
Carrying / (Holding) cost for FY 2019-20	-	-0.62	-	-
FY 2020-21 Revenue gap/ (surplus)	-	11.15	-	-
Carrying / (Holding) cost for FY 2020-21	-	3.01	-	-
FY 2021-22 Revenue gap/ (surplus)	-	53.05	-	-
Carrying / (Holding) cost for FY 2021-22	-	9.77	-	-
FY 2022-23 revenue gap/ (surplus)	-	0.63	-	-
Total ARR	341.02	424.22	337.72	458.26

Commission's Analysis and Ruling

5.11.2 The Commission has approved the revised ARR for FY 2023-24 and FY 2024-25 based on rulings made for individual components in the previous sections of this Chapter. However, it is observed that there is a significant difference in the ARR approved for the two years i.e., FY 2023-24 and FY 2024-25. The significantly varying ARR over the two years will cause unbalanced impact on the InSTS costs to be recovered from the Transmission System Users (mainly comprising of the

Distribution utilities), leading to requirement of higher increase in tariff in one year as compared to the other year. Considering the same and to balance out the impact on the InSTS costs, the Commission has considered allowing higher ARR for AEML-T in the FY 2023-24 and consequentially a lower ARR in FY 2024-25. The higher ARR allowance will be accompanied with recovery of the holding cost from AEML-T. The calculation of the holding cost is shown in the table below:

Table 171: Impact of Carrying / (Holding) Cost, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Opening Gap	0.00	(41.00)
Addition During the Year	8.94	0.00
Recovery during the year	49.94	(41.00)
Closing Gap	(41.00)	0.00
Rate of Interest	9.45%	9.45%
Carrying / (Holding) Cost	(1.94)	(1.94)

5.11.3 Based on the above, the ARR approved for the FY 2023-24 and FY 2024-25 is shown in the table below:

Table 172: ARR for FY 2023-24 and FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	AEML-T Petition	Approved in this Order	MYT Order	AEML-T Petition	Approved in this Order
Operation & Maintenance Expenses	55.73	68.12	58.48	57.87	71.73	62.03
Impact of SC Judgment on PF	-	0.15	0.15	-	0.15	0.15
Depreciation Expenses	103.71	102.22	99.03	101.68	137.67	128.46
Interest on Loan Capital	49.35	43.64	40.32	43.45	77.87	67.53
Interest on Working Capital and on Consumer Security Deposits	6.70	7.63	6.89	6.73	8.18	7.04
Contribution to Contingency Reserves	5.73	5.50	5.36	5.87	5.82	5.62
Total Revenue Expenditure	221.22	227.25	210.23	215.60	301.42	270.83
Add: Return on Equity Capital	125.04	122.26	118.79	127.77	160.82	150.79
Aggregate Revenue Requirement	346.27	349.51	329.02	343.37	462.24	421.62
Less: Non Tariff Income	5.25	3.98	3.98	5.65	3.98	3.98
Aggregate Revenue Requirement from Transmission Business	341.02	345.53	325.04	337.72	458.26	417.65
Net ARR	341.02	345.53	325.04	337.72	458.26	417.65
FY 2019-20 Revenue Gap / (Surplus) - incremental	-	1.70	-	-	-	-
Carrying / (Holding) Cost for FY 2019-20	-	(0.62)	-	-	-	-
FY 2020-21 Revenue Gap / (Surplus)	-	11.15	-	-	-	-
Carrying / (Holding) Cost for FY 2020-21	-	3.01	-	-	-	-
FY 2021-22 Revenue Gap / (Surplus)	-	53.05	-	-	-	-
Carrying / (Holding) Cost for FY 2021-22	-	9.77	-	-	-	-
FY 2022-23 Revenue Gap / (Surplus)	-	0.63	-	-	-	-
Revenue Gap / (Surplus) upto FY 2022-23 - Spread Over 2 Years			49.94			(41.00)
Respective Carrying / (Holding) Costs			(1.94)			(1.94)
Total ARR	341.02	424.22	373.04	337.72	458.26	374.71

5.11.4 The Commission approves Aggregate Revenue Requirement of Rs. 373.04 Crore for FY 2023-24 and Rs. 374.71 Crore for FY 2024-25.

6 Recovery of Transmission Charges

- 6.1.1 In accordance with the Transmission Pricing Framework and the MYT Regulations, 2019, the approved revised ARR for FY 2023-24 and FY 2024-25 of the Fourth Control Period is to be recovered through the Total Transmission System Cost (TTSC) of the respective years.
- 6.1.2 As AEML-T forms a part of the InSTS system, its approved ARR for last two years of MYT 4th Control Period shall be allowed to be recovered through the InSTS Transmission Tariff Order, which the Commission shall issue for respective remaining years of the MYT 4th Control Period.
- 6.1.3 It has been observed that in case of certain Transmission Licensees, there are instances of under-utilisation or over capacity design of transmission asset even after several years of commissioning of such transmission assets. Without getting into merits of design consideration at the time of installation, such underutilization or overcapacity design of transmission assets is a matter of concern as the investment is already made and common consumers have been paying for this. Facilitating setting up of excess capacity, was never the intend of the Regulatory Framework of the Commission.
- 6.1.4 **In this context, the Commission would like to take a comprehensive review of all such cases in the State and evolve a transmission pricing framework whereby transmission charges are levied on all the beneficiaries giving due consideration to actual beneficiaries for whom infrastructure was set up, level of utilisation by each beneficiary, etc., such that there is no undue benefit or burden on any beneficiaries. Regulation 67 of MYT Regulations, 2019 enables the Commission, after conducting a detailed study and due Regulatory process, to change the existing transmission pricing framework to one considering the factors such as voltage, distance, direction and quantum of flow based on the methodology specified by CERC, as may deem appropriate.**

