

RAJASTHAN ELECTRICITY REGULATORY COMMISSION

Petition No: RERC/1875/21

In the matter of approval of true up for FY 2019-20 and Annual Revenue Requirement & Tariff for FY 2021-22 of Transmission and SLDC

Coram : Dr. B.N. Sharma, Chairman
Sh. S. C. Dinkar, Member
Sh. Prithvi Raj, Member

Petitioner : Rajasthan Rajya Vidyut Prasaran Nigam Ltd.

Respondent :
1. Jaipur Vidyut Vitran Nigam Ltd.
2. Ajmer Vidyut Vitran Nigam Ltd.
3. Jodhpur Vidyut Vitran Nigam Ltd.
4. Rajasthan Rajya Vidyut Utpadan Nigam Ltd.

Present :
1. Sh. Ankit Sharma, Authorised Rep. for RVPN
2. Sh. Bipin Gupta, Advocate for Discoms
3. Sh. V.K. Gupta for Rajasthan Textile Mills Association (RTMA) as stakeholder
4. Sh. G.L. Sharma, Stakeholder

Date of hearing : **12/10/2021.**

Date of Order : **23/12/2021.**

ORDER

Section 1: General

1.1 Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (in short "RVPN"), a Transmission Licensee under the provisions of the Electricity Act 2003, has filed a petition on 31.12.2020 for approval of true up for FY 2019-20

and Annual Revenue Requirement & Tariff for FY 2021-22 of Transmission and SLDC.

1.2 In exercise of the powers conferred under Sections 62, 64 and other provisions of Electricity Act 2003, read with RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019 and other enabling Regulations, the Commission, after carefully considering each of the submissions of the Petitioner and suggestions/objections submitted by the Stakeholder, has passed the following Order.

1.3 This order has been structured in following sections as given under:

- (1) Section 1: General.
 - (2) Section 2: Summary of true up and tariff determination process.
 - (3) Section 3: Summary of objections/comments/suggestions received from Stakeholders and RVPN's response thereon.
 - (4) Section 4: Approval of true up for FY 2019-20.
 - (5) Section 5: Determination of tariff for FY 2021-22.
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SECTION-2

Summary of true up and tariff determination process.

- 2.1 RVPN filed the petition for approval of true up for FY 2019-20 and ARR & Tariff for FY 2021-22 of Transmission and SLDC.
- 2.2 As required under Section 64(2) of the Electricity Act, 2003, public notices with salient features of the petition inviting objections/ comments/ suggestions were published in the following newspapers on the dates mentioned:

Table 1: Details of Newspapers

Sl. No.	Name of the News Paper	Date of Publishing
(i)	Times of India	26.02.2021
(ii)	Dainik Bhaskar	26.02.2021
(iii)	Rajasthan Patrika	26.02.2021

- 2.3 The Petition was also placed on the websites of the Commission and the Petitioner. The objections/comments/suggestions were received from Shri Shanti Prasad, The Rajasthan Textile Mills Association and Shri G. L. Sharma.
- 2.4 The Commission forwarded the objections/comments/suggestions of the stakeholder to RVPN for filing its reply.
- 2.5 The Commission vide letter dated 11.08.2021, 06.10.2021, 26.10.2021, 10.11.2021 and 25.11.2021 communicated some data gaps and deficiencies in the Petition. The Petitioner furnished information vide its letters dated 05.10.2021, 02.11.2021 and 29.11.2021. The Petitioner also replied to the objections/comments/ suggestions made by the stakeholders vide its letter dated 23.07.2021.
- 2.6 The public hearing in the matter was held on 12/10/2021.

SECTION - 3:

Summary of objections/comments/suggestions received from Stakeholders and RVPN's response thereon.

Comments on True up Petition of Transmission Utility

Return on Equity

Stakeholder's Comments/suggestions

3.1. The stakeholder submitted that the Petitioner had claimed RoE of 2% in the Petition of ARR for FY 2019-20 and the same was approved by the Commission but now the petitioner has claimed RoE of 5% which cannot be considered. The stakeholder requested the Commission to consider RoE @ 2% only.

RVPN's Response

3.2. The Petitioner citing the Regulation 20(2) of RERC Tariff Regulations stated that the maximum permissible RoE for Transmission Licensees is 14%. The petitioner further, submitted that in the ARR order dated 31.01.2020, the Commission has approved the ROE as claimed by the Petitioner. The Petitioner submitted that the maximum limit of RoE is 14% for transmission licensees and any claim of Petitioner of 14% or at lower rate is being considered by the Commission. The petitioner has accordingly requested the Commission to consider RoE claim of 5% being lesser than the maximum limit stipulated in the Regulations i.e., 14%.

Depreciation

Stakeholder's Comments/suggestions

3.3. The stakeholder submitted that the Petitioner has claimed Depreciation charges of Rs. 936.74 Crores against the approved amount of Rs. 920.66 crores in ARR Petition. The Stakeholder has further submitted that the actual addition to GFA is Rs. 1358.30 Crs. against approval of Rs. 1665 Crs. Hence, the Depreciation should also have been reduced. The stakeholder has sought justification for the same.

RVPN's Response

- 3.4. The Petitioner submitted that Depreciation is charged on the assets which are capitalized, whereas Investment Plan includes expenditure on ongoing projects.
- 3.5. Further, Depreciation includes prior period Depreciation of Rs. 18.36 Crs. The same has been recognized in Truing up petition for FY 2019-20 and provision of same has been made in the books of accounts for the FY 2019-20.
- 3.6. RVPN has claimed the Depreciation on Gross Fixed Assets.

Stakeholder's Comments/suggestions

- 3.7. The stakeholder submitted that the Petitioner has not provided the details of assets more than 12 years old and of within 12 years as per requirement of Regulation 22 of Tariff Regulation 2019. The stakeholder further submitted that the petitioner has not provided the details of cost of assets added during the year. The stakeholder submitted that the Commission has deducted 10% from the allowable depreciation in case of Discoms due to non-submission of asset details as per Reg. 22(4) and requested the Commission to treat this also in same manner.

RVPN's Response

- 3.8. The Petitioner submitted the bifurcation of assets and stated that the details of assets additions have been provided to the Commission with Petition.

Interest on Loan

Stakeholder's Comments/suggestions

- 3.9. The stakeholder submitted that Interest charges on debt is Rs. 1037.43 Crs. is high as compared to the approved amount. Further, Rate of interest as per actual is 9.56% against approved rate of 9.86%
- 3.10. The stakeholder further submitted that the Petitioner has considered NFA of Rs. 11119.22 Crs against the approved NFA of Rs. 8085.26 Crs. The Petitioner has considered NFA as per the Financial Statement for the FY 2019-20 however Regulations provides for notional outstanding debt (GFA less Depreciation allowed).

3.11. The stakeholder has requested the Commission to consider interest on NFA accordingly.

RVPN's Response

3.12. The petitioner submitted that the interest on term Loan on the Actual basis as reflected in Audited Accounts.

Stakeholder's Comments/suggestions

3.13. The stakeholder submitted that the petitioner has advanced loan of Rs. 44 Cr. to Banswara Thermal Power and Rs. 13.23 Cr. to Barmer Thermal Co. and has requested the Commission to reduce the same from the total loan.

3.14. The stakeholder further submitted that an amount of Rs. 236.18 Cr. has been invested by the Petitioner in Mutual Fund and requested the Commission to reduce the amount along with interest from total loan.

3.15. The stakeholder further submitted that there are also outstanding amount of Rs. 2853.37 cr. against various agencies and the petitioner must have obtained loan from outside agencies to meet this gap. In view of the same the stakeholder requested to disallow such loan interest.

RVPN's Response

3.16. The Petitioner submitted that for Banswara Thermal Power Ltd. Project amounting to Rs. 40.53 Crore has been received from Discoms.

3.17. The Petitioner further submitted that for Barmer Thermal Co. interest on advance has been charged by it on SBI BPLR rate and the same is considered in Non-Tariff income.

3.18. In respect to the investment in mutual fund, the Petitioner submitted that out of Rs. 236.18 Crore, Rs.166.95 Crore related to PSDF grant which will be utilized only for specific project. Further gain on amount invested in mutual fund is considered in Non-tariff income.

3.19. The Petitioner submitted that the Commission allowed interest on working capital on the basis of norms. Therefore, such outstanding does not impact allowable interest.

3.20. The Petitioner further submitted that the outstanding amount mostly relates to Discom dues and requested the Commission to issue necessary direction to Discom to release such outstanding to the Petitioner.

Stakeholder's Comments/suggestions

3.21. The stakeholder submitted that the contributions, grants & subsidies should be deducted from the term loan. The stakeholder further submitted that the amount advanced to subsidiaries & investment in mutual funds may also reduced from the Term Loan for calculation of interest.

Capitalisation

Stakeholder's Comments/suggestions

3.22. The stakeholder sought the scheme wise details of capitalization of assets – such as original approved cost vis-à-vis actual expenditure incurred with reasons of cost over-run/ time over-run if any. The stakeholder further sought the details of balance works (included in the Scheme) if any. The stakeholder has requested the Commission to conduct prudent check and allow only reasonable cost.

3.23. The stakeholder while citing various schemes have requested that all capitalization being sought should be disallowed specifically where work in progress, part capitalization being sought.

RVPN's Response

3.24. The Petitioner submitted that the scheme wise details of capitalization of assets – such as original approved cost vis-à-vis actual expenditure have been provided to the Commission, which has been enclosed with the Petition.

Stakeholder's Comments/suggestions

3.25. The stakeholder sought the following details in respect of the new substation or augmentation of capacity.

- i. Original cost of transformer newly installed/augmentation of capacity
- ii. Whether work carried out departmentally or through contractor and if through contractor, terms of contract in each case.
- iii. Schedule period of completion & actual completion/commissioning. Details of delay along with reasons.
- iv. Actual cost on the date of commissioning with hard cost & IDC for each case.

RVPN's Response

- 3.26. The Petitioner submitted that the details of Assets additions have been furnished before the Hon'ble Commission with Petition.
- 3.27. The works are carried/ got carried through contracted or by the Petitioner itself.
- 3.28. The Petitioner further submitted that the timelines of a particular work depend on nature of work to be carried out, thus the completion period varies from project to project or work to work i.e. different assignments have different time period.

Stakeholder's Comments/suggestions

- 3.29. The stakeholder sought clarification whether the Assets of deposit works have been included in gross assets of the Petitioner or not need to be clarified.
- 3.30. Amount of deposit work may be reduced from term loan and interest part be reduced accordingly.

RVPN's Response

- 3.31. The Petitioner submitted that it is included in the assets. Further amount deposited by consumer against the cost of these assets are also recognized as revenue (TTU-16) in 25 years in equal installments.

Stakeholder's Comments/suggestions

- 3.32. The stakeholder submitted that from GFA addition during FY 2019-20 it is noted that the information provided therein is incomplete in the following manner and thus does not serve the purpose and sought the required information.
- (i) In respect of each work original estimate both in shape of hard cost and IDC.
 - (ii) Reference of sanction of Technical Committee in each case.
 - (iii) The sum of investment approval value in the column provided.
 - (iv) In column 10 instead of actual expenditure, position of capitalization has been mentioned. The actual expenditure incurred both in hard cost and IDC to be provided.
 - (v) Details of recovery & accounting of penalty charges in each case along with the details as to how much amount has been

increased in the estimated cost on account of delay on the part of contractor.

- (vi) The increase in expenditure due to run over time attributable to RVPN to be provided
- (vii) The expenditure of office furniture, vehicles, construction of toilets, office building etc. is not admissible as has been decided by the Commission in various cases earlier.
- (viii) lease rent cannot be an item for capitalization.
- (ix) Additional cost incurred in the basic cost and IDC due to delay on the part of the contractor has not been mentioned. This is to be provided.

Further when in such cases it has been mentioned that Delay on the part of contractor, how it can be said the work completed in time and no cost overrun. Clarification is sought on the matter.

- (x) At various places “Part capitalized” is mentioned. The clarification regarding the relevant regulations under which part capitalization is admissible is sought.

RVPN's Response

3.33. The petitioner submitted that the details of Assets addition have been provided to the Commission with Petition in prescribed format.

Stakeholder's Comments/suggestions

3.34. The stake holder submitted that capitalization is proposed in respect of several assets in respect of which the capitalization date has expired. The stakeholder requested the Commission to disallow capitalization of such assets.

3.35. The stakeholder submitted that the value of replacement of transformer may not considered as such replacement works are of O&M nature.

O&M Charges

Stakeholder's Comments/suggestions

3.36. The stakeholder submitted that Tariff Regulations do not provide O&M expenses in the form/component of R&M, employees cost and Adm. &

general expenses separately, and as such these are not being examined in this way so, accordingly the same may be allowed on normative basis.

RVPN's Response

3.37. The petitioner submitted that the O&M expenses have been claimed as per Tariff Regulations.

Stakeholder's Comments/suggestions

3.38. The stakeholder submitted that the total number of MVA transformers which are not connected with transmission system and MVA capacity & transmission lines executed under PSDF fund may be reduced while calculating Normative O&M.

Terminal Benefits

Stakeholder's Comments/suggestions

3.39. The stakeholder submitted that petitioner has demanded Rs. 326.57 crores (based on actuarial valuation) against Rs. 258.11 crores approved by the Commission and there is variation of Rs. 68.46 crores, i.e. 26.5%. The stakeholder has sought the reason for the difference. The stakeholder further sought the actual expenditure incurred and requested the Commission to allow the actual expenditure.

3.40. The stakeholder sought the copy of actuarial valuation report of FY 2019-20 on the basis of which petitioner had claimed revised amount of Rs. 258.11 Cr. and now claiming Rs 326.57 Cr. The stakeholder sought the details of the actual amount paid in the designated fund duly certified by the designated fund authorities.

3.41. The stakeholder requested the Commission to allow the terminal expense only to the extent of actual amount deposited in the designated fund and balance amount if any may be allowed during the relevant financial year.

3.42. The stakeholder submitted that in case amount actually paid in the designated fund is less than the allowed amount of Rs. 258.11 Cr., Commission may direct the petitioner to deposit the remaining amount with interest @ 15%. The stakeholder further submitted that recovery of interest is justified for the reasons that the incidence of terminal benefits of Rs. 258.11 Cr. has been included in the transmission charges of FY 2019-20 recoverable/ recovered from various users including Open Access Consumers.

RVPN's Response

3.43. The Petitioner submitted that the terminal benefit liability is Rs. 326.57 Crore during the FY 2019-20 has been claimed as per actuarial valuation. The petitioner submitted the copy of Actuarial Valuation report for FY 2019-20. The petitioner further submitted that the Actual payment during FY 2019-20 towards terminal benefit was Rs.143.32 Crore (Rs. 120.56 Crore for super annuation and Rs. 22.76 Crore for Gratuity).

Lease charges

Stakeholder's Comments/suggestions

3.44. The stakeholder submitted that the Commission in its earlier order dated 31.01.2020, has not considered any lease charges as such demand of the Petitioner of Rs. 11.73 crores now, has no basis and hence, it should not be allowed.

RVPN's Response

3.45. The Petitioner cited Regulation 23 of the Tariff Regulations, 2019 which states that the lease charges for the assets shall be considered as per lease agreement. The Petitioner further submitted that it has claimed the lease charges in accordance with the Regulation. It includes actual lease amount of Rs. 11.43 Crore and Rs. 0.30 Crore as indicated at Note 39 & Note 37 of Annual Audited Accounts respectively.

3.46. The Petitioner requested the Commission to allow the lease of Rs. 11.73 Crore as per Regulation 23 of RERC Tariff Regulations, 2019. The Petitioner further submitted that it has not claimed the interest on Lease in the instant Petition and lease charges as per actual outgo only is claimed which is allowable over and above the O&M expenses.