7 Applicability of the Order

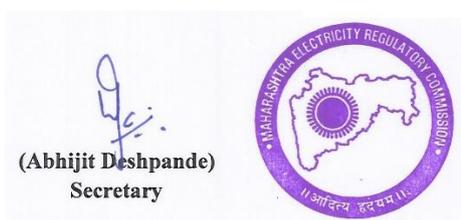
7.1.1 This Order on the Truing-up for FY 2019-20, FY 2020-21 and FY 2021-22, Provisional Truing-up for FY 2019-20 and approval of ARR for FY 2023-24 and FY 2024-25 shall come into force from 01 April, 2023.

The Petition of M/s Adani Electricity Mumbai Limited – Transmission in Case No. 230 of 2022 stands disposed of accordingly.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I. M. Bohari)
Member

Sd/-
(Sanjay Kumar)
Chairperson



8 Appendix-1: List of Persons Present at the Technical Validation Session on 12 December, 2022

Sr. No.	Name of person
1	Kishor Patil
2	Vivek Mishra
3	Ganesh Balasubramanian

9 Appendix-2: List of Persons Present at the Public Hearing on 25 January, 2023

Sr. No.	Name of person
1	Vivek Mishra

10 Appendix-3: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22

For FY 2019-20

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2019-20	Direct Asset	0.12	R & M
FY 2019-20	NHVS Spares for MTB	2.12	R & M
FY 2019-20	PROCUREMENT OF SPECIALISED INSULATED TOOLS FOR MAINTENANCE WORK	0.08	Capex
FY 2019-20	Replacement of existing in-service pol Insl	0.25	R & M
FY 2019-20	Replacement of existing in-service pol Insl	0.03	R & M
FY 2019-20	Procurement of Link Boxes	0.17	R & M
FY 2019-20	P/E/T/C of 220V, 400AH Battery sets	0.00	Capex
FY 2019-20	Refurbishment of cable trench Gorai	0.46	R & M
FY 2019-20	Labour supply:5S implementation @ Dahanu	0.14	R & M
FY 2019-20	I/T/C of Optical Multimode fibre for DTS	0.30	R & M
FY 2019-20	Antitracking Ironite flooring at Saki SS	0.09	R & M
FY 2019-20	Refurbishment of store II at Versova S/S	0.10	R & M
FY 2019-20	Procurement of Ladders for Ghodbunder and Versova	0.01	Capex
FY 2019-20	Procurement of Test Kit	0.87	Capex
FY 2019-20	Supply of Spares for FF System at MTB Substation	0.02	R & M
FY 2019-20	Water evacuation system and sump arrangement in 220 kV Switchyard at R-borivali	0.03	R & M
FY 2019-20	Refurbishment of 33 kV Switches of ABB GIS Boards	0.02	Capex
FY 2019-20	Refurbishment of 33 kV Switches of ABB GIS Boards	0.02	Capex
FY 2019-20	Refurbishment of Capex store at Dahanu	0.14	R & M
FY 2019-20	Upgradation of WIKA make SF6 gas Quality Analyser	0.08	Capex

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2019-20	S/I/C of NIFPS System at 8 Nos of Transformers	0.74	Capex
FY 2019-20	S/A of anti-corrosive painting at EHV Stn & Towers	2.71	R & M
FY 2019-20	Procurement & Installation of BPA sets.	0.20	R & M
FY 2019-20	Air Condition replacement of Aarey	0.04	Capex
FY 2019-20	Auto-Restoration of 33kV Feeders for Gorai	0.53	R & M
FY 2019-20	Providing and constructing of bitumen speed breaker at 220 kV Aarey EHV Substation	0.01	R & M
FY 2019-20	CCTV System across 5 GIS Substations for Supporting Remote Operations	0.69	R & M
FY 2019-20	Supply and Application of cool roof Coating on roof type GI sheets at TLM Dahanu office	0.03	R & M
FY 2019-20	Procurement of Treadmill for Aarey Gym	0.01	R & M
FY 2019-20	Procurement of Security Equipment (Binoculars)	0.01	R & M
FY 2019-20	Gymnasium equipment for Ghodbunder Station	0.01	R & M
FY 2019-20	Civil work for badminton court at 220kV Aarey Stn	0.05	R & M
FY 2019-20	Fire Resisting Record Cabinet for Aarey	0.01	R & M
FY 2019-20	S/C online DC earth Fault detection system	1.49	Capex
FY 2019-20	STRENGTHENING OF 220 KV GORAI EHV SUBSTATION BLDG	0.99	R & M
FY 2019-20	Fencing Wire & Concertina Wires at VSV	0.02	R & M
FY 2019-20	Procurement of 220kV clamps & connectors	0.01	R & M
FY 2019-20	SUPPLY OF TOTE BINS FOR STORAGE OF NUT-BOLTS	0.01	R & M
FY 2019-20	Procurement of PRD for 125 MVA, 220/33kV,CGL Make transformers at Chembur	0.00	Capex
FY 2019-20	Procurement of Paraffin based new insulating Transformer Oil	0.15	R & M
FY 2019-20	Refurbishment: fire hydrant system, ARY	0.04	Capex
FY 2019-20	Proposed Water Evacuation System & Allied works in 220kV Cable Cellar at Saki R/s.	0.08	R & M
FY 2019-20	Carpet replacement for Aarey 2nd floor	0.03	R & M
FY 2019-20	Panel Mounted Power Quality Meter	0.56	Capex
FY 2019-20	Augmentation of SCADA Load shedding Priority Feeders	3.72	R & M
FY 2019-20	Direct Asset	0.16	R & M