Stakeholder's Comments/suggestions

3.47. The stakeholder submitted that lease charges include Rs. 0.30 Cr. as Adm. & Gen. expense which is part of O&M expenses. The stakeholder cited Regulation 23 and sought copy of lease agreement for examining the reasonability of the lease charges.

3.48. The stakeholder further submitted that the provision for allowing lease charges was also existing in Tariff Regulations, 2014 and was having similar language and petitioner had also claimed certain amount on this account in true-up petition of FY 2017-18 and the Commission in the

order dated 31.01.2020 at para 4.11 had observed that “ as the same are nature of O&M expenses and hence the Commission has considered the same as part of O&M expenses”. In view of the above, stakeholder submitted that in present case also such claim cannot be considered in ARR and is to be considered as O&M expenses.

RVPN's Response

3.49. The petitioner submitted that the lease hold land for which lease rent has been claimed are allotted by the Government of Rajasthan. Lease rent are payable as per the condition of allotment. The Petitioner submitted sample copy of allotment letter. The Petitioner cited Regulation 23 and submitted that the regulation allows the lease charges over and above the O&M expenses allowed under Regulation 24 of RERC Tariff Regulations.

Interest on Working Capital

Stakeholder's Comments/suggestions

3.50. The stakeholder submitted that the Interest on Working Capital of Rs. 49.9 Crores claimed would change with change of other elements of Tariff.

RVPN's Response

3.51. The petitioner submitted that Commission may allow the same as per Regulation 27 of RERC Tariff Regulations, 2019.

Stakeholder's Comments/suggestions

3.52. The stakeholder submitted that while calculating Interest on working capital, Petitioner had shown “Amount held as security deposit from users” as Zero and in Form TTU-7 has been shown as Rs. 8.23 cr. whereas in the accounts in Note 26 against such amount in the A/c Rs. 94.13 Cr. In view of the above the stakeholder requested commission to consider the security deposits as Rs. 94.13 Cr. and not Rs. 8.23 Cr.

RVPN's Response

3.53. The Petitioner submitted that the Regulation No. 27 of RERC Tariff Regulations 2019 states the while computing the working capital requirement the amount held as security deposits from users except security deposits held in the form of Bank Guarantees shall be reduced.

In view of the above, the Petitioner submitted that the security deposit as shown in accounts is inclusive of security deposit of contractors held as performance security whereas amount held as security deposit from consumer is Rs 8.23 Crore only. Therefore as per Regulation, the amount of Rs 8.23 Crore is only need to deducted from total working capital requirement.

Transmission Losses

Stakeholder's Comments/suggestions

3.54. The stakeholder sought the details of Transmission losses for Inter-State and Intra-State power supplies separately along with corresponding total energy received by the Petitioner and then delivered to the Discoms and stated that the same should match with the energy considered by the Discoms in their True-up Petition for FY 2019-20.

RVPN's Response

3.55. The Petitioner submitted that the Intra-State Transmission losses for FY 2019-20 were 3.33%. Total energy received by it was 81951.90 MU and Energy delivered to the Discoms was 79219.15 MU. The Petitioner further stated that the information has already been provided in Form-TTU 17 of the Petition.

Incentive

Stakeholder's Comments/suggestions

3.56. The stakeholder submitted that the Incentive Charges for higher system availability should only be based on the system availability certified by the SLDC.

RVPN's Response

3.57. The Petitioner submitted that the Incentive Charges have been claimed as per RERC tariff Regulations.

Audit & Accounts

Stakeholder's Comments/suggestions

3.58. The stakeholder submitted that according to A&G Report, Petitioner has not accounted for a sum of Rs. 4.60 Cr. recoverable from Power Grid Corp. in respect of O&M charges for maintenance of bays. The

stakeholder has sought clarification for the same and has requested the commission to consider the revenue on the accrual basis while Truing up.

RVPN's Response

3.59. The Petitioner submitted the management reply in respect of the same as below:

"The necessary entry for booking of O&M charges of bays has been made in the Financial Year 2020-21. However, in future the same will be accounted for in the relevant year."

3.60. The Petitioner further submitted that the same will appear in the Audited Account of FY 2020-21 and True up petition of FY 2020-21.

Stakeholder's Comments/suggestions

3.61. The stakeholder submitted that the AG in their report has mentioned that excess transmission tariff of Rs. 5.94 Cr. has been booked. The stakeholder sought clarification on the same.

RVPN's Response

3.62. The Petitioner submitted that the CERC tariff order for FY 2018-19 was issued on dated 15.06.2020 against which the Petitioner has filed an appeal in APTEL vide DFR No. 321 of 2020 which is under scrutiny and no deficiency has been intimated by APTEL till date.

3.63. The Petitioner further submitted that in view of the appeal effect/adjustment with reference to the said order has not been given in the Annual Financial Statement for the FY 2019-20. Hence, YTC charges booked on the basis of tariff order for F.Y. 2017-18.

Stakeholder's Comments/suggestions

3.64. The stakeholder submitted that AG has mentioned that a sum of Rs. 3.73 Cr. has not been adjusted in respect of premium receivable from Adani Transmission (Raj.) Ltd. The stakeholder sought clarification on the same.

RVPN's Response

3.65. The Petitioner submitted that the premium on Unitary Charges receivable from Adani transmission is receivable on yearly basis (i.e. 28 July to 27 July). Premium for the period 28.07.2019 to 27.07.2020 has

been booked in the F.Y. 2020-21, further, premium for the period 28.07.2020 to 31.03.2021 has also been booked in F.Y. 2020-21.

3.66. The Petitioner further submitted that from FY 2021-22 premium will be booked financial year basis from 1.04.2021 to 31.3.2022.

Auxiliary Consumption

Stakeholder's Comments/suggestions

3.67. The stakeholder submitted that the auxiliary consumption shown in the statement in respect of RVUN stations/ units and of RWPL do not reconcile with the actual as provided by the RVUN to RWPL in their Petition. The stakeholder sought clarification on the same. The stakeholder submitted that aux. consumption in respect of Kawai Units 1 & 2 of Adani Power has been mentioned as zero. The stakeholder submitted that capacity of Gandhi Sagar 5x23 MW has been included whereas no such power is being received from this station in actual.

3.68. The stakeholder further submitted that with these above reasons capacity handled by the petitioner mentioned in their petition is not correct and sought the correct position duly certified by the SLDC.

RVPN's Response

3.69. The petitioner submitted as follows:

- (i) Actual Auxiliary consumption for FY 2019-20 has been considered.
- (ii) For Kawai Units 1 & 2, M/s. Adani Power has entered into PPA with Discoms for 1200 MW, as against the installed capacity of 1320 MW. So, the auxiliary consumption is booked on the part of Generator and RVPN has considered it as Zero.
- (iii) Gandhi Sagar 5x23 MW has remained closed due to flooding w.e.f 14.9.2019 as the station is not generating power since 14.09.2019 and renovation work is under process. Contracted capacity / allocation to Rajasthan will remain same till further decision of GoR.

3.70. Further, Capacity handled has been calculated on the basis of capacity contracted by Discoms with Generator as provided by RUVNL as Installed Capacity for the M/o March-2020.

Stakeholder's Comments/suggestions

3.71. The stakeholder submitted that Petitioner has provided the details of Anticipated Generation Capacity Addition Plan in the Petition, however, construction of such plant has not yet started nor it has been mentioned as to when such units are to come in operation. The

stakeholder has sought clarification on the purpose of such information. The stakeholder further submitted that availability in 2019-20 in respect of Dholpur CCPP has been shown as 224.9 MU. The stakeholder has sought justification of such information as during this period there has been no generation.

RVPN's Response

3.72. The Petitioner submitted that the information provided was according to EAC meeting and was anticipated information.

Stakeholder's Comments/suggestions

3.73. The stakeholder sought the details of the number of 33 kV bays lying idle and the period from which these are lying idle with reasons of their bidding.

RVPN's Response

3.74. The petitioner submitted the requisite information.

Insurance Expenses

Stakeholder's Comments/suggestions

3.75. The stakeholder cited the Tariff Regulation 2019 which allows actual Insurance Expenses subject to the ceiling of 0.2% of average Net Fixed Assets of the year. The stakeholder submitted that the Petitioner has not supplied the documents about actual Insurance expenditure and sought the same.

RVPN's Response

3.76. The Petitioner submitted that the Insurance Charges claimed in petition are mandatory in nature and the insurance related documents are available at circle office with various users.

Unitary charges

Stakeholder's Comments/suggestions

3.77. The stakeholder submitted that the Unitary Charges are to be allowed on the basis of such amount approved by the Commission in their respective orders & the other charges of Rs. 2.83 cr. are not admissible

RVPN's Response

3.78. The Petitioner submitted that Unitary charges are being allowed on the basis of actual payments, which have been claimed in the Petitions. The Petitioner further submitted that other debits are towards Loss on sale and discard of fixed assets of Rs. 2.15 Crore and VAR Charges of Rs. 0.67 Crore which is being allowed in case of JVVNL and other companies based on the Audited Accounts and Gain on sale of Fixed assets amounting to Rs. 1.49 Crore are also considered in Non-Tariff income as per matching principal it should be allowed.

Miscellaneous

Stakeholder's Comments/suggestions

3.79. The stakeholder submitted that the accounts of SLDC are not signed by the in-charge of SLDC. The stakeholder sought the signed copy of the accounts.

RVPN's Response

3.80. The Petitioner submitted that the SLDC Accounts are signed by the concern authority.

Stakeholder's Comments/suggestions

3.81. The stakeholder submitted that the Keshoraipatan Gas Thermal Power Station (KGTPC) has closed on 15th Feb, 2019 and closure certificate also submitted. In view of the same, the stakeholder sought the status of the land purchased from Keshoraipaton Cooperative Society for the project including expenditure incurred up-to the closure date and reason of closure of this station.

RVPN's Response

3.82. The Petitioner submitted that the total Expenditure incurred on M/s KGPTSL till the date of closure i.e. 15.02.2019 is Rs. 80.01 Crore including expenditure on Land Rs. 77.96 Crore. The Petitioner submitted the note on the reason for closing the scheme.

Stakeholder's Comments/suggestions

3.83. The stakeholder submitted that as per financial statement Note No. 39.2 iv - lease rent of Rs. 189.40 lakhs per year from FY 2013-14,

additional demand on urban Assessment Tax of 143.08 Lakhs and interest of Rs. 105.24 Lakhs has been claimed for land at Keshoraipaton Bundi. In this respect the stakeholder sought clarification as to when the land was purchased with details such as expenditure incurred, terms of payment, whether the title was got transferred and how such demands of lease rent and interest have arisen on purchased land.

RVPN's Response

3.84. The Petitioner submitted the details.

Stakeholder's Comments/suggestions

3.85. The stakeholder sought following details in respect of Transmission lines commissioned during the FY 2019-20:

- a) Deposit work: whether the lines are on account of new connections sought by respective agencies or for additional load in respect of existing connection along with load applied in both the cases.
- b) Other than deposit work
- c) Whether these works have been got carried through contractor or by the petitioner itself. In case it has been got carried out through contractor what are the terms of the contractors, may be stated in brief.

RVPN's Response

3.86. The Petitioner submitted that the transmission lines drawn as deposit work are towards both new connections sought by the respective agencies and on account of additional load required in respect of existing connection etc. The Petitioner submitted the load applied in both of the cases.

3.87. The Petitioner submitted that the works are carried out through contractor and all procurements of contractor's services are through open bids compliant to RTPP Rules 2012/2013 and detailed bid documents are in public domain.

Stakeholder's Comments/suggestions

3.88. Scheduled period for completion of the works and actual date of completion in respect of both type of works viz departmental &

through contractor along with details of delay in completion & reasons thereof.

RVPN's Response

3.89. The Petitioner submitted that the timelines of any particular work depends on nature of work to be carried out, thus the completion period varies from project to project or work to work i.e. different assignments have different time period.

Stakeholder's Comments/suggestions

3.90. The stakeholder submitted that the petitioner has included Giral TPS Unit 1 & 2 with capacity of 112.94 MW of each unit and Dholpur GTPP Units 1 to 3 with capacity of 106.5 MW of each unit in total capacity handled. However, the units have remain closed during FY 2019-20. The stake holder has sought clarification on the same.

RVPN's Response

3.91. The Petitioner submitted that the PPA with RUVNL for 250 MW Giral Units is in force and it will be applicable until their disinvestment process is finalized by GoR. Dholpur GTPP Units 1 to 3 were generating power in the M/o Dec.2020. These units are available & operate on Merit Order Dispatch (MoD). Therefore, irrespective of whether the Units remained not generating during a year, the transmission handling capacity do not change.

3.92. Capacity handled has been calculated on the basis of capacity contracted by Discoms with Generator as provided by RUVNL as Installed Capacity for the M/o March-2020.

Comments on True Up Petition of SLDC Function

Return on Equity

Stakeholder's Comments/suggestions

3.93. The stakeholder requested Commission to allow RoE at 2% and not at the rate of 5%.

RVPN's Response

3.94. The Petitioner cited Regulation 20(2) of RERC Tariff Regulations stated that the maximum permissible RoE for Transmission Licensees is 14%. The

Petitioner further, submitted that in the ARR order dated 31.01.2020, the Commission has approved the ROE as claimed by the Petitioner. The Petitioner submitted that the maximum limit of RoE is 14% for transmission licensees and any claim of Petitioner of 14% or at lower rate is being considered by the Commission. The Petitioner has accordingly requested the Commission to consider RoE claim of 5% being lesser than the maximum limit stipulated in the Regulations i.e. 14%.

O&M charges

Stakeholder's Comments/suggestions

3.95. The stakeholder submitted that the claimed O&M charges of Rs. 18.91 crores is 44% higher than approved amount of Rs. 13.13 crores. The stakeholder sought justification for such high increase in O&M charges.

RVPN's Response

3.96. The Petitioner submitted that the O&M Expenses have been claimed as per Actuals reflected in the Audited Accounts.

SLDC/NRLDC Fees

Stakeholder's Comments/suggestions

3.97. The stakeholder submitted that there are several transmission licensees who need to pay State Load Despatch Centre fee as specified by the Commission. The stakeholder sought the details of recovery of State Load Dispatch Centre fee from the transmission licensees along with rate.

RVPN's Response

3.98. The Petitioner submitted that no such charges have been charged. However as per clause 5.3 of agreement if these charges are charged the same will be recovered to them.

Stakeholder's Comments/suggestions

3.99. The stakeholder sought the documents to substantiate the claim of NRLDC charges of Rs. 555.16 Lacs.

RVPN's Response

3.100. The Petitioner submitted the details of NRLDC charges.

Stakeholder's Comments/suggestions

3.101. The stakeholder submitted that as per the Regulations, Operating Charges at the rate of Rs. 100 per MW is to be recovered from Open Access Consumers. SLDC has not recovered the same. The stakeholder requested the Commission to revise the revenue on account of the same and direct SLDC to comply with the Regulations.

Comments on ARR & Transmission Charges Petition of Transmission Utility

Depreciation

Stakeholder's Comments/suggestions

3.102. The stakeholder submitted that Depreciation for the FY 2021-22 has been claimed at Rs. 989.46 Cr. and gross GFA addition for the FY 2021-22 is Rs. 1428 Crs. against approved GFA of Rs. 1546.99 Crs. No reason for the lower GFA addition is been provided. The stakeholder further submitted that the Petitioner has not indicated the assets which have been depreciated up-to 90% and in respect of which depreciation has not been charged during the year. Further, the amount of deposit/ other works on which depreciation is not to be charged has also not been provided.

RVPN's Response

3.103. The Petitioner submitted that Depreciation has been claimed on Gross Fixed Assets {Additions to ROU (Right of Use) assets and Depreciation arising due to Ind-AS adjustment has been excluded}.

Stakeholder's Comments/suggestions

3.104. The stakeholder submitted that there has been no addition in gross assets in 18-19 and 19-20 and therefore depreciation is to be allowed as per past record. The stakeholder further submitted that the addition of assets in FY 2021-22, is to be considered only when the same are approved by the Commission and further when such approved assets are put to use/ commissioned. The stakeholder requested that the depreciation may be allowed only as per true-up approved for FY 19-20.

RVPN's Response

3.105. The Petitioner requested that the Assets Additional be allowed by the Commission as claimed by it.

Interest on loan

Stakeholder's Comments/suggestions

3.106. The stakeholder submitted that the Petitioner has considered outstanding debt figure as per audited accounts which is not as per the Regulations as the regulations considers loan repayment as equal to depreciation. The stakeholder requested commission to work out Interest charges accordingly. The stakeholder further submitted that it shall also impact the receivables and hence, interest on working capital.

3.107. The stakeholder submitted that Investment for FY 21-22 is indicated as Rs. 1385 Crs. while the same is indicated as Rs. 1428 crs. at Sr. No. (iv) table 28 and para 3.21. As per petition for Investment approval the same is taken as Rs. 1385

RVPN's Response

3.108. The Petitioner submitted that it has claimed the interest on term Loan on the Actual basis as reflected in Audited Accounts. The Petitioner submitted that the figure of Rs. 1385 Crore is the proposed capital expenditure during the FY 2021-22, whereas the figure of 1428 Crore is the capitalization (capitalization proposed out of capital expenditure proposed to be incurred during FY 2021-22 and Previous Years).

Terminal Benefit

Stakeholder's Comments/suggestions

3.109. The stakeholder submitted that Terminal Benefit of Rs. 326.57 Cr. (same as FY 2019-20) has been proposed by Petitioner for the FY 2021-22. This amount has been stated to be as per actuarial valuation under AS-19. No actuarial valuation report attached with the petition.

3.110. Further, considering the numbers of employees retired thereafter and increase of DA/relief, provision of Rs. 326.57 Crs. is likely to be less than payments during FY 2021-22 which are likely to be about 15% higher than proposed. The stakeholder has requested the Commission to make provision of Terminal Benefit of at least Rs. 375 crs.

RVPN's Response

3.111. The Petitioner submitted that the terminal benefit liability is Rs. 326.57 Crore during the FY 2019-20. The Petitioner has submitted the copy of Actuarial Valuation report for FY 2019-20. The Petitioner further submitted that based on Actuarial Liability for FY 2019-20, terminal benefit liability has been projected for FY 2021-22 at same level of FY 2019-20. Approval of any amount above Rs. 326.57 Crore by the Hon'ble Commission shall be considered by the Petitioner.

Lease charges

Stakeholder's Comments/suggestions

3.112. The stakeholder submitted that the Petitioner has claimed lease charges of Rs. 11.73 Crs citing AS-116, Note 1, 35, 37, and 39 of annual accounts for the FY 2019-20. The Lease charges depend on assets/services obtained on lease. Services like software, apps, testing facility is part of O&M Charges. The Petitioner has indicated that the leased assets are primarily land & building and cost of leasehold land is Rs. 330.99 Crs. and the same is reduced by accumulated depreciation and admissible depreciation on leased land is @ 3.34%, however, the Petitioner has amortised the cost of lease hold land as Rs. 15.70 Crs.

Further, annual accounts indicate

- (i) Rs. 11.49 Crs. towards interest on financing lease (vide note 35.1),
- (ii) the lease rent is Rs. 30.15 Crores, (vide note 37) and
- (iii) note 39 requires accounting covid-19 related concessions.

3.113. The stakeholder sought clarification on how the claim of Rs. 11.73 is worked out.

RVPN's Response

3.114. The Petitioner submitted that it has claimed lease charges of Rs. 11.73 Crore which has paid on land during F.Y. 2019-20 allotted on lease by GOR. This is allowable as per the Regulation 23 of the RERC Tariff Regulations, 2019. This amount of Rs. 11.73 Crores is to be considered by RERC in the true up of RVPN for F.Y. 2019-20, as per regulation 23 RERC tariff regulation 2019.

- 3.115. The Petitioner further submitted that due to presentation requirement of IND-AS 116 company has recognized the Right of Use (RoU) assets equivalent to present value of minimum lease payment as adjusted by any prepaid lease rent. Further, a liability equivalent to present value of minimum lease payments is also recognized. Since the liability is recognized in the books of accounts, for the year, an interest is calculated on the liability and is charged to the profit and loss statement. Similarly, Depreciation is calculated on the ROU assets arising due to above Ind-AS Adjustment and is charged to profit and loss statement. Hence, there is difference in lease rent paid every years and the accounting adjustment required to be made in the accounts as per the Ind-AS 116.
- 3.116. The Petitioner further submitted that since, regulation 23 allows only lease rent for the purpose of tariff, Depreciation of Rs 1.69 Crores and interest charges on finance lease amounting Rs 11.49 Crore have not been claimed in true up petition and only actual lease charges of Rs 11.7310 Crores have been claimed in line with provision of RERC Regulation.
- 3.117. The Petitioner further submitted that as per Note No. 37 lease Rent is Rs 30.15 lacs not Rs 30.15 Crore, which was prepaid lease rent in last year.
- 3.118. Depreciation on land is calculated on gross amount of fixed assets which is at the end of the year is 424.89 Crore (Transmission Segment) and depreciation charged during the year is 14.00 Crore on transmission segment out of 15.70 Crore (RVPN as a whole).
- 3.119. The figure of Rs. 330.99 Crore as indicated by the stakeholder is the NFA (Net Fixed Assets Value).
- 3.120. The Petitioner further submitted that the company is primarily engaged in the business of transmission of electricity which is an essential service as declared by Government of India and company's operation were continued during the lockdown period at all units hence there were no significant impact on company.

Transmission charges

Stakeholder's Comments/suggestions

- 3.121. The stakeholder cited Regulation 65 of the RERC (Terms and Conditions of Determination of Tariff) Regulations, 2019 stating the mode of recovery of transmission charges by a Transmission licensee.
- 3.122. The stakeholder further submitted that transmission charges are the network usage charges and as per above regulation it should be based on capacity contracted. However, it has been worked out on

maximum demand as per 19th EPS, i.e. 14435 MW, approved on 27th meeting of the energy assessment committee.

3.123. Further the estimated capacity handled by RVPN transmission network during the FY 2020-21 is 25122 MW which is much higher than peak demand.

3.124. The stakeholder submitted that considering contracted capacity of 28312 MW will only have impact on transmission charges and not revenue. However, the transmission charges worked out as above would be as per regulations and will be applicable on contracted capacity both for Discoms & Long/medium term Open Access consumers.

RVPN's Response

3.125. The Petitioner submitted that the Commission may take an appropriate view.

Stakeholder's Comments/suggestions

3.126. The stakeholder submitted that the transmission Tariff hike is not justified as Transmission charges should be worked out on the basis of contracted capacity for which transmission system laid down and not on the basis of maximum demand likely to be met by the transmission system.

RVPN's Response

3.127. The Petitioner submitted that the hike in tariff has been computed based on the claim of fixed charges in the instant petition.

O&M Charges

Stakeholder's Comments/suggestions

3.128. The stakeholder requested that O&M charges be allowed as per Norms prescribed.

RVPN's Response

3.129. The Petitioner submitted that for Projection of O&M expenses for FY 2021-22, the estimated expenditure for FY 2020-21 has been escalated by Commission approved escalation rate of 3.51%.

Stakeholder's Comments/suggestions

3.130. The stakeholder submitted that the Commission may allow O&M expenses on normative basis only in respect of line, MVA capacity and Bay capacity standing on the 1st April, 2021.

RVPN's Response

3.131. The Petitioner submitted that the O&M Expenses have been claimed based on RERC Tariff Regulations.

Stakeholder's Comments/suggestions

3.132. The stakeholder submitted that as per the Regulations O&M expenses as approved by the Commission for FY 2018-19 shall be considered as base O&M expenses and normative O&M expenses shall be escalated @ 3.5% per annum for each year of the control period for SLDC.

3.133. The stakeholder further submitted that the approved O&M expenses for FY 2018-19 have been Rs. 13.13 Cr. and with 3.51% escalation for FY 20-21 these works out as Rs. 14.56 cr. only whereas in petition Rs. 18.11 have been projected which is on higher side. The stakeholder sought justification for such increase. The stakeholder further submitted that in Rs. 18.11 un-necessary charges to the tune of Rs. 1.77 Cr. have been added viz. earned leave encashment, any other item, any other terminal benefits, any other terms, other allowances and relief etc.

RVPN's Response

3.134. The Petitioner submitted that the O&M Expenses have been claimed as per RERC Tariff Regulations.

Incentive

Stakeholder's Comments/suggestions

3.135. The stakeholder submitted that the Incentive Charges for higher system availability should only be based on the system availability certified by the SLDC.

RVPN's Response

3.136. The Petitioner submitted that the system availability is already been certified by the SLDC from FY 2019-20.

Energy & Load requirement

Stakeholder's Comments/suggestions

3.137. The stakeholder submitted that as per MYT petitions filed by Discoms, the total energy requirement of Discoms is only 84778 MU as against 103482 MU shown by the Petitioner. The stakeholder further submitted that the MYT petitions are based on latest data whereas Energy Assessment Committee Report is of 28.06.2019. Hence, latest data should be considered for assessment of energy & load requirement. The peaking capacity of 14435 MW as assumed by Petitioner is on higher side. The stakeholder sought the reason for such higher assessment.

RVPN's Response

3.138. The petitioner submitted that the as per MOM of 21st EAC the anticipated RTC demand for FY 2021-22 is 11813 MW, accordingly anticipated energy is $11813 * 24 * 365 = 103482$ MU.

Transmission Losses

Stakeholder's Comments/suggestions

3.139. The stakeholder submitted that the actual loss of transmission as shown in the Petition within the state for FY 20 as 3.33% are not correct and it works out on the basis of data provided in form TTU-17 as 3.28 only.

RVPN's Response

3.140. The Petitioner submitted that the figure of transmission losses for FY 2019-20 as 3.289% arrived at by the Commenter is based on net Drawl of Discoms i.e. excluding auxiliary consumption of RVPN sub-stations. The actual transmission losses for FY 2019-20 has been calculated by RVPN as 3.33% based on the total drawl of Discoms including auxiliary consumption of RVPN sub-stations as per the prevalent practice.

Stakeholder's Comments/suggestions

3.141. The stakeholder submitted that the transmission loss during April Sept. 2020 actual is 3.29% and as such projections in FY 2020-21 and 2021-22 as 3.33% and 3.31% respectively are on higher side and loss should not

be more than 3.30%. The stakeholder sought justification for higher projection.

RVPN's Response

3.142. The Petitioner submitted that the transmission loss in EHT system depends on various parameters e.g. load flow pattern, the load mix of Discoms etc. The petitioner further submitted that the load during first half of the year was on lower side due to Lockdown and Corona effect and expecting that the load will rise in the second half of the year and looking to the targeted Loss of 3.33% as decided by the Commission, estimated losses for the FY 2020-21 were considered as 3.33%. Further, the losses for FY 2021-22 were assumed to be 3.31% i.e. the target assigned by the commission.

Interest on working capital

Stakeholder's Comments/suggestions

3.143. The stakeholder sought justification regarding the purpose for which working capital is required for SLDC.

RVPN's Response

3.144. The Petitioner submitted that the Interest on working capital has been claimed as per Tariff Regulations.

Insurance charges

Stakeholder's Comments/suggestions

3.145. The stakeholder sought the document regarding Insurance charges.

RVPN's Response

3.146. The Petitioner submitted that the Actual insurance charges for FY 2019-20 has been escalated by 5% YOY to project the Insurance charges for FY 2021-22.

Unitary Charges

Stakeholder's Comments/suggestions

3.147. The stakeholder sought the reference of the Commission's order under which the claimed amount has been stated.

RVPN's Response

3.148. The Petitioner submitted that the Unitary Charges for FY 2021-22 have been escalated at 5.23% over FY 2019-20. The Petitioner submitted the Commission's order dated 09.10.2015 and 21.08.2016 in this regard.

Other charges

Stakeholder's Comments/suggestions

3.149. The stakeholder submitted that no details of Rs. 15.00 Cr. towards other charges have been provided by the Petitioner, hence, it is not admissible. The stakeholder further submitted that such charges do not form part of ARR as per Regulation 63.

RVPN's Response

3.150. The Petitioner submitted that the other charges have been claimed on projection basis and requested the Commission to allow the same.

Return on Equity

Stakeholder's Comments/suggestions

3.151. The stakeholder submitted that RoE is to be allowed on the basis of admitted equity. The stakeholder sought the copy of Govt. order under which they are to claim the equity @5%.

RVPN's Response

3.152. The Petitioner submitted that it has claimed RoE in view of RERC Tariff Regulations, 2019.

Capitalisation

Stakeholder's Comments/suggestions

3.153. The stakeholder submitted that in accordance with the Hon'ble APTEL judgment dated 23.3.2011 in Appeal No. 91 & 92 of 2009, Power Transformer Burnt and replacement for the same, cost of such replacement is a part of operation and maintenance and thus cannot be allowed as additional capitalization.

RVPN's Response

3.154. The Petitioner submitted that the Cost of assets replaced assets are booked in accounts as per RERC Tariff Regulations.

SLDC Fees

Stakeholder's Comments/suggestions

3.155. The stakeholder submitted that the SLDC has allowed the transmission licensees other than RVPN STU, to operate in the state without payment of SLDC fee as required by the condition of grant of license to them. The stakeholder submitted that the SLDC has failed to recover the required fee from aforesaid licensees and thus there has been loss of revenue which for what reasons may not be recovered from SLDC.

RVPN's Response

3.156. The Petitioner submitted that as the Commission has not yet specified the SLDC fee, therefore the same could not be recovered from these transmission Licensees.

Miscellaneous

Stakeholder's Comments/suggestions

3.157. The stakeholder submitted that as already decided that shared generation plants cannot form the part of ARR of the Petitioner. The stakeholder submitted that the Petition for share generation of Rs. 1285 Cr. is to misguide the Commission.

RVPN's Response

3.158. The Petitioner submitted that Investment Plan petition of Rs. 1285.00 Cr for FY 2021-22 is for Transmission works only. The Petitioner further submitted that in the Investment Plan petition, outlay of Rs. 100.00 Cr for shared Generation projects is shown in the write up only to indicate the total Annual Plan ceiling of the petitioner for FY 2021-22. Shared Generation projects are not included in the total Investment Plan for transmission works for approval of the Commission. The Petitioner has no any intention of misguideness as alleged by the applicant.

Stakeholder's Comments/suggestions

3.159. The stakeholder submitted that the Petition for SLDC ARR should have been filed by the Incharge of SLDC and not by the RVPN. Filing of Petition by RVPN is non-compliance of Hon'ble Commission directives. The stakeholder further submitted that Proper authorization for filing the Petition for SLDC has to be submitted by the authorized person of SLDC.

RVPN's Response

3.160. The Petitioner submitted that the Rajasthan State Electricity Distribution Management Responsibility Act, 2016 (Act No. 7 of 2016) in aspect of separation of SLDC from State Transmission Utility by the State Government has been deleted through the Amendment Act No. 36 of 2017 notified on 09.11.2017.

Section 4:

Approval of true up for FY 2019-20

- 4.1 Vide its tariff order dated 31.01.2020 (Petition No. RERC/1539/19), the Commission had approved the Transmission Tariff and SLDC Charges for FY 2019-20. In the instant petition, the Petitioner has claimed the true up for FY 2019-20 of Transmission and SLDC based on the audited annual accounts for FY 2019-20.
- 4.2 The Commission has carried out the true up for FY 2019-20 in accordance with the RERC Tariff Regulations, 2019.