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2019-20	Development of Transformer Health Assessment Tracker	0.04	R & M
FY 2019-20	Procurement of spares for TWFL system.	0.01	R & M
FY 2019-20	Procurement of CT/PT for 33kV AIS board -VSV	0.08	Capex
FY 2019-20	Replacements of damaged/ broken outer armour rods at suspension fitting of OPGW-24 core on tower	0.08	R & M
FY 2019-20	Supply & Services for Commissioning of Supervision Relay panels for 220kV BB Protection Trip relays at EHV Sub Stations of MTB	0.27	R & M
FY 2019-20	Procurement of Projector & Network switches	0.03	Capex
FY 2019-20	Procurement of Ratchet type Lever Hoist	0.01	Capex
FY 2019-20	PROCUREMENT OF NUMERICAL RELAYS FOR LT ACDB'S DG INCOMERS AT AVG	0.02	R & M
FY 2019-20	Procurement of Safety and Emergency Equipment	0.01	R & M
FY 2019-20	Supply and Installation of Barbed wire at AEML-T EHV towers in Dahanu and Mumbai section.	0.35	R & M
FY 2019-20	Installation of Counterpoise Earthing (4 Nos per tower) for AEML-MTB EHV towers at rocky area.	0.56	Capex
FY 2019-20	Supply and Services for Overhauling of 220 kV CGL Make Circuit Breaker Mechanism	1.20	R & M
FY 2019-20	Procurement of ABB make spares	1.14	R & M
FY 2019-20	Replacement of End-of-Life Laptops & Desktops for Transmission Users.	0.57	Capex
FY 2019-20	Refurbishment of Fire Annunciation system of GIS stations at MTB	0.05	R & M
FY 2019-20	Supply of Spare Annunciators	0.03	R & M
FY 2019-20	SUPPLY & INSTALLATION OF 220 V AND 110 V NICD BATTERY SETS	1.57	Capex
FY 2019-20	WATERPROOFING OF OVERHEAD WATER TANKS @ GHODBUNDER	0.12	R & M
FY 2019-20	Refurbishment of Capacitor bank roofs & flooring	0.05	R & M
FY 2019-20	Controller panel for submersible pumps	0.01	R & M
FY 2019-20	Providing and fixing of proposed sintex water tank@ Aarey building no 1 & 2 staff Quarter.	0.11	R & M

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2019-20	Raising compound wall ht & fixing concertina wire	0.07	R & M
FY 2019-20	ETC OF BB SUPERVISION PANELS AT AAREY, VERSOVA, GHODBUNDER, BORIVALI, GORAI, Goregaon	0.04	R & M
FY 2019-20	STRUCTURAL STEEL BARRICADING AROUND THE TOWER LOCATION LS278,279	0.07	R & M
FY 2019-20	Direct Asset	0.08	R & M
FY 2019-20	PURCHASE OF REPAIR KIT FOR AIS TERM TX- SAKI & ARY	0.00	R & M
FY 2019-20	Spares for Relay test kit	0.06	R & M
FY 2019-20	Spares of protection relays	0.04	R & M
FY 2019-20	Total Non-DPR Activities / Works (Rs. Crore)	24.04	

(Back to the original reference 3.2.21)

For FY 2020-21

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2020-21	Grid connected roof top Solar PV Service	1.00	Capex
FY 2020-21	Augmentation of Fire fighting system	2.97	R & M
FY 2020-21	Augmentation of Fire fighting system	0.22	R & M
FY 2020-21	Re-routing of LILO Cables	3.98	R & M
FY 2020-21	Access Control System for GIS S/S.	0.28	Capex
FY 2020-21	Refurbishment of SMPS based 220V Battery Charger at MSETCL Borivali	0.05	R & M
FY 2020-21	Procurement of Test Kit	0.44	Capex
FY 2020-21	Raising compound wall ht & fixing concertina wire	0.02	R & M
FY 2020-21	HPA Type 33kv CB Poles	0.19	R & M
FY 2020-21	Purchasing of GPRS for Transport Section	0.00	R & M