True up of Transmission function

Transmission Network

RVPN's Submission

- 4.3 The details of transmission network claimed by the Petitioner is as shown in the table below:

Table 2: Details of Transmission Network claimed for FY 2019-20

Particulars	Actual Claimed		
	Opening	Net Addition	Closing
Lines (Ckt Km)			
765 KV	425.50	0.00	425.50
400 KV	6277.90	287.55	6565.45
220 KV	15178.54	92.45	15270.99
132 KV	17617.64	234.05	17851.69
Total	39499.58	614.05	40113.63
Transmission Capacity (MVA)	82080.50	1681.00	83761.50
Bays (No.)			
765 KV	28	0	28
400 KV	179	0	179
220 KV	812	11	823
132 KV	2775	69	2844
Total	3794	80	3874

Commission's Analysis

- 4.4 In reply to the Commission's query, RVPN submitted the list of schemes commissioned during FY 2019-20 along with commissioning dates. It is observed that RVPN did not submit the Electrical Inspector Certificates for the schemes commissioned in FY 2019-20 although it is mentioned in the Appendix-1 (details of assets capitalized) that Electrical Inspector Certificates are attached. RVPN is directed to submit the Electrical Inspector Certificates in respect of each such applicable commissioning of scheme henceforth along with the True-up petition.
- 4.5 The Commission has considered the closing transmission network approved in true up for FY 2018-19 as the opening transmission network for FY 2019-20. RVPN has not provided the details of Network addition & deletion during the year separately and has submitted the net figures. RVPN is directed to henceforth submit the details of network addition & deletion separately. The Commission has considered the network addition and deletion during FY 2019-20 as claimed by RVPN. Accordingly, the transmission network approved for FY 2019-20 is as shown in table below:

Table 3: Details of Transmission Network approved for FY 2019-20

Particulars	FY 2019-20					
	Actual Claimed			Actual Approved		
	Opening	Net Addition	Closing	Opening	Net Addition	Closing
Lines (Ckt Km)						
765 KV	425.50	0.00	425.50	425.50	0.00	425.50
400 KV	6277.90	287.55	6565.45	6277.89	287.55	6565.44
220 KV	15178.54	92.45	15270.99	15178.54	92.45	15270.99
132 KV	17617.64	234.05	17851.69	17617.64	234.05	17851.69
Total	39499.58	614.05	40113.63	39499.57	614.05	40113.62
Transmission Capacity (MVA)						
	82080.50	1681.00	83761.50	82080.50	1681.00	83761.50
Bays (No.)						
765 KV	28	0	28	28	0	28
400 KV	179	0	179	179	0	179
220 KV	812	11	823	812	11	823
132 KV	2775	69	2844	2775	69	2844
Total	3794	80	3874	3794	80	3874

Gross Fixed Assets (GFA) addition during FY 2019-20

RVPN's Submission

- 4.6 Vide the tariff order dated 31.01.2020, the Commission had approved the GFA addition of Rs. 1576.45 Crore for FY 2019-20. As against the same, RVPN has claimed the actual GFA addition of Rs. 1376.81 Crore as per the audited accounts for FY 2019-20.

Commission's Analysis

- 4.7 The Commission directed RVPN to submit the details of works capitalized in FY 2019-20 in the specified format along with the reasons for cost and time overrun. Vide its reply dated 05.10.2021, RVPN submitted the details of works capitalized in FY 2019-20. It is observed that details such as sanctioned cost, scheduled completion, actual date of completion were missing in case of several schemes. Further, reasons for time and cost overrun were also general in nature and no supporting documents were attached in respect of the same. It has also been observed that IDC in actual cost is shown Zero in several schemes whereas considerable amount has been shown in DPR cost, no reason for the same was provided. Further, in respect of several schemes RVPN has mentioned full capitalization, but very small amount is being capitalized year on year basis against the asset which is supposed to be capitalized with full or at least considerable portion of DPR cost. Further, several assets are proposed to be capitalized while the same are still in Work in Progress with substantial work pending to be executed. The Commission again sought details/justification in respect of the above deficiencies/data gaps vide letters Dt. 06.10.2021 & 26.10.2021. A reminder for submission of details was sent vide letter Dt. 10.11.2021. The petitioner submitted its reply vide letter Dt. 29.11.2021. Further, most of the replies were general in nature and specific details as sought were not provided.
- 4.8 The Commission observed that, even after directing numerous times to submit the capitalization details in specified format, RVPN has not submitted the complete details. In the absence of complete details regarding cost overrun, time over-run, IDC and the part capitalisation the Commission is not in a position to take a prudent view on the allowable cost of such schemes and also does not find it prudent to allow the actual capitalization claimed by RVPN. In view of the above data deficiencies, the Commission has analysed the available details

and arrived at the allowable capitalization for the FY 2019-20 on best effort basis as detailed herein below.

- 4.9 The Commission observed that the actual capitalization includes Rs. 15.90 Crore in respect of minor assets and other expenditures which are not allowable under capitalization. The Commission deems it fit to not consider the amount of Rs. 15.90 Crore under the capitalization for FY 2019-20 as the same are in the nature of O&M Expenses and hence the Commission has considered the same as part of O&M expenses.
- 4.10 The Commission sought the details of deposit works during the FY 2019-20. RVPN submitted that deposit works have been included in the Gross Fixed Assets. RVPN further, submitted that the amount deposited by consumer against the cost of these assets are recognized as revenue in 25 years in equal instalments. The Commission further sought the details of the assets created out of deposit works and included in the GFA for the FY 2019-20 along with the details of revenue corresponding to such deposit works recognized during the year. RVPN vide reply Dt. 02.11.2021 submitted the details of the deposit works & corresponding revenue recognized during FY 2019-20. The Commission observed that the petitioner has claimed Rs. 76.68 Crore as capitalization towards assets which are deposit works and has recognized Rs. 4.32 Crore as revenue in respect of the same. The approach adopted by RVPN for including the deposit works in GFA and claiming the amount deposited by consumer against the cost of these assets as revenue in 25 years in equal instalments is not in accordance with the Regulations 18 of the RERC Tariff Regulations, 2019. In view of the above, Commission deems it fit to not consider the amount of Rs. 76.68 Crore under the capitalization for FY 2019-20 and has also reduced Rs. 4.32 Crore claimed as revenue in respect of the same from the Short Term Open Access Revenue for the FY 2019-20.
- 4.11 The Commission further observed that Rs. 16.08 Crore has been claimed by the petitioner as capitalization towards Land/leased land. Land/Lease land is required to be capitalized along with the primary scheme/work in respect of which the land is procured. Hence, the Commission deems it fit to not consider the amount of Rs. 16.08 Crore under the capitalization for FY 2019-20. The petitioner may capitalize the same along with the respective scheme/work and submit the same for approval of the commission.
- 4.12 Further, there are schemes in respect of which RVPN has claimed capitalization, but very small amount is being capitalized year on year

basis against the asset which is supposed to be capitalized with full or at least considerable portion of DPR cost. Further, several assets are proposed to be capitalized while the same are still in Work in Progress with substantial work pending to be executed. The Commission observed that Rs. 20.58 Crore has been claimed by the petitioner towards such works. The Commission deems it fit to not consider such works under the capitalization for FY 2019-20. The petitioner may submit such works for consideration and approval of the Commission after completion of the works.

- 4.13 The Commission further observed that capitalization in respect of schemes with time over run has been claimed by the petitioner. Total amount claimed for capitalization during the FY 2019-20 in respect of such assets is Rs. 636.43 Crore. However, reasons for time overrun submitted by the petitioner were mostly general in nature and no supporting documents were attached in respect of the same. The Commission sought the details/documents in this respect through data gaps but the petitioner did not submit the same. In view of the above, the Commission deems it fit to disallow 5% of the amount claimed to be capitalized for the FY 2019-20 in respect of such assets. Accordingly, Rs. 32.52 Crore has been disallowed. The petitioner is directed to hence forth submit complete reasons/details of time over run along with supporting documents to substantiate the same.
- 4.14 The Commission further observed that details such as sanctioned cost, scheduled date of completion, actual date of completion were missing in case of several schemes. The Commission sought the details/documents in this respect through data gaps but the petitioner did not submit the same. The commission was unable to analyze the time & cost overrun in respect of such assets. Total amount claimed for capitalization during the FY 2019-20 in respect of such assets is Rs. 51.81 Crore. In view of the above, the Commission deems it fit to disallow 5% of the amount claimed to be capitalized for the FY 2019-20 in respect of such assets. Accordingly, Rs. 2.59 Crore has been disallowed. The petitioner is directed to henceforth submit complete details such as sanctioned cost, scheduled date of completion, actual date of completion etc. otherwise the Commission shall be constrained to disallow the entire claim in respect of such assets.
- 4.15 The Commission observed that Rs. 36.38 Crore has been claimed by the petitioner towards schemes with cost overrun upto 25% of the approved cost & Rs. 399.78 Crore towards schemes with cost overrun

above 25% of the approved cost. However, reasons for cost overrun submitted by the petitioner were mostly general in nature and no supporting documents were attached in respect of the same. The Commission sought the details/documents in this respect through data gaps but the petitioner did not submit the same. The commission has allowed the claim of the petitioner for the FY 2019-20 in respect of the schemes/works having cost overrun upto 25% but the petitioner is directed to henceforth submit complete details of reasons of cost over run along with supporting documents otherwise the Commission shall be constrained to disallow the entire claim in respect of such assets. In respect of the schemes/works having cost overrun above 25%, the Commission deems it fit to disallow 10% of the amount claimed to be capitalized for the FY 2019-20. Accordingly, Rs. 39.98 Crore has been disallowed.

- 4.16 The balance capitalization after deducting the capitalization towards minor assets, missing data, WIP works, time over run & cost overrun as discussed above works out to Rs. 1249.20 Crore. Net Capitalization after deducting deposit works of Rs. 76.68 Crore is Rs. 1172.51 Crore. Accordingly, Commission allows the capitalization of Rs. 1172.51 Crore. The Commission directs RVPN to submit the complete scheme wise details along with cost and time over-run, IDC etc. with justification while claiming actual capitalization from FY 2019-20 onwards in true-up petition for respective years.

GFA deduction during FY 2019-20

RVPN's Submission

- 4.17 RVPN has claimed the GFA deduction of Rs. 18.51 Crore for FY 2019-20.

Commission Analysis

- 4.18 Commission sought the details of the assets decapitalized along with the reasons. In its reply to the data gaps vide letter Dt. 05.10.2021, RVPN submitted the details of the assets decapitalized.
- 4.19 The Commission has approved the GFA deduction of Rs. 18.51 Crore, as claimed by RVPN.
- 4.20 Accordingly, the details of approved GFA for FY 2019-20 is as shown in the table below:

Table 4: GFA Approved for FY 2019-20 (Rs. In Crore)

Particulars	Approved
Opening GFA as on 1st April, 2019	18,839.39
Add: Addition During FY 2019-20	1,172.51
Less: Deduction during FY 2019-20	(18.51)
Closing GFA for FY 2019-20	19993.40

Means of finance of GFA addition for FY 2019-20**RVPN's Submission**

4.21 The means of finance of GFA addition for FY 2019-20 submitted by RVPN is as shown in the table below:

Table 5: Means of finance of GFA addition for FY 2019-20 claimed by RVPN

Particulars	Units	Claimed
GFA Addition	Rs. Crore	1,376.81
Less: Consumer Contribution/ Deposit works	Rs. Crore	21.01
Net GFA addition	Rs. Crore	1,355.80
Debt	Rs. Crore	1,140.27
Debt	%	84.10%
Equity	Rs. Crore	215.53
Equity	%	15.90%

Commission's Analysis

4.22 Regulation 19 of the RERC Tariff Regulations, 2019 specify the normative debt equity ratio of 70:30 and the actual equity is to be considered in case of actual equity is less than 30%.

4.23 In view of the disallowance of Rs. 204.33 Crores from the GFA claimed by the petitioner, the Commission has considered the means of finance of approved GFA addition for FY 2019-20 as under:

- The actual deposit works have been considered as claimed by RVPN.
- The actual equity addition has been considered as equity claimed by RVPN as the same is less than 30% of the approved GFA addition.

- The balance amount has been considered to be funded from loan.

4.24 Based on the above, the means of finance of GFA addition for FY 2019-20 approved by the Commission is as shown in the table below:

Table 6: Means of finance of GFA addition for FY 2019-20 approved by the Commission

Particulars	Units	Claimed	Approved
GFA Addition	Rs. Crore	1,376.81	1,249.20
Less: Consumer Contribution/ Deposit works	Rs. Crore	21.01	76.68
Net GFA addition	Rs. Crore	1,355.80	1,172.51
Debt	Rs. Crore	1,140.27	956.98
Debt	%	84.10%	81.62%
Equity	Rs. Crore	215.53	215.53
Equity	%	15.90%	18.38%

Availability of the Transmission System

RVPN's Submission

4.25 The Petitioner claimed the system availability of 99.77% for the FY 2019-20.

Commission's Analysis

4.26 Commission sought the certificate of Transmission System availability as claimed by RVPN. RVPN in its reply to data gaps dt. 05.10.2021 submitted the Transmission System availability certificate issued by SLDC.

4.27 Regulation 62(2) of the RERC Tariff Regulations, 2019 specifies the normative availability of 98% for recovery of full Annual Transmission Charges. The Commission observed that the actual availability for FY 2019-20 is 99.77%. As the actual availability is higher than the normative availability, full Annual Transmission Charges are allowable for FY 2019-20.

Annual Transmission Charges

4.28 In accordance with Regulation 63 of RERC Tariff Regulations, 2019, the Aggregate Revenue Requirement of the Transmission Licensee shall comprise of the following:

- a. Operation and Maintenance (O&M) expenses
- b. Interest and finance charges on long-term loans
- c. Depreciation
- d. Interest on Working Capital
- e. Return on Equity
Minus
- f. Non-Tariff Income
- g. Income from other business

4.29 The Regulations also provide that in case of RVPN, the ARR shall include the additional contribution towards pension & gratuity trust as determined by the Commission in terms of Regulation 30.

4.30 Transmission Licensee is allowed to recover its ARR through Transmission Charges. Each of the ARR elements has been dealt with in the following paragraphs.

O&M expenses

RVPN's Submission

4.31 The actual O&M expenses incurred by RVPN is Rs. 684.30 Crore as per the audited accounts for FY 2019-20, which is as shown in the table below.

Table 7: Actual O&M Expenses for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Audited Accounts FY 19-20
1	R&M Expenses	117.15
2	Employee Cost	619.43
3	A&G Expenses	89.87

S. No.	Particulars	Audited Accounts FY 19-20
4	Less Capitalizations of O&M	142.15
5	Net O&M Expenses (1+2+3-4)	684.30

4.32 Vide the tariff order dated 31.01.2020, the Commission had approved the normative O&M expenses of Rs. 690.92 Crore for FY 2019-20. As against the same, RVPN has claimed the normative O&M expenses of Rs. 685.08 Crore as shown in the table below:

Table 8: Normative O&M expenses claimed for FY 2019-20

Particulars	Network Average Value	Applicable O&M Cost as per Norms Rs. Lakh/ Unit	O&M Expenses Rs. Lakh
Lines (Ckt Km)			
765 KV	425.50	1.03	438.26
400 KV	6421.67	0.65	4174.09
220 KV	15224.76	0.26	3958.44
132 KV	17734.67	0.15	2660.20
Total	39806.60		11230.99
Transmission Capacity (MVA)	82921.00	0.40	33168.40
Bays (No.)			
765 KV	28.00	60.16	1684.48
400 KV	179.00	40.10	7177.90
220 KV	817.50	5.59	4569.83
132 KV	2809.50	3.80	10676.10
Total			24108.31
Total (Rs. In Crore)			685.08

Commission's Analysis

4.33 It was observed that the actual employee cost submitted by the petitioner was Rs. 619.43 Crore whereas the same as per the audited accounts for the year was Rs. 755.78 Crore. Similarly, actual Administration & General Expenses submitted by the petitioner was Rs. 89.87 Crore whereas the same as per the audited accounts for the

year was Rs. 130.06 Crore. The commission sought the reasons/reconciliation in respect of the same. The petitioner vide reply to data gaps, submitted the reconciliation in respect of the employee cost and Administration & General Expenses. The details are shown in the tables below:

Table 9: Gross Employee Cost Claimed for FY 2019-20 (Rs. Crore)

Particulars	Amount (Rs. in Crore)
Total Employee Cost (net of Capitalization)	755.78
Less: Actuarial Valuation	326.57
Add: Other Compressive Income (Related to Actuarial Valuation)	66.61
Net Employee Cost	495.82
Add: Capitalization	123.61
Gross Employee Cost Claimed	619.43

Table 10: Gross A & G Expenses Claimed for FY 2019-20 (Rs. Crore)

Particulars	Amount (Rs. in Crore)
Total Administration & General Expenses (Net of Capitalization)	130.06
Less	
Insurance (Claimed Separately)	0.36
Unitary Charges (Claim Separately)	55.91
Loss on Sale and discard of Fixed Assets (Claimed Separately)	2.16
Lease Rent (Claim Separately)	0.30
Add: Capitalization	18.54
Gross Administration & General Expenses	89.87

4.34 It is observed that the employee expenses of Rs. 619.43 Crore includes Rs. 66.61 Crore on account of Other Compressive Income (Related to Actuarial Valuation). The Commission deems it fit to disallow the same as the same is an adjustment in terms of INDAS and not actual expenditure. Accordingly, Commission has worked out the actual employee expenses for the FY 2019-20 as Rs. 552.82 Crore.