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2020-21	PROCUREMENT OF 220 KV STANDALONE AUTORECLOSE RELAYS	0.13	R & M
FY 2020-21	PROCUREMENT OF SF6 GAS ANALYSER KIT AT VSV	0.16	Capex
FY 2020-21	PROCUREMENT OF OFFLINE FAULT LOCATOR AT VSV	0.33	Capex
FY 2020-21	PROCUREMENT OF SPARES FOR TWFL SYSTEM	0.12	R & M
FY 2020-21	Procurement of Safety and Emergency Equipment	0.01	R & M
FY 2020-21	Procurement of Indicating meters	0.03	R & M
FY 2020-21	VMS System for Security section MTB	0.02	R & M
FY 2020-21	Housekeeping and Material Handling for FY 19-20 at Transmission Capex Store. Dahanu	0.14	R & M
FY 2020-21	STRENGTHENING OF 220 KV GORAI EHV SUBSTATION BLDG	0.19	R & M
FY 2020-21	Procurement of 220kV GIS module-Gorai	1.91	Capex
FY 2020-21	SCADA Firewall for Perimeter security of Transmission SCADA System	0.06	R & M
FY 2020-21	TWFL SYSTEM FOR DAHANU- MSETCL VIRAJ LINE	0.30	R & M
FY 2020-21	Spare motor for Jockey	0.01	R & M
FY 2020-21	Re-routing of Ghodbunder LILO Cable feed	3.73	R & M
FY 2020-21	Replacement of Polymer Insulators with high creepage Insulators	0.07	Capex
FY 2020-21	Supply of ABB make REF542+ BCPU relays HMI for Ghodbunder	0.12	R & M
FY 2020-21	RETROFITTING OF L&G MAKE 1A ENERGY METERS	0.16	R & M
FY 2020-21	PROCUREMENT OF 220/110V 50AMPS DC-DC CONVERTER AT VERSOVA EHV SUB-STATION	0.04	R & M
FY 2020-21	Development of Transformer Health Assessment Tracker	0.06	R & M
FY 2020-21	Procurement of FRP type Scaffolding and Ladders	0.05	Capex
FY 2020-21	Hydraulic compressor TLM	0.01	Capex
FY 2020-21	Dewatering pumps @ GBR	0.08	Capex
FY 2020-21	ETC OF BB SUPERVISION PANELS AT AAREY, VERSOVA, GHODBUNDER, BORIVALI, GORAI, Goregaon	0.01	R & M
FY 2020-21	Procurement of Test Kit	0.10	Capex

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2020-21	Spare 33kv Cable and termination	0.02	R & M
FY 2020-21	Waste collection bins at MTB	0.03	R & M
FY 2020-21	Cable laying (size 3c X 400 sq.mm.) for capacitor bank from 33 KV sw. No 67 (GIS) to capacitor bank 15 B	0.09	Capex
FY 2020-21	Metallic Non corrosive wind cock	0.00	R & M
FY 2020-21	Procurement of Spares for 33kV Schneider (formerly AREVA) make 33kV GIS Board 6	0.18	R & M
FY 2020-21	Supply of Multimeters and Clamp meters	0.01	Capex
FY 2020-21	Procurement of Air Conditioners at MSTCL Borivali	0.05	Capex
FY 2020-21	Spare CT/VT Module for - B90 Busbar protection relays	0.12	R & M
FY 2020-21	Raising height of equipment @ GBR	0.87	R & M
FY 2020-21	Supply, testing and commissioning of frequency relay panel for load shedding scheme at eight (8) nos of 220kV substations	0.90	Capex
FY 2020-21	Procurement of 7SJ80 relay	0.02	R & M
FY 2020-21	Procurement of Hand-held Metal detector	0.03	R & M
FY 2020-21	Supply & Installation of Online Bushing Monitoring System	0.38	R & M
FY 2020-21	Material for Re-routing Ghodbunder LILO	0.04	R & M
FY 2020-21	Spindle type Gate valves	0.36	R & M
FY 2020-21	Procurement of shredding machine & allied equipment for Aarey, Versova & Ghodbunder Station	0.09	R & M
FY 2020-21	Controller panel for submersible pumps	0.00	R & M
FY 2020-21	Procurement of Fire Buckets	0.01	R & M
FY 2020-21	Inflatable Emergency Lighting System	0.03	R & M
FY 2020-21	Awning and roofing at GGN/VSV/GORAI	0.03	R & M
FY 2020-21	Civil foundation for shredding machine	0.00	R & M
FY 2020-21	Re-routing of LILO Cables	0.65	R & M
FY 2020-21	Procurement of Capacitor units	0.53	Capex

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2020-21	False flooring at Borivali EHV Station	0.04	R & M
FY 2020-21	Rolling shutter at 33 kV Switchgear room	0.01	R & M
FY 2020-21	MFD Printer for Goregaon	0.02	Capex
FY 2020-21	Procurement of license free walkie-talkie	0.01	R & M
FY 2020-21	Energy meters for 33KV system	1.13	R & M
FY 2020-21	Procurement of Energy meters	0.38	R & M
FY 2020-21	S/C online DC earth Fault detection system	0.06	R & M
FY 2020-21	Replacement of Transformer Grating	0.80	R & M
FY 2020-21	Procurement of split core CT	0.03	R & M
FY 2020-21	Procurement of Cable and Terminations	0.38	R & M
FY 2020-21	Anticorrosive painting on Transmission Towers	0.80	R & M
FY 2020-21	Air conditioners for MTB	0.74	Capex
FY 2020-21	Barbed wire fencing @ DTPS	0.06	R & M
FY 2020-21	SF6 gas leakage detector	0.09	R & M
FY 2020-21	Porta cabin for Security section	0.02	R & M
FY 2020-21	Procurement of Ladders for EHV S/S	0.02	Capex
FY 2020-21	Refurbishment of Hiranandani stores	0.47	R & M
FY 2020-21	Procurement: temperature indicating mtr	0.02	R & M
FY 2020-21	Commissioning of Automatic PF Controller	0.02	R & M
FY 2020-21	Procurement of spares for Battery charger	0.00	R & M
FY 2020-21	SCADA Cyber Security Controls for perimeter security & hardening of the SCADA system	0.21	R & M
FY 2020-21	SUPPLY & INSTALLATION OF 220 V AND 110 V NICD BATTERY SETS	0.08	Capex
FY 2020-21	SITC of Card readers across MTB Security	0.02	R & M
FY 2020-21	FIRE DETECTION AND ALARM SYSTEM@TLM DTPS	0.16	R & M
FY 2020-21	Boom Lift	0.55	Capex