4.35 The Commission has disallowed Rs. 15.90 Crore towards capitalization of minor assets as claimed by the petitioner as the same are in the

nature of O&M expenses. The Commission allows Rs. 15.90 Crore disallowed from the GFA on account of minor assets over and above the actual O&M Expenses in true up for FY 2019-20.

- 4.36 Accordingly, the Commission has arrived at the actual O&M expenses of Rs. 633.59 Crore for FY 2019-20. The same is detailed in the table below:

Table 11: Actual O&M expenses arrived by Commission for FY 2019-20

S. No.	Particulars	Amount (Rs. in Crore)
1	R&M Expenses	117.15
2	Employee Cost of the Current Year	552.82
3	A&G Expenses	89.87
4	Total	759.84
5	Less: Capitalization of O&M Expenses	142.15
6	Total	617.69
7	Add: Transfer from GFA to O&M	15.90
8	Grand total	633.59

- 4.37 Regulation 64 read with Regulation 24 of the RERC Tariff Regulations, 2019 specifies the norms for O&M expenses on the basis of circuit kilometer of transmission lines, transformation capacity in MVA and number of feeder bays in the substation. The normative O&M expenses computed by the Commission based on the transmission network approved for FY 2019-20 is Rs. 685.08 Crore.

- 4.38 Accordingly, the Commission has approved the O&M expenses of Rs. 685.08 Crore for FY 2019-20.

Table 12: O&M Expenses Approved by the Commission for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
O&M Expenses	690.92	685.08	685.08

- 4.39 The actual O&M expenses as arrived by the Commission above is Rs. 633.59 Crore whereas O&M expenses for the FY 2019-20 allowed on normative basis as per Regulation 64 read with Regulation 24 of the RERC Tariff Regulations, 2019 is Rs. 685.08 Crore. Thus, there is a savings of Rs. 51.49 Crore on account of O&M expenses for the FY 2019-20.

Terminal Liabilities

RVPN's Submission

4.40 RVPN has claimed the amount of Rs. 326.57 Crore towards terminal liabilities.

Commission's Analysis

4.41 Regulation 64 of the RERC Tariff Regulations, 2019 specifies as under:

“..... Provided that, terminal liabilities based on actuarial valuation, over and above the normative O&M expenses, subject to prudence check shall be allowed through tariff separately.”

4.42 The Commission directed RVPN to submit the actuarial valuation report for the FY 2019-20 in respect of the claim of Terminal Liability. RVPN vide Data gap reply Dt. 05.10.2021 submitted the actuarial valuation report for the FY 2019-20. The commission further sought the details of actual payment made to the trust towards terminal liability in the FY 2019-20 under regular contribution & additional contribution. RVPN vide Data gap reply Dt. 02.11.2021 submitted that the amount paid for the FY 2019-20 in Superannuation Trust is Rs. 120.56 Crore (Rs. 24.56 Crore regular contribution and Rs. 96 Crore additional contribution) and Gratuity Trust is Rs. 22.76 Crore (Rs.18.76 Crore regular contribution & Rs. 4 Crore additional contribution). The Regular contribution to the Superannuation Trust & Gratuity Trust is considered to be covered in the O&M allowed to RVPN. Hence, only additional contribution of Rs. 100 Crore (96 Crore towards Superannuation Trust & Rs. 4 Crore towards Gratuity Trust) is allowable in terms of Regulation 64.

4.43 As discussed, while approving the O&M for the FY 2019-20, the actual O&M expenses as arrived by the Commission above is Rs. 633.59 Crore whereas O&M expenses for the FY 2019-20 allowed on normative basis is Rs. 685.08 Crore, thereby resulting in savings of Rs. 51.49 Crore on account of O&M expenses for the FY 2019-20. The Commission had been directing the RVPN to deposit amount in the Trust from time to time. However, RVPN did not comply to the directions of the Commission and did not deposit the contribution fully as directed in the respective years which has resulted in deficit of Fund. Hence, the liability towards the same has accumulated requiring RVPN make these

additional contributions towards the Terminal liabilities. In view of the above, the Commission deems it fit to adjust the savings on account of O&M expenses for the FY 2019-20 with the expenses towards terminal liability for year. Net additional allowance on account of Terminal liability after adjusting the O&M savings of Rs. 51.49 Crore is Rs. 48.51 Crore. Accordingly, Commission allows Rs. 48.51 Crore towards terminal liability for the FY 2019-20.

Table 13: Terminal Liabilities for the FY 2019-20 (Rs. in Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Terminal Benefit	258.11	326.57	48.51

Interest on loan and finance charges

RVPN's Submission

4.44 The Petitioner submitted that the interest on loan has been worked out on the opening loan balance, additions during the year, repayment have been considered equivalent to depreciation. The rate of interest has been worked out based on the regulation 21(5) of the Tariff Regulations. RVPN has claimed the interest and finance charges of Rs. 1037.43 Crore as per the audited accounts for FY 2019-20.

Commission's Analysis

4.45 Vide the tariff order dated 31.01.2020, the Commission had approved the interest charges of Rs. 915.80 Crore for FY 2019-20. As against the same, RVPN has claimed the interest charges of Rs. 1037.43 Crore as per the audited accounts for FY 2019-20.

4.46 The Petitioner has submitted the actual interest rate of 9.56% for the year as per the audited accounts for FY 2019-20.

4.47 Regulation 21(5) of the RERC Tariff Regulations, 2019 specifies that the rate of interest on loan for True-up shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year. The Commission directed the Petitioner to submit the actual loan portfolio along with the sanction/disbursement letters for each loan to substantiate the rates of interest considered to calculate the

weighted average interest rate. The petitioner did not provide the required details. However, petitioner submitted a sample copy from REC. The petitioner stated that the weighted average rate of interest has been calculated based on the actual loan portfolio & interest liability as per the audited accounts for the FY 2019-20. The Commission has considered the weighted average rate of interest of 9.56% as submitted by the petitioner. Petitioner is directed to submit the actual source wise & loan wise details along with applicable interest rate & interest thereon for the financial year along with the true up for the FY 2020-21 onwards.

4.48 The petitioner has considered the opening balance of loan for the FY 2019-20 as Rs. 11119.22 Crore whereas closing balance of loan for the FY 2018-19 as approved in the True-up order Dt. 12.10.2020 was Rs. 7975.67 Crore. Regulation 21(3) of Tariff Regulations provide that the repayment of loan for each year would be equal to the depreciation for the year. However, the petitioner has claimed repayment of loan as Rs. 935 Crore, whereas depreciation has been claimed as Rs. 936.74 Crore. The commission sought clarification from petitioner. The petitioner vide data gap reply Dt. 05.10.21 submitted that the opening balance of loan & repayment has been considered as per actual audited accounts for the FY 2019-20.

4.49 The commission has considered the closing loan balance approved in true up for FY 2018-19 as the opening loan balance for FY 2019-20. The loan addition during the year has been considered based on the approved means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The interest rate of 9.56% has been considered. Further, the Commission has considered the capitalization of interest of Rs. 82.66 Crore in proportion to the GFA addition approved. The interest on loan approved by the Commission is as shown in the table below:

Table 14: Interest on long term loans for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Opening Balance	8,085.26	11,119.22	7,975.67
Net Addition	1,091.90	1,148.86	956.98
Repayment	920.66	935.00	897.33
Closing Balance	8,256.50	11,333.08	8,035.32
Average Loan	8,170.88	11,226.15	8,005.49

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Rate of Interest	9.86%	9.56%	9.56%
Gross Interest Expenses	805.80	1,073.30	765.33
Less: Capitalisation	-	91.11	82.66
Net Interest Expenses	805.80	982.19	682.66

4.50 Vide the tariff order dated 31.01.2020, the Commission had approved the finance charges of Rs. 110 Crore for FY 2019-20. As against the same, RVPN has claimed the finance charges of Rs. 55.24 Crore as per the audited accounts for FY 2019-20.

4.51 In reply to the Commission's query, RVPN submitted the details of the finance charges claimed as shown in the table below:

Table 15: Finance Charges for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Claimed
1	Stamp duty/ Registration Fees	0.00
2	Service Fees	0.49
3	Commitment Charges	0.39
4	Other Bank Charges	1.08
5	Guarantee Charges	53.89
6	Penal Interest	9.52
7	Prepayment Charges	-
8	Other Processing Charges	0.00
9	Interest on finance lease	-
10	Interest on SD and RMD	-
11	Less: Penal Interest on Generation Project	9.44
12	Bank Charges	0.70
13	Net Finance Charges	55.24

4.52 The commission has approved the interest and finance charges of Rs. 737.90 Crore for the FY 2019-20 as shown in the table below:

Table 16: Interest and finance charges for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Net Interest Expenses	805.80	982.19	682.66
Add: Finance Charges	110.00	55.24	55.24

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Interest and Finance Charges	915.80	1,037.43	737.90
Net Interest and finance charges	915.80	1,037.43	737.90

Depreciation

RVPN's Submission

4.53 Vide the tariff order dated 31.01.2020, the Commission had approved the depreciation of Rs. 920.66 Crore for FY 2019-20. As against the same, RVPN has claimed the depreciation of Rs. 936.74 Crore as per the audited accounts for FY 2019-20.

Commission's Analysis

4.54 The Commission directed RVPN to submit the details of fixed assets which have been depreciated for 12 years and adjustment in respect of the same in accordance with Regulation 22(4) to arrive at the claimed depreciation of Rs. 936.74 Crore. The commission further sought the details of assets which have been depreciated upto 90% of the cost. In reply, RVPN submitted the amounts under each asset class segregating the same into (i) assets that have completed 12 years (ii) assets that have completed less than 12 and (iii) assets that have been depreciated up to 90% on which no depreciation has been claimed. However, the details have been submitted for the FY 2020-21 instead of FY 2019-20.

4.55 RVPN is directed to henceforth submit the Asset class wise following details for the True up year alongwith the True-up petition providing the following details:

- i. Closing and Opening value of Asset for the year preceding 12 years from the True Up year and depreciable value.
- ii. Depreciation charged up-to the year preceding the True up year.
- iii. Useful life of the assets for the year preceding 12 years from the True Up year.
- iv. Useful life of the assets at the start of the True up year.
- v. Remaining useful life of the assets.

- vi. Closing and Opening value of Asset for the True up year and Depreciation charged.
- vii. Assets which has been depreciated up-to 90%.

4.56 It is observed that depreciation claimed by the petitioner is Rs. 936.74 Crores while the figure as per audited accounts is Rs. 920.07Crores. The Commission sought the reconciliation of the same. In reply, RVPN submitted the reconciliation & further submitted that depreciation includes prior period depreciation of Rs. 18.36 Crores on Transmission lines and Plant & machinery. RVPN further submitted that since, the error and omission occurred in previous years have come to light during the FY 2019-20 the same has been recognized during the FY 2019-20.

4.57 The Commission has approved the depreciation in accordance with RERC Tariff Regulations, 2019 considering the approved GFA for the year. Further, the depreciation on the GFA pertaining to deposit works has been deducted from the total depreciation. The Commission has allowed depreciation in previous years in accordance with the Tariff Regulations. In view of the above, the Commission deems it fit to disallow the claim of Rs. 18.36 Crores towards prior period depreciation. The depreciation approved by the Commission for FY 2019-20 is as shown in the table below:

Table 17: Depreciation for FY 2019-20 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed for True up	Approved on True up
Depreciation	920.66	936.74	897.33

Interest on Working Capital (IoWC)

RVPN's Submission

4.58 Vide the tariff order dated 31.01.2020, the Commission had approved the normative IoWC of Rs. 45.99 Crore for FY 2019-20. As against the same, RVPN has claimed the normative IoWC of Rs. 55.39 Crore and net entitlement of Rs. 51.86 Crore.

Commission's Analysis

4.59 In accordance with Regulation 27(1)(2) of the RERC Tariff Regulations, 2019, the normative working capital requirement shall comprise of (i)

O&M expenses for one month, (ii) maintenance spares @ 15% of O&M expenses, (iii) receivables equivalent to one and a half month of transmission charges calculated on target availability, less amount held security deposit from users except security deposits held in the form of Bank Guarantees. Regulation 27(2) of the RERC Tariff Regulations, 2019 specifies that the rate of interest on working capital to be computed shall be on normative basis and shall be 300 basis points higher than the average SBI Base Rate prevalent during first six months of the year previous to the relevant year.

4.60 The Commission has considered the amount of security deposit as Rs. 8.23 Crore as claimed by the petitioner.

4.61 The normative working capital requirement has been computed in accordance with the RERC Tariff Regulations, 2019. The normative rate of interest on working capital has been considered as 11.25% in accordance with RERC Tariff Regulations, 2019.

4.62 The Commission has computed the actual rate of interest on working capital loans as 9.81% as per the audited accounts. In accordance with Regulation 27(2), the Commission has considered the sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative working capital. The IoWC approved by the Commission is as shown in the table below:

Table 18: IoWC for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Approved
1	O&M Expenses (1 Month)	57.58	57.09	57.09
2	Maintenance Spares (15% of O&M Expenses)	103.64	102.76	102.76
3	Receivables on Target Availability (1.5 Month)	340.30	340.79	286.54
4	Less: Amount held as Security Deposit	92.75	8.23	8.23
5	Total Working Capital	408.77	492.41	438.16
6	Normative Interest Rate	11.25%	11.25%	11.25%
7	Interest Amount at Normative Interest Rate	45.99	55.39	49.29

Table 19: Net Entitlement of IoWC for the FY 2019-20

Particulars	Normative	Actual	Gain/ Loss	50% Sharing	Net Entitlement
Claimed Interest Rate for Truing up (%)	11.25%	9.81%	1.44%	0.72%	10.53%
Claimed Amount for Truing up (Rs. in Crore)	55.39	48.32	7.07	3.54	51.86
Approved Interest Rate for Truing up (%)	11.25%	9.81%	1.44%	0.72%	10.53%
Approved Amount for Truing up (Rs. in Crore)	49.29	42.98	6.31	3.15	46.14

Return on Equity (RoE)

RVPN's Submission

4.63 Vide the tariff order dated 31.01.2020, the Commission had approved RoE of Rs. 87.57 Crore for FY 2019-20. As against the same, RVPN has claimed RoE of Rs. 227.39 Crore.

Commission's Reply

4.64 The closing equity balance approved in true up for FY 2018-19 has been considered as the opening equity balance for FY 2019-20. The equity addition during the year has been considered based on the approved means of finance of GFA addition.

4.65 RVPN had claimed RoE at the rate of 2% in the Tariff Petition for the FY 2019-20. The Commission accordingly has approved RoE at the rate of 2% in the tariff order Dt. 31.01.2020. RVPN in the instant petition for True-up for the FY 2019-20 claimed RoE at the rate of 5%. The Commission deems it fit not to revise the rate of RoE approved in the Tariff Order Dt. 31.01.2020 and accordingly, approves RoE at the rate of 2% of the True-up of FY 2019-20. The RoE approved by the Commission is as shown in the table below:

Table 20: RoE for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Opening Equity	4,144.61	4,439.96	4,081.37
Net addition during the year	467.96	215.53	215.53
Closing Equity	4,612.57	4,655.49	4,296.90
Average Equity	4,378.59	4,547.73	4,189.14
Rate of Return on Equity	2.00%	5.00%	2.00%
Return on Equity	87.57	227.39	83.78

Insurance Expenses

RVPN's Submission

4.66 Vide the tariff order dated 31.01.2020, the Commission had approved Insurance expenses of Rs. 0.55 Crore for FY 2019-20. As against the same, RVPN has claimed actual Insurance expenses of Rs. 0.36 Crore as per the audited accounts.

Commission's Reply

4.67 Regulation 25 of the RERC Tariff Regulations, 2019 provide for Insurance expenses subject to ceiling limit of 0.2% of average Net Fixed Assets for the year. Accordingly, the Commission has approved the Insurance expenses of Rs. 0.36 Crore as claimed by RVPN.

Table 21: Insurance Expenses for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Insurance Expenses	0.55	0.36	0.36

Unitary Charges

RVPN's Submission

4.68 RVPN has claimed the unitary charges of Rs. 55.91 Crore for FY 2019-20 as per the audited accounts.

Commission's Analysis

4.69 Vide the order dated 09.10.2015 (Petition No. 555/15), the Commission had approved the recovery of base unitary charges paid by RVPN from the DISCOMs and other long-term Open Access customers. The Commission sought the party wise break-up of unitary charges vide data gaps. The petitioner provided the details along with supporting documents. Therefore, the Commission has approved the actual unitary charges of Rs. 55.91 Crore claimed for FY 2019-20.

Table 22: Unitary charges for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Unitary Charges	58.50	55.91	55.91

Other Charges

RVPN's Submission

4.70 Vide the tariff order dated 31.01.2020, the Commission had approved other charges of Rs. 20.00 Crore for FY 2019-20. As against the same, RVPN has claimed actual other charges of Rs. 2.83 Crore as per the audited accounts.

Commission's Analysis

4.71 The Commission observed that the amount of Rs. 2.15 Crore claimed by RVPN pertain to loss on sale & discard of fixed assets. The Commission has disallowed the loss on sale of fixed asset in the True-up order Dt. 12.10.2020 & Review order Dt. 23.07.2021. The Commission has followed the similar procedure as followed in its previous True-Up Orders of the Petitioner in approving the Other Charges. Accordingly, Commission does not find it prudent to allow the loss on sale & discard of fixed assets. The Other Charges approved for the FY 2019-20 is as follows:

Table 23: Other charges for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Other Charges	20.00	2.83	0.68

Lease Charges**RVPN's Submission**

4.72 RVPN has claimed the lease charges of Rs. 11.73 Crore for FY 2019-20 as per the audited accounts.

Commission's Analysis

4.73 Regulation 23 of Tariff Regulations, 2019 provide as follows:

"Lease charges for assets taken on lease by a Generating Company or a transmission or Distribution Licensee or SLDC shall be considered as per lease agreement, provided they are considered reasonable by the Commission."

4.74 Accordingly, Commission sought the lessor wise breakup of lease charges of Rs. 11.73 for the FY 2019-20 along and relevant extracts of the respective lease agreements. RVPN vide reply Dt. 05.10.2021 submitted that lease rent payments are towards land taken on lease from the Government of Rajasthan and submitted a sample copy of the lease agreement. The Commission has approved the lease charges of Rs. 11.73 Crore claimed for FY 2019-20. RVPN is directed to submit the breakup of lease charges and relevant extracts of the respective lease agreements henceforth along with the petition.

Table 24: Lease Charges for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Lease Charges	-	11.73	11.73

Non-Tariff Income

RVPN's Submission

4.75 Vide the tariff order dated 31.01.2020, the Commission had approved NTI of Rs. 100.00 Crore for FY 2019-20. As against the same, RVPN has claimed actual NTI of Rs. 149.35 Crore as per the audited accounts.

Commission's Analysis

4.76 The Commission has considered the actual NTI of Rs. 149.35 Crore as claimed by RVPN.

Table 25: NTI for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Non-Tariff Income	100.00	149.35	149.35

Revenue from Short-term open access

RVPN's Submission

4.77 Vide the tariff order dated 31.01.2020, the Commission had approved the revenue from short-term open access of Rs. 135.00 Crore for FY 2019-20. As against the same, RVPN has claimed actual revenue from short-term open access of Rs. 93.09 Crore as per the audited accounts.

Commission's Analysis

4.78 The Commission has observed that the Revenue from short-term open access as per the audited accounts is Rs. 93.09 Crore. In reply of data gap, RVPN has submitted that amount deposited by consumer against the cost of assets of deposit work are recognized as revenue in 25 years in equal installments and has recognized Rs. 4.32 Crore as revenue towards such assets for FY 19-20. The treatment done by RVPN is not in accordance with the Regulations 18 of the RERC Tariff Regulations, 2019. Accordingly, the Commission has disallowed the capitalization of deposit works from GFA & the receipt of Rs. 4.32 Crore against such works from revenue from Short Term Open Access. In view of the above, the Commission has approved the actual revenue of Rs. 88.77 Crore for the FY 2019-20.

Table 26: Revenue from short-term open access for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Revenue from Short Term Open Access	135.00	93.09	88.77

Revenue from Inter State Transmission (ISTS) Lines**RVPN's Submission**

4.79 Vide the tariff order dated 31.01.2020, the Commission had approved the revenue from ISTS lines of Rs. 40.66 Crore for FY 2019-20. As against the same, RVPN has claimed actual revenue from ISTS lines of Rs. 36.96 Crore as per the audited accounts.

Commission's Analysis

4.80 The Commission has approved the actual revenue from ISTS lines of Rs. 36.96 Crore.

Table 27: Revenue from ISTS lines for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Revenue from ISTS lines	40.66	36.96	36.96

4.81 Based on the above analysis, the Annual Transmission Charges claimed by RVPN and approved by the Commission is as shown in Table below:

Table 28: Annual Transmission Charges for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
O&M Expenses	690.92	685.08	685.08
Terminal Benefit	258.11	326.57	48.51
Interest and finance charges on long term loans	915.80	1,037.43	737.90
Depreciation	920.66	936.74	897.33
Interest on Working Capital	45.99	51.86	46.14
Return on Equity	87.57	227.39	83.78
Lease Rent	-	11.73	11.73

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Insurance Expenses	0.55	0.36	0.36
Unitary Charges	58.50	55.91	55.91
Other Charges	20.00	2.83	0.68
Less: Non-Tariff Income	100.00	149.35	149.35
Aggregate Revenue Requirement	2,898.10	3,186.53	2,418.07
Less: Revenue from Short Term Open Access	135.00	93.09	88.77
Less: Revenue from Interstate Transmission Lines	40.66	36.96	36.96
Less: Truing up for FY 2017-18 Surplus/(Gap)	-	-	-
Annual Transmission Charges	2,722.44	3,056.48	2292.33

4.82 The variation in ATC claimed by RVPN and that approved by the Commission is mainly on account of the variation in Interest & Finance Charges, Return on Equity and Terminal Benefit as discussed in preceding paras.

Incentive

RVPN's Submission

4.83 RVPN has claimed the incentive of Rs. 34.91 Crore for achieving higher availability than the normative availability. RVPN has claimed the separate recovery of the same.

Commission's Analysis

4.84 Regulation 68 of the RERC Tariff Regulations, 2019 provide for incentive on achieving annual availability above the normative availability. The Commission has approved the incentive for FY 2019-20 in accordance with the same as shown in the table below:

Table 29: Incentive approved for FY 2019-20 (Rs. Crore)

Particulars	Units	Value
Annual Transmission Charges	Rs. Crore	2292.33
Target Availability for Incentive	%	98.50%
Max. Availability for Incentive	%	99.75%
Actual Availability	%	99.77%
Incentive	Rs. Crore	29.09

Transmission Loss

RVPN's Submission

4.85 RVPN has claimed Transmission loss of 3.33% for the FY 2019-20.

Commission's Analysis

4.86 The Commission approved transmission loss of 3.35% for the FY 2019-20 in the order Dt. 31.01.2020. There has been reduction in the transmission loss as compared to the target for the year. The Commission has approved the actual transmission loss of 3.33% as claimed by the RVPN.

Revenue side true up

RVPN's Submission

4.87 RVPN has claimed the revenue of Rs. 2761.21 Crore for FY 2019-20.

Commission's Analysis

4.88 The revenue considered for true up is as shown in the table below:

Table 30: Revenue for true up for FY 2019-20 (Rs. Crore)

Sl. No.	Particulars	Claimed for true up	Approved on True up
A	Revenue from Transmission Wheeling Charges		
1	JVVN	1,053.80	1,053.80
2	AVVN	710.21	710.21
3	JDVVN	852.83	852.83
4	Others	-	-
a	Revenue from Short Term Open Access	-	-
b	Revenue from Long Term Open Access	106.50	106.50
c	Interstate Line User Charges	-	-
	Sub-Total	2,723.35	2,723.35
B	Incentive		
1	JVVN	13.37	11.14
2	AVVN	9.02	7.52
3	JDVVN	10.82	9.02
4	Others	1.70	1.42
	Sub-Total	34.91	29.09
C	Subsidies & Grants on capital account (non-Regulatory)	2.95	2.95
	Total	2,761.21	2,755.39

Summary of true up

Commission's Analysis

4.89 Based on the above, the summary of true up for FY 2019-20 is as shown in table below:

Table 31: Summary of true up for FY 2019-20 (Rs. Crore)

Sl. No.	Particulars	Claimed	Approved
	Expenditure side summary		
A	Annual Transmission Charges	3,056.48	2292.33
B	Incentive	34.91	29.09
C	Total	3,091.39	2321.42
	Revenue side summary		
D	Revenue for true up	2,761.21	2755.39
	Revenue (Gap)/Surplus(C-D)	(330.19)	433.96

4.90 As against the revenue gap of Rs. 330.19 Crore claimed by RVPN, the Commission has approved the revenue surplus of Rs. 433.96 Crore. The Commission directs RVPN to refund the approved surplus of Rs. 433.96 Crore in the ratio of contracted capacity of DISCOMs and long-term open access customers for FY 2019-20 in three equal monthly installments from the date of this order.

True up of SLDC Function

Gross Fixed Assets (GFA) during FY 2019-20

RVPN's Submission

4.91 Vide the tariff order dated 31.01.2020, the Commission had approved the GFA addition of Rs. 15.00 Crore for FY 2019-20. As against the same, RVPN has claimed the actual GFA addition of Rs. 0.33 Crore as per the audited accounts for FY 2019-20.

Commission's Analysis

4.92 The Commission observed that the actual capitalization includes Rs. 0.19 Crore towards Building & Civil works which are in the nature of O&M expenses and are not allowable under capitalization. The Commission deems it fit to not consider the amount of Rs. 0.19 Crore under the capitalization for FY 2019-20 and hence, the Commission has considered the same as part of O&M expenses. The Commission has considered closing GFA approved in true-Up order of FY 2018-19 as the opening GFA for FY 2019-20. The Commission has approved the GFA addition of Rs. 0.14 Crore for FY 2019-20. The details of approved GFA are as shown in the table below:

Table 32: GFA Approved for FY 2019-20 (Rs. Crore)

Particulars	Approved
Opening GFA as on 1st April, 2019	29.60
Add: Addition during FY 2019-20	0.14
Less: Deduction during FY 2019-20	-
Closing GFA for FY 2019-20	29.74

SLDC Charges

4.93 In accordance with Regulation 70(2) of RERC Tariff Regulations, 2019, the SLDC charges shall comprise of the following:

- a. Operation and Maintenance (O&M) expenses
- b. Interest and finance charges on long-term loans
- c. Depreciation
- d. Interest on Working Capital
- e. Return on Equity

f. RLDC Fees & Charges

4.94 Regulation 70(3) of the RERC Tariff Regulations, 2019 provide that the segregated accounts, duly certified by the Statutory Auditor or Chartered Accountant, pertaining to SLDC function shall form the basis for approval of SLDC expenses. RVPN has submitted the segregated accounts duly certified by Chartered Accountant pertaining to SLDC function for FY 2019-20.

O&M expenses

RVPN's Submission

4.95 Vide the tariff order dated 31.01.2020, the Commission had approved the O&M expenses of Rs. 13.13 Crore for FY 2019-20. As against the same, RVPN has claimed the actual O&M expenses of Rs. 18.91 Crore as per the audited accounts for FY 2019-20.

Commission's Analysis

4.96 In reply to the Commission's query regarding justification of claimed O&M expenses of Rs. 18.91 Crore against the approved figure of Rs. 13.13 Crore, RVPN submitted that Rs. 18.91 Crore is the actual expenditure incurred and claimed as per the audited accounts for the FY 2019-20. the reconciliation of O&M expenses claimed with the actual O&M expenses as per the audited accounts as shown in the table below:

Table 33: Actual O&M expenses claimed for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20	
	Approved in Tariff Order	Claimed for true up
Employee Expenses	11.44	16.01
Administrative and General Expenses	1.54	2.84
Repair and Maintenance Expenses	0.15	0.06
Total	13.13	18.91

4.97 The Commission has disallowed Rs. 0.19 Crore towards capitalization of Building & Civil works as claimed by the Petitioner as the same are in the nature of O&M expenses. The Commission allows Rs. 0.19 Crore disallowed from the GFA on account of such works over and above

the actual O&M Expenses in true up for FY 2019-20. Further, Commission deems it fit not to allow the expenses of Rs.1.81 Crore claimed towards terminal liabilities for the FY 2019-20 as the same is already allowed on the basis of actual additional contribution while approving the terminal liabilities for the Transmission function. Accordingly, the Commission has arrived at the actual O&M expenses of Rs. 17.29 Crore for FY 2019-20.

4.98 Regulation 70(3) of the RERC Regulations, 2019 provide that the O&M Expenses as approved by the Commission for FY 2018-19 shall be considered as base O&M Expenses. Further, Regulation 70(4) of the Regulations provide that the O&M Expenses for each subsequent year shall be calculated by escalating base O&M expenses with the escalation rate as specified in Regulation 24. Regulation 24 of the Regulations provide for escalation rate of 3.51% per annum for each year of the Control Period.

4.99 Regulation 70(3) of the RERC Tariff Regulations, 2019 specify that the O&M expenses as approved for FY 2018-19 shall be considered as base O&M expenses. The Commission has considered the O&M expenses approved for the FY 2018-19 i.e. 17.31 Crore in the True-up order Dt. 12.10.2020 as base O&M expenses for FY 2019-20. Accordingly, the Commission has approved the O&M expense of Rs. 17.31 Crore for FY 2019-20.

Table 34: O&M expenses approved for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	Approved in Tariff Order	Claimed for true up	Approved on true up
O&M Expenses	13.13	18.91	17.31

Interest on loan and finance charges

RVPN's Submission

4.100 Vide the tariff order dated 31.01.2020, the Commission had approved the interest and finance charges of Rs. 0.55 Crore for FY 2019-20. As against the same, RVPN has claimed the interest and finance charges of Rs. 0.20 Crore.