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2020-21	Anti-corrosive paint on Baseplate of Transmission Towers	0.13	R & M
FY 2020-21	Schneider make 33KV CB mechanism	0.08	R & M
FY 2020-21	Aviation Warning System on Tran Towers	0.20	R & M
FY 2020-21	33kV AIS Outdoor cable end terminations	0.01	R & M
FY 2020-21	Procurement of Earth discharge rods	0.04	R & M
FY 2020-21	Supply and Installation of LTCTs for EMS	0.06	R & M
FY 2020-21	Buchholz isolation gate valve :100MVA TR	0.00	R & M
FY 2020-21	Procurement Online Dissolved Gas Analyser	0.21	R & M
FY 2020-21	Replacement of faulty conventional lights with LED Lights	0.21	R & M
FY 2020-21	Refurbishment of parking sheds at 220 kV Versova and Ghodbunder EHV substation	0.37	R & M
FY 2020-21	Supply and Installation of Barbed wire at AEML-T EHV towers in Dahanu and Mumbai section.	0.13	R & M
FY 2020-21	Installation of Multifunction meters	0.15	Capex
FY 2020-21	Procurement of Siemens make 7SD52 relay	0.09	R & M
FY 2020-21	Portable Energy Meters box for EMS	0.03	R & M
FY 2020-21	Deployment of Turnstile at Aarey	0.20	R & M
FY 2020-21	DTS software for Cable maintenance	0.10	R & M
FY 2020-21	IOBC CWIP + CAP	-0.16	R & M
FY 2020-21	Bird Guards for EHV Transmission towers	0.02	R & M
FY 2020-21	Procurement and deployment Boom barrier	0.54	R & M
FY 2020-21	Strengthening of 33 kV GIS room floor GGN	0.06	R & M
FY 2020-21	Proc. & Deployment PIDS @ Aarey & Versova	0.50	R & M
FY 2020-21	Deployment of Fencing wire at Aarey	0.09	R & M
FY 2020-21	Erection Loading/Unloading Platform Saki	0.02	R & M
FY 2020-21	External & Internal Painting works for Control room building for AG	0.28	R & M

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2020-21	P/A Weather protection paint on the civil foundation of 220 kv Transmission towers in the Mumbai section	0.18	R & M
FY 2020-21	VMS System for Security section MTB	0.01	R & M
FY 2020-21	Supply and services for refurbishment of Fire fighting pumps	0.22	R & M
FY 2020-21	Procurement of Connector/adaptor Sf6 ep	0.04	R & M
FY 2020-21	Procurement HighCreepage Polymer Insulator	0.17	Capex
FY 2020-21	SCADA Gateway Server & Operator Workstn	0.07	R & M
FY 2020-21	RCC retaining wall Twr SS155 & LS122	0.25	R & M
FY 2020-21	Procurement & Installation of BPA sets.	0.00	R & M
FY 2020-21	Direct Asset	2.13	R & M
FY 2020-21	Total Non-DPR Activities / Works (Rs. Crore)	33.90	

(Back to the original reference 3.2.27)

For FY 2021-22

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2021-22	Refurbishment of 220 kV AIS Isolator and Earth Switches	0.10	R & M
FY 2021-22	Structural Strengthening Civil Work - Extraction & Testing of Cores at Versova	0.42	R & M
FY 2021-22	Supply and Services for Overhauling of 220 kV CGL Make Circuit Breaker Mechanism	0.28	R & M
FY 2021-22	Construction of shed on GIS at 220 kV Gorai EHV substation.	0.49	R & M
FY 2021-22	Refurbishment of Isolators and Earth switches	0.95	Capex
FY 2021-22	Structural Retrofitting of Civil foundation of 220 kV Transmission tower no. SS 290 in Mumbai Section	0.25	R & M
FY 2021-22	3 Phase transformer turns ratio kit	0.08	Capex
FY 2021-22	220kV Cables laying; crossing WEH	0.16	R & M

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2021-22	Concertina coils at Versova	0.02	R & M
FY 2021-22	Supply and services of Transformer fans	0.17	R & M
FY 2021-22	Differential protection relay	0.08	Capex
FY 2021-22	Spares for 33kV SIEMENS make GIS BVL CHB	0.22	R & M
FY 2021-22	Protection of 220 kV Tower no. VAB 61	0.05	R & M
FY 2021-22	Procurement of InnerCone Insulating seal	0.00	R & M
FY 2021-22	Installation of Siren System at BVL S/S	0.01	R & M
FY 2021-22	Implementation SCADA Cyber Security Ctrl	1.18	R & M
FY 2021-22	Provision for DPR Projects in Approval: P/Supplying M.S. Porta cabin at 220 kV Aarey, Versova & Ghodbunder AIS Station.	0.07	R & M
FY 2021-22	Spares for 33kV ABB GIS Board GBR	0.17	R & M
FY 2021-22	Procurement of Pallet Trucks & Hand Cart	0.02	R & M
FY 2021-22	ARD for Passenger Lift at 220 kV Chembur	0.01	Capex
FY 2021-22	Construction of retaining wall for Cable	2.40	R & M
FY 2021-22	Erection of Loading/Unloading Platform	0.02	R & M
FY 2021-22	ITC of smoke detectors at GBR and BVL	0.04	R & M
FY 2021-22	Procurement of Petrol Driven Chain Saw	0.01	R & M
FY 2021-22	220kV Circuit Breakr Analyzer &Thermovis	0.22	Capex
FY 2021-22	Procurement of Queue Manager for MTB Sto	0.00	R & M
FY 2021-22	Procurement of LT Cable for EHV S/S	0.10	R & M
FY 2021-22	High creepage Polymer Insulators Grad rg	0.30	Capex
FY 2021-22	CB Pole operating Mechanism for NHVS GIS	0.44	R & M
FY 2021-22	Procurement of REF 542plus BCPH HMI	0.32	R & M
FY 2021-22	Procurement of Test Kits	0.05	Capex
FY 2021-22	Spares for Masstech make Battery Charger	0.04	R & M
FY 2021-22	Deployment Of Communication link between AEML AND SLDC	0.05	R & M

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2021-22	GPS Clock Time synchronization of Relays	0.08	Capex
FY 2021-22	Construction of addl Treated Earth pits	0.03	R & M
FY 2021-22	Cable identification kit & Cable punctur	0.04	Capex
FY 2021-22	Security Automation Project across AEML	0.83	R & M
FY 2021-22	Water level controller with sensors for	0.03	R & M
FY 2021-22	Submersible pumps for 220 kV EHV Substat	0.01	Capex
FY 2021-22	Ceiling and Exhaust Fans at 220 kV EHV S	0.02	R & M
FY 2021-22	Supply and services for refurbishment of Fire fighting pumps	0.09	R & M
FY 2021-22	Procurement of Fire Extinguishers & pipe	0.23	R & M
FY 2021-22	High creepage Polymer Insulators Grad rg	0.43	Capex
FY 2021-22	Jockey pump for FF system at AVG	0.19	R & M
FY 2021-22	Spares for 33 kV ABB make GIS Switchgear	0.02	R & M
FY 2021-22	Procurement of Connector/adapter SF6 eqt	0.05	R & M
FY 2021-22	Procurement of portable Ladders	0.03	Capex
FY 2021-22	Vehicles	0.50	Capex
FY 2021-22	Total Non-DPR Activities / Works (Rs. Crore)	11.30	

(Back to the original reference 3.2.33)

11 Appendix-4: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2022-23

For FY 2022-23

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2022-23	Structural Strengthening of Columns & Beams of Existing 220/33kV Switchgear Building at Versova R/s	1.08	R & M
FY 2022-23	Procurement of Helical Gripper (1230 Set)	0.57	R & M
FY 2022-23	Installation Helical Gripper	0.23	R & M
FY 2022-23	INSTALLATION OF BPA SETS (Helical Gripper)	0.40	R & M
FY 2022-23	Procurement of Schneider make Spare relays (S80-6 Nos T87 - 2 Nos)	0.29	R & M
FY 2022-23	Supply & ETC of 33kV Capacitor bank (SW-5) at Versova EHV Sub Station	0.22	R & M
FY 2022-23	Procurement of Jaw type Earth Resistance Tester at Aarey	0.09	Capex
FY 2022-23	Procurement of spares for 33 kV ABB make Switchgear at Saki	0.41	R & M
FY 2022-23	Installation of polymer insulators with High creepage Polymer Insulators)	0.05	Capex
FY 2022-23	Procurement of Non-contact type High Voltage Detector for system 1kV to 800kV along with sectional hot sticks (4 Nos.)	0.02	R & M
FY 2022-23	Procurement of modules for GE make B90 busbar protection Scheme at Versova EHV Sub Station	0.02	R & M
FY 2022-23	Procurement of Three phase relay test kit	0.34	Capex
FY 2022-23	Procurement of high creepage polymer insulators with grading ring for additional replacement at critical tower locations (Suspension : 320 nos. Tension : 500 nos.)	0.72	Capex
FY 2022-23	Services for replacement of in-service Polymer insulators with high creepage Polymer insulators in Cold line at critical tower locations, (733 nos., 92 Towers)	0.28	Capex
FY 2022-23	Procurement of High Creepage Polymer Insulators along with Grading ring for replacement at balance locations in mumbai section. (3700 Nos.)	0.90	Capex

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2022-23	Replacement of in-service old Polymer insulators with high creepage polymer insulators in Cold line (2780 Nos.)	0.80	Capex
FY 2022-23	Procurement of 33kV 1C*630sqmm cables along with associated accessories(Cable Terminations, Cable cleats etc.) for 125MVA TR-5 at Versova EHV Sub Station (3 km)	0.79	Capex
FY 2022-23	Services for Laying of 33kV 1C*630 sq mm. Cable (along with Terminations) including Civil Works for 125 MVA TR-5 at Versova EHV Sub-Station	0.41	R & M
FY 2022-23	Supply of 220V DC battery set at AEML Borivali	0.62	Capex
FY 2022-23	Installation of 220V DC battery set at AEML Borivali	0.01	Capex
FY 2022-23	Procurement of Schneider make S80 relay with SLD for OCEF protection of 33 kV feeders.	0.68	R & M
FY 2022-23	Procurement of Laptops & Desktops Transmisson	0.08	Capex
FY 2022-23	PIDS for Ghodbunder, Pylon and Gorai	0.45	R & M
FY 2022-23	Procurement of foldable Stretchers for COV's at AEML-T EHV Sub Stations OMS	0.01	R & M
FY 2022-23	HDD at Borivali Railway Crossing;	0.06	R & M
FY 2022-23	Vehicle- Direct Asset	0.15	Capex
FY 2022-23	Total Non-DPR Activities / Works (Rs. Crore)	9.67	