Commission's Analysis

4.101 The closing loan balance approved in true up for FY 2018-19 has been considered as the opening loan balance for FY 2019-20. The allowable depreciation for the year has been considered as the normative repayment. The actual interest rate of 10% has been considered. The interest on loan approved by the Commission is as shown in the table below:

Table 35: Interest and finance charges for FY 2019-20 (Rs. Crore)

Particulars	Claimed	Approved
Opening Balance	2.00	0.14
Loan Addition	0.33	0.14
Repayment (Allowable Depreciation)	0.29	1.95
Closing Balance	2.04	-
Average Balance	2.02	0.07
Rate of Interest	10.00%	10.00%
Interest on Loans	0.20	0.01
Other Finance Charge	0.00	0.00
Total Interest on Loan and other Financial Charges	0.20	0.01

Depreciation

RVPN's Submission

4.102 Vide the tariff order dated 31.01.2020, the Commission had approved the Depreciation of Rs. 1.97 Crore for FY 2019-20. RVPN has claimed the Depreciation of Rs. 1.97 Crore as per the audited accounts for True-up of FY 2019-20.

Commission's Analysis

4.103 SLDC is directed to henceforth submit the Asset class wise following details for the True up year along with the True-up petition providing the following details:

- i. Closing and Opening value of Asset for the year preceding 12 years from the True Up year and depreciable value.
- ii. Depreciation charged up-to the year preceding the True up year.

- iii. Useful life of the assets for the year preceding 12 years from the True Up year.
- iv. Useful life of the assets at the start of the True up year.
- v. Remaining useful life of the assets.
- vi. Closing and Opening value of Asset for the True up year and Depreciation charged.
- vii. Assets which has been depreciated up-to 90%.

4.104 The Commission has approved the Depreciation in accordance with RERC Tariff Regulations, 2019 considering the approved GFA for the year. The Depreciation approved by the Commission for FY 2019-20 is as shown in the table below:

Table 36: Depreciation for FY 2019-20 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed for true up	Approved on true up
Depreciation	1.97	1.97	1.95

Interest on Working Capital (IoWC)

RVPN's Submission

4.105 Vide the tariff order dated 31.01.2020, the Commission had approved the normative IoWC of Rs. 0.67 Crore for FY 2019-20. As against the same, RVPN has claimed the normative IoWC of Rs. 0.80 Crore.

Commission's Analysis

4.106 Regulation 27(1)(2) of the RERC Tariff Regulations, 2019 provides that the normative working capital shall comprise of (i) O&M expenses for one month, (ii) maintenance spares @ 15% of O&M expenses, (iii) receivables equivalent to one and a half month of SLDC charges less amount held as security deposits. Further, Regulation 27(2) of the RERC Tariff Regulations, 2019 specifies that the rate of interest on working capital to be computed shall be on normative basis and shall be 300 basis points higher from SBI Base Rate prevalent during first six months of the year previous to the relevant year.

4.107 The normative working capital requirement has been computed in accordance with the RERC Tariff Regulations, 2019. The normative rate of interest on working capital has been considered as 11.25% in accordance with RERC Tariff Regulations, 2019.

4.108 Regulation 27(3) of the RERC Tariff Regulations, 2019 provides for sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative working capital in the ratio of 50:50 between the SLDC and the beneficiary.

4.109 The Commission has considered the actual rate of interest on working capital loans as 9.81% as per the audited accounts. Further, in accordance with Regulation 27(2), the Commission has considered the sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative working capital. The IoWC approved by the Commission is as shown in the table below:

Table 37: IoWC for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Approved
1	O&M Expenses (1 Month)	1.09	1.58	1.44
2	Maintenance Spares (15% of O&M Expenses)	1.97	2.84	2.60
3	Receivables on Target Availability (1.5 Month)	3.08	3.33	3.09
4	Less: Amount held as Security Deposit	0.15	0.14	0.14
5	Total Working Capital	5.99	7.61	7.00
6	Normative Interest Rate	11.25%	11.25%	11.25%
7	Interest Amount at Normative Interest Rate	0.67	0.86	0.79

Table 38: Net Entitlement of IoWC for the FY 2019-20

Particulars	Normative	Actual	Gain/Loss	50% Sharing	Net Entitlement
Claimed Interest Rate for Truing up (%)	11.25%	9.81%	1.44%	0.72%	10.53%
Claimed Amount for Truing up (Rs. in Crore)	0.86	0.75	0.11	0.05	0.80
Approved Interest Rate for Truing up (%)	11.25%	9.81%	1.44%	0.72%	10.53%
Approved Amount for Truing up (Rs. in Crore)	0.79	0.69	0.10	0.05	0.74

Return on Equity (RoE)

RVPN's Submission

4.110 Vide the tariff order dated 31.01.2020, the Commission had approved RoE of Rs. 0.04 Crore for FY 2019-20. As against the same, RVPN has claimed RoE of Rs. 0.05 Crore.

Commission's Analysis

4.111 The closing equity balance approved in true up for FY 2018-19 has been considered as the opening equity balance for FY 2019-20.

4.112 RVPN had claimed RoE at the rate of 2% in the Tariff Petition for the FY 2019-20. The Commission accordingly has approved RoE at the rate of 2% in the tariff order Dt. 31.01.2020. RVPN in the instant petition for True-up for the FY 2019-20 claimed RoE at the rate of 5%. The Commission deems it fit not to revise the rate of RoE approved in the Tariff Order Dt. 31.01.2020 and accordingly, approves RoE at the rate of 2% of the True-up of FY 2019-20. The RoE approved by the Commission is as shown in the table below:

Table 39: RoE for FY 2019-20 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
Equity at the beginning of the year	1.07	1.07	1.07
Equity Portion of the Capitalization	2.00	-	-
Equity at the end of the year	3.07	1.07	1.07
Average Equity	2.07	1.07	1.07
RoE Considered	2.00%	5.00%	2.00%
Total Return on Equity	0.04	0.05	0.02

RLDC fee and charges

RVPN's Submission

4.113 Vide the tariff order dated 31.01.2020, the Commission had approved RLDC fee and charges of Rs. 10.15 Crore for FY 2019-20. As against the same, RVPN has claimed actual RLDC fee and charges of Rs. 5.55 Crore as per the audited accounts.

Commission's Analysis

4.114 The Commission has approved the actual RLDC fee and charges of Rs. 5.55 Crore as claimed by RVPN.

Table 40: RLDC fee and charges for FY 2019-20 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
RLDC Fee and Charges	10.15	5.55	5.55

Non-Tariff Income (NTI)

RVPN's Submission

4.115 Vide the tariff order dated 31.01.2020, the Commission had approved NTI of Rs. 1.86 Crore for FY 2019-20. As against the same, RVPN has claimed actual NTI of Rs. 0.82 Crore as per the audited accounts.

Commission's Analysis

4.116 The Commission has considered the actual NTI of Rs. 0.82 Crore as claimed by RVPN.

Table 41: NTI for FY 2019-20 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
Non-Tariff Income	1.86	0.82	0.82

4.117 Based on the above analysis, the SLDC Charges claimed by RVPN and approved by the Commission is as shown in table below:

Table 42: SLDC Charges for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed	Approved
Expenses				
1	Operating Expenses			
A	Employee expenses	11.44	16.01	15.93
B	Administrative and General Expenses	1.54	2.84	1.18
C	Repair and Maintenance Expenses	0.15	0.06	0.20
D	Interest on Working Capital	0.67	0.80	0.74
E	RLDC / NRLDC Fee and	10.15	5.55	5.55

S. No.	Particulars	Approved in Tariff Order	Claimed	Approved
	Charges			
2	Capital expense components			
A	Depreciation	1.97	1.97	1.95
B	Interest and finance charges on term loan	0.55	0.20	0.01
C	Return on equity	0.04	0.05	0.02
3	Total Revenue Expenditure	26.51	27.49	25.58
4	Less: Non-Tariff income	1.86	0.82	0.82
5	Less: Income from other business	-	-	-
6	Aggregate Revenue Requirement	24.65	26.68	24.76
7	Surplus Truing up for FY 2017-18	-	-	-
8	Net Revenue Requirement	24.65	26.68	24.76

Revenue side true up

RVPN's Submission

4.118 RVPN has claimed the revenue of Rs. 26.76 Crore for FY 2019-20.

Commission's Analysis

4.119 The actual revenue as per the audited accounts is Rs. 26.76 Crore as shown in the table below:

Table 43: Actual revenue as per the audited accounts for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Actual Revenue for FY 2019-20
1	SLDC charges	23.70
2	Income from LTOA	1.49
3	Income from STOA	0.09
4	Income from Energy Exchange	1.49
5	Total	26.76

4.120 The Commission has considered the actual revenue of Rs. 26.76 Crore.

Summary of true up

Commission's Analysis

4.121 Based on the above, the summary of true up for FY 2019-20 is as shown in table below:

Table 44: Summary of true up for FY 2019-20 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
1	ARR	26.68	24.76
2	Actual Revenue	26.76	26.76
3	Revenue (Gap)/Surplus	0.09	2.00

4.122 As against the revenue surplus of Rs. 0.09 Crore claimed by RVPN, the Commission has approved the revenue surplus of Rs. 2.00 Crore. The Commission directs RVPN to refund the approved surplus of Rs. 2.00 Crore in the ratio of contracted capacity of Discoms and long-term open access customers for FY 2019-20 in three equal monthly installments from the date of this order.

Section 5: Determination of tariff for FY 2021-22

ARR for Transmission function

5.1 The Commission has approved the Transmission Charges for FY 2021-22 in accordance with the RERC Tariff Regulations, 2019.

Availability of the Transmission System

Commission's Analysis

5.2 Regulation 62(2) of the RERC Tariff Regulations, 2019 specifies the normative availability of 98% for recovery of full Annual Transmission Charges for AC system. The Commission approves the normative availability of 98% in accordance with the RERC Tariff Regulations, 2019.

Transmission Network

RVPN's Submission

5.3 The details of transmission network claimed by the Petitioner for FY 2020-21 and FY 2021-22 is as shown in the table below:

Table 45: Details of Transmission Network claimed for FY 2020-21 and FY 2021-22

Particulars	FY 2020-21				FY 2021-22			
	Claimed				Claimed			
	Openi ng	Additi on	Deleti on	Closin g	Openi ng	Additi on	Deleti on	Closin g
Lines (Ckt Km)								
765 KV	425.50	0.00	0.00	425.50	425.50	0.00	0.00	425.50
400 KV	6565.45	334.00	0.00	6899.45	6899.45	491.00	0.00	7390.45
220 KV	15270.99	329.70	0.00	15600.69	15600.69	12.00	0.00	15612.69
132 KV	17851.69	410.03	0.00	18261.72	18261.72	130.00	0.00	18391.72
Total	40113.63	1073.73	0.00	41187.35	41187.35	633.00	0.00	41820.35
Transforma tion Capacity (MVA)	83761.50	3205.00	0.00	86966.50	86966.50	3470.00	0.00	90436.50
Bays (No.)								
765 KV	28	0	0	28	28	0	0	28
400 KV	179	0	0	179	179	0	0	179
220 KV	823	12	0	835	835	6	0	841

Particulars	FY 2020-21				FY 2021-22			
	Claimed				Claimed			
	Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing
132 KV	2844	50	0	2894	2894	31	0	2925
Total	3874	62	0	3936	3936	37	0	3973

Commission's Analysis

5.4 The closing values of transmission network approved for FY 2019-20 has been considered as the opening values for FY 2020-21.

5.5 The transmission network approved by the Commission vide its tariff order for FY 2020-21 dated 12.10.2020 is as shown in the table below:

Table 46: Transmission network approved in the Tariff Order for FY 2020-21

Sl. No.	Particulars	FY 2020-21			
		Opening	Addition	Deletion	Closing
A	Lines (ckt km)				
1	765 KV	425.50	-	-	425.50
2	400 KV	7,019.61	505.00	-	7,524.61
3	220 KV	15,442.66	237.00	-	15,679.66
4	132 KV	17,996.64	249.00	-	18,245.64
	Total	40,884.42	991.00	-	41,875.42
B	Transformation Capacity (MVA)	85,192.11	4,255.00	-	89,447.11
C	Bays (No.)				
1	765 KV	28	0	0	28
2	400 KV	179	0	0	179
3	220 KV	823	16	0	839
4	132 KV	2844	59	0	2903
	Total	3874	75	0	3949

5.6 RVPN has submitted the actual achievements upto March,2021 in the Interlocutory application Dt. 17.05.2021 in respect of the transmission lines & transformers for FY 2020-21. The Commission has considered the actual network addition for the FY 2020-21 in respect of transmission lines & transformers as submitted by RVPN in the IA Dt. 17.05.2021. Further, in respect of the bays, Commission has considered the submission made by RVPN in the Tariff petition. The Commission shall

carry out the prudence check of the same in the true up of FY 2020-21 based on the submissions of RVPN.

5.7 The closing values of transmission network approved for FY 2020-21 has been considered as the opening values for FY 2021-22. The Commission has provisionally considered the network addition for FY 2021-22 as proposed by RVPN for the purpose of this order. The Commission shall carry out the prudence check of the same in the true up of FY 2021-22 based on the submissions of RVPN.

5.8 Accordingly, the transmission network approved for FY 2020-21 and FY 2021-22 is as shown in table below:

Table 47: Details of Transmission Network approved for FY 2020-21 and FY 2021-22

Sl. No.	Particulars	FY 2020-21			FY 2021-22		
		Opening	Addition	Closing	Opening	Addition	Closing
A	Lines (ckt km)						
1	765 KV	425.50	-	425.50	425.50	-	425.50
2	400 KV	6,565.44	333.94	6,899.38	6,899.38	491.00	7,390.38
3	220 KV	15,270.99	564.79	15,835.78	15,835.78	12.00	15,847.78
4	132 KV	17,851.69	494.31	18,346.00	18,346.00	130.00	18,476.00
	Total	40,113.62	1,393.04	41,506.66	41,506.66	633.00	42,139.66
B	Transformation Capacity (MVA)	83,761.50	3,035.00	86,796.50	86,796.50	3,470.00	90,266.50
C	Bays (No.)						
1	765 KV	28	0	28	28	0	28
2	400 KV	179	0	179	179	0	179
3	220 KV	823	12	835	835	6	841
4	132 KV	2844	50	2894	2894	31	2925
	Total	3874	62	3936	3936	37	3973

Gross Fixed Assets (GFA) addition during FY 2020-21 and FY 2021-22

RVPN's Submission

5.9 RVPN has claimed the GFA addition of Rs. 1493.69 Crore and Rs. 1428.09 Crore for FY 2020-21 and FY 2021-22 respectively in its Petition.

Commission's Analysis

- 5.10 RVPN has claimed the GFA addition of Rs. 1493.69 Crore for FY 2020-21 in its Petition against the approved GFA addition of Rs. 1567.79 Crore vide tariff order Dt. 12.10.2020. Further, the sum of loan addition and equity addition claimed during FY 2020-21 works out to Rs. 1203.78 Crore. Further, RVPN in the IA Dt. 17.05.2021 has submitted the actual capital expenditure for the FY 2020-21 as Rs. 752.25 Crore.
- 5.11 RVPN has claimed the GFA addition of Rs. 1428.09 Crore for FY 2021-22 in its Petition. Further, the sum of loan addition and equity addition claimed during FY 2021-22 works out to Rs. 1142.60 Crore.
- 5.12 The Commission has analyzed the capitalization trend of RVPN during the preceding 3 years from FY 2017-18 to FY 2019-20 based on the CWIP during those years. The Commission finds that the capitalization % of sum of opening CWIP and capital expenditure during the year is in the range of 18% to 26% which averages out to 22.96%.