(Back to the original reference 4.2.13)

12 Appendix-5: List of Unutilised Bays as of end of January 2023, as submitted by AEML-T

Sr. No.	Substation Name	Board No.	Bay No.	Nomenclature	CoD	Type	Book Value (Rs. Lakhs)
1	Aarey	5	Sw.41	Proposed for Torino receiving station	1/23/2005	AIS	14.16
2	Aarey	5	Sw.47	Proposed for Torino receiving station	1/23/2005	AIS	14.16
3	Aarey	7	Sw.76	Proposed Acme-1	3/21/2009	GIS	32.23
4	Versova	5	Sw.54	Proposed -Khar	3/24/2009	GIS	32.23
5	Ghodbunder	1	Sw.01	Proposed 20 MVA-3	4/15/1995	AIS	2.54
6	Chembur	1	Sw.05	Allotted - TPC D - 1	8/27/2012	GIS	25.46
7	Chembur	2	Sw.19	Allotted - TPC D - 2	8/27/2012	GIS	25.46
8	Chembur	2	Sw.24	Allotted - TPC D - 3	8/27/2012	GIS	25.46
9	Chembur	3	Sw.41	Allotted - TPC D - 4	8/27/2012	GIS	31.24
10	Chembur	1	Sw.10	Spare Line Feeder (HDIL Chunabhati)	8/27/2012	GIS	25.46
11	Chembur	2	Sw.25	Proposed -Infra venture	8/27/2012	GIS	25.46
12	Chembur	3	Sw.33	Proposed - Anik-1	8/27/2012	GIS	31.24
13	Chembur	3	Sw.39	Proposed - Infra Venture	8/27/2012	GIS	31.24
14	Saki	1	Sw.03	Aarey Sw no 37/ Allotted - TPC D -1	3/31/2011	GIS	23.33
15	Saki	1	Sw.09	Allotted - TPC D -2	3/31/2011	GIS	23.33
16	Borivali	1	Sw.02	Proposed - Shah H-2	3/25/2012	GIS	25.86
17	Borivali	1	Sw.05	Proposed - Kalptaru Garden 20 MVA-1	3/25/2012	GIS	25.86
18	Borivali	1	Sw.06	Spare Line Feeder	3/25/2012	GIS	25.86
19	Borivali	1	Sw.08	Proposed - Borivali 20 MVA-3	3/25/2012	GIS	25.86
20	Borivali	1	Sw.12	Proposed - Kalpatru Garden 20MVA-2	3/25/2012	GIS	25.86

Sr. No.	Substation Name	Board No.	Bay No.	Nomenclature	CoD	Type	Book Value (Rs. Lakhs)
21	Borivali	2	Sw.15	Proposed - Shah H-1	3/25/2012	GIS	24.20
22	Goregaon	1	Sw.05	Proposed - Nesco-1	3/9/2011	GIS	21.87
23	Goregaon	2	Sw.16	Proposed-Nesco-2	3/9/2011	GIS	21.87
24	Goregaon	2	Sw.18	Proposed - Nirlon new-2	3/9/2011	GIS	21.87
25	Goregaon	2	Sw.26	Proposed - Nirlon new-2	3/9/2011	GIS	21.87
26	Goregaon	3	Sw.31	Proposed- Nirlon-1	3/18/2018	GIS	35.64
27	Goregaon	3	Sw.32	Proposed- Nirlon-2	3/18/2018	GIS	35.64
28	Goregaon	3	Sw.36	Proposed- Nirlon-3	3/18/2018	GIS	35.64
29	Goregaon	3	Sw.37	Proposed- Cama	3/18/2018	GIS	35.64
30	Goregaon	3	Sw.40	Proposed- Mahananda-1	3/18/2018	GIS	35.64
31	Goregaon	3	Sw.41	Proposed- Mahananda-2	3/18/2018	GIS	35.64
32	Goregaon	3	Sw.44	Proposed- Siddharth nagar-1	3/18/2018	GIS	35.64

(Back to the original reference 4.3.7)

13 Appendix-6: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M (Sharing of G/L) by the Commission for FY 2023-24 and FY 2024-25

For FY 2023-24

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2023-24	Cable Safeguarding & Re-alignment of 220kV Cable during retaining wall construction work at Mithi River on Aarey-Saki Cable route.	0.50	R & M
FY 2023-24	Material - 33kV SW-23, Incomer Panel at 220kV Gorai EHV Sub-Station	0.81	Capex
FY 2023-24	Services for Installation of of 33kV SW-23, Incomer panel at 220kV Gorai EHV Sub-Station	0.10	R & M
FY 2023-24	Material & services -33kV Incomer Cable at Chembur (9.15km), Saki (9.5 km) and AEML Borivali (6.2 km)	6.82	Capex
FY 2023-24	02 no. 8.5 Ton ductable Air Conditioner at Aarey and 08 Nos. of 2 ton Split ACs at Versova	0.26	Capex
FY 2023-24	Supply of TWFL system for hybrid lines at 220 kV Gorai EHV station.	0.43	R & M
FY 2023-24	Procurement of Relay Test kit.	0.33	Capex
FY 2023-24	Procurement of CT/VT Analyzer kit.	0.14	Capex
FY 2023-24	Procurement of spare REB 670 relay for Busbar panel at Ghodbunder	0.08	R & M
FY 2023-24	Procurement of S80 -SEPAM relay for 220 kV Saki EHV station.	0.36	R & M
FY 2023-24	Procurement against obsolete relays of 33 kV GIS board 4 and 5 at Ghodbunder EHV station.	0.37	R & M
FY 2023-24	Supply of Gateway servers along with latest OS and latest MicroSCADA softwares at MSETCL Borivali, MSETCL Trombay and Ghodbunder LILO substations and 10 No. of 500GB SATA hard disks for servers	0.20	R & M
FY 2023-24	Services for software installation and signal testing	0.02	R & M
FY 2023-24	Supply of vertical fall arrester system for EHV towers to be fixed on tower leg and ladders for 53 towers (Lattice-28 and Monopole-25)	1.26	R & M

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2023-24	Installation of vertical fall arrester system for EHV towers to be fixed on tower leg and ladders for 53 towers (Lattice-28 and Monopole-25)	0.24	R & M
FY 2023-24	Installation of polymer insulators	1.47	Capex
FY 2023-24	Supply of insulation sleeve and insulation tape	0.57	R & M
FY 2023-24	Fixing of insulation sleeve on AAAC wire at EHV Transmission towers in cold line.	0.09	R & M
FY 2023-24	Replacement of existing pole type gantries with new structure type. Scope includes design, supply, installation and commissioning etc. (5 Nos.)	0.33	R & M
FY 2023-24	Installation of DTS System at Ghodbunder	-	R & M
FY 2023-24	Procurement of BAUR Make Sheath Fault	0.35	R & M
FY 2023-24	Procurement of Optical Cable extender	0.06	R & M
FY 2023-24	Procurement of Phase identification Kit	0.07	Capex
FY 2023-24	Cable Safeguarding & Re-alignment of 220kV Cable at Marwah Bridge on AEML Saki-TPC Saki Cable Route between JC 2 & JC 3.	3.02	R & M
FY 2023-24	Tower approach development (Road/ bridge) (for 6-8 towers approx 1.5 Km in total)	0.40	R & M
FY 2023-24	Procurement of MFM 's RISH Master 3430 for 33 kV Siemens Board at 220 kV Borivali and Chembur (30 Nos.)	0.02	R & M
FY 2023-24	Asset Performance Management System	3.50	R & M
FY 2023-24	Procurement of laptop + Desktop	0.15	Capex
FY 2023-24	Cable Sheath monitoring	0.60	R & M
FY 2023-24	Grid Metering communication system for transfer of IEM data from AEML to SLDC	5.00	R & M
FY 2023-24	PoE Network Switches from 8 Tx Sites	0.65	R & M
FY 2023-24	Installation of CCTV Cameras (86 Nos) from Tx Sites - 144 L	0.80	R & M
FY 2023-24	Procurement of security gadgets - 5 L	0.05	R & M
FY 2023-24	Installation of Concertina Coil at Aarey & Versova 220 KVA - 14 L	0.14	R & M
FY 2023-24	NIT Advertisement Contract	0.72	R & M
FY 2023-24	Determination of 'fire-load'; Assessment & accordingly compliance of 'fire-extinguishers'; Installation, tagging and support services @ 8 locations	0.03	R & M

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2023-24	Supply and installation of Fire signages i.e. 1.Fire evacuation layout 2.Fire extinguishers layout 3.Fire alarm layout 4.Fire hydrant layout	0.05	R & M
FY 2023-24	Total Non-DPR Activities / Works (Rs. Crore)	29.99	

For FY 2024-25

Financial Year	Name of Work / Scope of Work (Rs. Crore)	Net Capitalization (Without IDC)	Reclassification by Commission
FY 2024-25	33 kV Cable replacement (From Power Transformer to Incomer of 33 kV Board)	8.28	Capex
FY 2024-25	Supply & Installation of Vertical fall arresters on Transmission Towers	1.25	R & M
FY 2024-25	Supply and Installation of insulation sleeve and insulation tape on AAAC conductor at EHV Transmission towers in cold line.	1.31	R & M
FY 2024-25	Installation of DTS System at Ghodbunder	1.05	R & M
FY 2024-25	Replacement of existing pole type gantries with new structure type. Scope includes design, supply, installation and commissioning etc.	0.33	R & M
FY 2024-25	Remote Surveillance system at Aarey	1.54	R & M
FY 2024-25	Procurement of laptop + Desktop	0.15	Capex
FY 2024-25	Cable Sheath monitoring	2.40	R & M
FY 2024-25	System reliability improvement schemes	3.00	R & M
FY 2024-25	System up-gradation Schemes	3.00	R & M
FY 2024-25	Miscellaneous civil activities	2.00	R & M
FY 2024-25	Total Non-DPR Activities / Works (Rs. Crore)	24.31	

(Back to the original reference 5.2.12)