Table 48: Capitalization as % of sum of opening CWIP and capital expenditure (Rs. Crore)

Particulars	FY 2017-18	FY 2018-19	FY 2019-20
Opening CWIP	3,101.56	3,174.05	3,781.83
Capital expenditure during the year	1,133.47	1,419.22	991.71
Transferred to PPE + CWIP Adjustment	1,060.98	811.44	1,249.20
Closing CWIP	3,174.05	3,781.83	3,524.34
Capitalization as % of opening CWIP + Capital investment during the year	25%	18%	26%
Average	22.96%		

- 5.13 Accordingly, the Commission approves the capitalization of Rs. 982.01 Crore for FY 2020-21 considering the average capitalization from FY 2017-18 to FY 2019-20, opening balance of capital work in progress and capital expenditure during the year. For the FY 2021-22, the Commission approves the capitalization of Rs. 953.15 Crore following the same principle & considering the capital expenditure during the year as per the investment plan approved for FY 2021-22 against Petition No. 1852/20.

Table 49: Capitalization approved (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Opening CWIP	3,524.34	3,294.58
Capital expenditure during the year	752.25	856.30
Transferred to PPE	982.01	953.15

Particulars	FY 2020-21	FY 2021-22
Closing CWIP	3,294.58	3,197.74
Capitalization as % of opening CWIP + Capital investment during the year	22.96%	22.96%

Means of finance of GFA addition for FY 2020-21 and FY 2021-22

RVPN's Submission

5.14 The means of finance of GFA addition for FY 2020-21 and FY 2021-22 submitted by RVPN is as show in the table below:

Table 50: Means of finance of GFA addition for FY 2020-21 and FY 2021-22 claimed by RVPN

Particulars	Units	FY 2020-21	FY 2021-22
GFA Addition	Rs. Crore	1,493.69	1,428.09
Less: Consumer Contribution/ Deposit	Rs. Crore	-	-
Net GFA addition	Rs. Crore	1,493.69	1,428.09
Debt	Rs. Crore	1,222.69	1,172.09
Debt	%	81.86%	82.07%
Equity	Rs. Crore	271.00	256.00
Equity	%	18.14%	17.93%

Commission's Analysis

5.15 Regulation 19 of the RERC Tariff Regulations, 2019 specify the normative debt equity ratio of 70:30 and the actual equity is to be considered in case of actual equity is less than 30%.

5.16 The Commission has considered the means of finance of approved GFA addition for FY 2020-21 and FY 2021-22 as under:

- The deposit works for the FY 2020-21 & 2021-22 has been considered as nil as per the submission of RVPN.
- The actual equity addition has been considered as equity claimed by RVPN as the same is less than 30% of the approved GFA addition.
- The balance amount has been considered to be funded from loan.

5.17 Based on the above, the means of finance of GFA addition for FY 2020-21 and FY 2021-22 approved by the Commission is as shown in the tables below:

Table 51: Means of finance of GFA addition for FY 2020-21 approved by the Commission

Particulars	Units	Claimed	Approved
GFA Addition	Rs. Crore	1,493.69	982.01
Less: Consumer Contribution/ Deposit	Rs. Crore	-	0.00
Net GFA addition	Rs. Crore	1,493.69	982.01
Debt	Rs. Crore	1,222.69	711.01
Debt	%	81.86%	72.40%
Equity	Rs. Crore	271.00	271.00
Equity	%	18.14%	27.60%

Table 52: Means of finance of GFA addition for FY 2021-22 approved by the Commission

Particulars	Units	Claimed	Approved
GFA Addition	Rs. Crore	1,428.09	953.15
Less: Consumer Contribution/ Deposit	Rs. Crore	-	-
Net GFA addition	Rs. Crore	1,428.09	953.15
Debt	Rs. Crore	1,172.09	697.15
Debt	%	82.07%	73.14%
Equity	Rs. Crore	256.00	256.00
Equity	%	17.93%	26.86%

Annual Transmission Charges

5.18 In accordance with RERC Tariff Regulations, 2019, the Aggregate Revenue Requirement of the Transmission Licensee shall comprise of the following:

- a. Operation and Maintenance (O&M) expenses
 - b. Interest and finance charges on long-term loans
 - c. Depreciation
 - d. Interest on Working Capital
 - e. Return on Equity
- Minus
- f. Non-Tariff Income

g. Income from other business

5.19 Transmission Licensee is allowed to recover its ARR through Transmission Charges. Each of the ARR elements has been dealt with in the following paragraphs.

O&M expenses

RVPN's Submission

5.20 RVPN has claimed O&M expenses of Rs. 772.93 Crores for FY 2021-22 as shown in the table below:

Table 53: Normative O&M expenses claimed for FY 2021-22

Sr. No.	Particulars	Claimed			
		Network		Norm	O&M Expenses
		Units	Average Value	Rs. Lakh/Unit	Rs. Crore
A	Lines				
1	765 KV	Ckt Km	425.50	1.11	4.71
2	400 KV	Ckt Km	7144.95	0.70	49.88
3	220 KV	Ckt Km	15606.69	0.28	43.58
4	132 KV	Ckt Km	18326.72	0.16	29.52
	Sub Total	Ckt Km	41503.85		127.68
B	Transformation Capacity	MVA	88701.50	0.43	381.03
C	Bays				
1	765 KV	No.	28.00	64.61	18.09
2	400 KV	No.	179.00	43.06	77.08
3	220 KV	No.	838.00	6.00	50.31
4	132 KV	No.	2909.50	4.08	118.73
	Sub Total	No.	3954.50		264.21
	Total				772.93

Commission's Analysis

5.21 Regulation 64 of the RERC Tariff Regulations, 2019 specifies the norms of O&M expenses for FY 2021-22 on the basis of circuit kilometer of transmission lines, transformation capacity in MVA and number of feeder bays in the substation.

5.22 RVPN has claimed escalation of O&M expenses at the rate of 3.63% per annum. However, Regulation 24(3) of the Tariff Regulations, 2019 provides for escalation rate of 3.51% per annum for each year of control period for transmission licensees. The Commission has considered the escalation rate of 3.51% as above for arriving at the O&M expenses. Accordingly, the Commission has approved the O&M expenses considering the transmission network approved & norms specified in the RERC Tariff Regulations, 2019 as given in the table below:

Table 54: Normative O&M expenses approved for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Claimed				Approved			
		Network		Norm	O&M Expenses	Network		Norm	O&M Expenses
		Units	Average Value	Rs. Lakh/Unit	Rs. Crore	Units	Average Value	Rs. Lakh/Unit	Rs. Crore
A	Lines								
1	765 KV	Ckt Km	425.50	1.11	4.71	Ckt Km	425.50	1.10	4.70
2	400 KV	Ckt Km	7,144.95	0.70	49.88	Ckt Km	7,144.88	0.70	49.76
3	220 KV	Ckt Km	15,606.69	0.28	43.58	Ckt Km	15,841.78	0.28	44.13
4	132 KV	Ckt Km	18,326.72	0.16	29.52	Ckt Km	18,411.00	0.16	29.59
	Sub Total	Ckt Km	41,503.85		127.68	Ckt Km	41,823.16		128.17
B	Transformation Capacity	MVA	88,701.50	0.43	381.03	MVA	88,531.50	0.43	379.42
C	Bays								
1	765 KV	No.	28.00	64.61	18.09	No.	28	64.46	18.05
2	400 KV	No.	179.00	43.06	77.08	No.	179	42.96	76.91
3	220 KV	No.	838.00	6.00	50.31	No.	838	5.99	50.19
4	132 KV	No.	2909.50	4.08	118.73	No.	2909.5	4.07	118.46
	Sub Total	No.	3954.5		264.21	No.	3954.5		263.60
	Total				772.93				771.20

Terminal liabilities

RVPN's Submission

5.23 RVPN has claimed the amount of Rs. 326.57 Crore towards terminal liabilities.

Commission's Analysis

5.24 Regulation 64 of the RERC Tariff Regulations, 2019 specifies as under:

"..... Provided that, terminal liabilities based on actuarial valuation, over and above the normative O&M expenses, subject to prudence check shall be allowed through tariff separately."

5.25 The Commission directed RVPN to submit the details of actual payment made to the trust in the FY 2020-21 separately under regular contribution and additional contribution. RVPN vide Data gap reply Dt. 02.11.2021 submitted that the amount paid for the FY 2020-21 in Superannuation Trust is Rs. 335.95 Crore (Rs. 25.95 Crore regular contribution and Rs. 310 Crore additional contribution) and Gratuity Trust is Rs. 21.39 Crore (regular contribution). The Regular contribution to the Superannuation Trust & Gratuity Trust is considered to be covered in the O&M allowed to RVPN. Hence, only additional contribution of Rs. 310 Crore (towards Superannuation Trust) is allowable in terms of Regulation 64. Commission has considered the actual payment towards additional contribution for the FY 2020-21 for approving the terminal liability for the FY 2021-22. Accordingly, Commission provisionally allows Rs. 310 Crore towards terminal liability for the FY 2021-22. Any variation shall be adjusted during the truing up exercise for FY 2021-22

Table 55: Terminal liabilities for FY 2021-22 (Rs. Crore)

Particulars	Claimed	Approved
Terminal liabilities	326.57	310.00

Interest on loan and finance charges

RVPN's Submission

5.26 RVPN has claimed the interest and finance charges of Rs. 1085.62 Crore for FY 2021-22 considering the interest rate of 9.83%.

Commission's Analysis

5.27 The closing loan balance approved in true up for FY 2019-20 has been considered as the opening loan balance for FY 2020-21. The loan addition during the year has been considered based on the approved

means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The closing loan balance approved for FY 2020-21 has been considered as the opening loan balance for FY 2021-22. The loan addition during the year has been considered based on the approved means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The interest rate of 9.83% as claimed by RVPN has been considered. The interest on loan approved by the Commission for FY 2021-22 is as shown in the table below:

Table 56: Interest on long term loans for FY 2021-22

Particulars	FY 2021-22	
	Claimed	Approved
Opening balance	11,256.51	7,831.54
Net Addition	886.60	697.15
Repayment	786.10	989.46
Closing balance	11,357.01	7,539.23
Average loan	11,306.76	7,685.39
Rate of Interest	9.83%	9.83%
Gross Interest expenses	1,111.97	755.83
Less: Capitalisation	96.35	96.35
Net Interest expenses	1,015.62	659.48

5.28 RVPN has claimed the finance charges of Rs. 70.00 Crore for FY 2021-22. The Commission at this stage has considered the finance charges of Rs. 70.00 Crore as claimed by RVPN, which shall be subject to true up based on actuals.

5.29 Based on the above, the interest and finance charges approved for FY 2021-22 is as shown in the table below:

Table 57: Interest and finance charges for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed for True up	Approved on True up
Net Interest expenses	1,015.62	659.48
Add: Finance charges	70.00	70.00
Interest and finance charges	1,085.62	729.48

Depreciation

RVPN's Submission

5.30 RVPN has claimed the Depreciation of Rs. 989.46 Crore for FY 2021-22.

Commission's Analysis

5.31 The Commission has worked out the Depreciation in accordance with RERC Tariff Regulations, 2019 considering the approved GFA for the year. Further, the Depreciation has not been considered on the GFA pertaining to deposit works. The Depreciation in accordance with this approach works out to be higher than that claimed by RVPN and hence, the Commission at this stage has allowed the Depreciation claimed, which shall be subject to true-up based on actual capitalization. Accordingly, the Depreciation approved by the Commission for FY 2021-22 is as shown in the table below:

Table 58: Depreciation for FY 2021-22 (Rs. Crore)

Particulars	Claimed	Approved
Depreciation	989.46	989.46

Interest on Working Capital (IoWC)

RVPN's Submission

5.32 Vide instant Petition, RVPN has claimed the normative IoWC of Rs. 64.33 Crore for FY 2021-22.

Commission's Analysis

5.33 In accordance with Regulation 27(1)(2) of the RERC Tariff Regulations, 2019, the normative working capital requirement shall comprise of (i) O&M expenses for one month, (ii) maintenance spares @ 15% of O&M expenses, (iii) receivables equivalent to one and a half month of transmission charges calculated on target availability, less amount held as security deposit from users except security deposits held in the form of Bank Guarantees. Regulation 27(2) of the RERC Tariff Regulations, 2019 specifies that the rate of interest on working capital to be computed shall be on normative basis and shall be 300 basis points higher from SBI Base Rate prevalent during first six months of the year previous to the relevant year.

5.34 The normative working capital requirement has been computed in accordance with the RERC Tariff Regulations, 2019. The normative rate of interest on working capital has been considered as per the admissible rates during the previous year. The same works out to be 10.14% p.a. The computation of the bank rate is as shown in the table below:

Table 59: Computations of Bank rate as considered by the Commission for FY 2021-22

Year	From Date	To Date	No. of Days	SBI Base Rate	300 Basis Point	Approved Interest Rate
FY 2020-21	01-04-20	09-04-20	9	7.75%	3.00%	10.14%
	10-04-20	09-05-20	30	7.40%		
	10-05-20	09-06-20	31	7.25%		
	10-06-20	30-09-20	113	7.00%		

5.35 The normative loWC approved by the Commission is as shown in the table below:

Table 60: loWC for FY 2021-22 (Rs. Crore)

Particulars	Norm	FY 2021-22	
		Claimed	Approved
O&M expenses	1	64.41	64.27
Maintenance spares	15%	115.94	115.68
Receivables	1.5	461.99	340.77
Less: Amount held as security deposits from Users		8.23	8.23
Total working capital		634.11	512.49
Rate of interest on working capital		10.14%	10.14%
Interest on working capital		64.33	51.99

5.36 The significant variation in normative working capital requirement claimed by RVPN and that approved by the Commission is mainly on account of variation in receivables claimed by RVPN in its petition and that approved by the Commission.

Return on Equity (RoE)

RVPN's Submission

5.37 RVPN has claimed the RoE of Rs. 252.72 Crore for FY 2021-22.

Commission's Analysis

- 5.38 The closing equity balance approved in true up for FY 2019-20 has been considered as the opening equity balance for FY 2020-21. The equity addition during the year has been considered based on the approved means of finance of GFA addition. The closing equity balance approved in for FY 2020-21 has been considered as the opening equity balance for FY 2021-22. The equity addition during the year has been considered based on the approved means of finance of GFA addition.
- 5.39 Government of Rajasthan has conveyed vide letter Dt. 12.04.2021 that the power utilities are required to take approval of the State Government for claiming RoE in the ARR & tariff petition. Commission sought the clarification regarding approval of the Government in respect of the RoE claimed by RVPN in the petition. RVPN vide reply Dt. 02.11.2021 submitted that the petition was filed in the month of December,2020 far before such letter was issued by GoR, therefore requirement of such approval could not be envisaged in advance. RVPN further submitted that the Government letter regarding approval for RoE states that "if RoE needs to be claimed in ARR & Tariff petition of the respective years henceforth approval of State Government needs to be taken for the same". RVPN further submitted that as the petition was filed far before such letter Dt. 12.04.2021, therefore no such approval was sought for the FY 2021-22.
- 5.40 The Commission deems it fit not to allow RoE for the FY 2021-22 at this stage. However, RVPN may take the approval of Government of Rajasthan for claiming RoE in terms of the above referred letter and then claim the RoE at the time of True-up for the FY 2021-22, if required.

Table 61: RoE for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Opening Equity	4,926.49	4,567.90
Net addition during the year	256.00	256.00
Closing Equity	5,182.49	4,823.90
Average Equity	5,054.49	4,695.90
Rate of Return on Equity	5.00%	0.00%
Return on Equity	252.72	-

Insurance Expenses

RVPN's Submission

5.41 RVPN has claimed the insurance Expenses of Rs. 0.40 Crore for FY 2021-22.

Commission's Analysis

5.42 Regulation 25 of the RERC Tariff Regulations, 2019 provide for insurance Expenses subject to ceiling limit of 0.2% of average NFA for the year. Accordingly, the Commission has approved the insurance Expenses of Rs. 0.40 Crore as claimed by RVPN.

Table 62: Insurance Expenses for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Insurance charges	0.40	0.40

Unitary charges

RVPN's Submission

5.43 RVPN has claimed the unitary charges of Rs. 58.83 Crore for FY 2021-22.

Commission's Analysis

5.44 Commission sought the basis of claiming the unitary charges of Rs. 58.83 Crore for the FY 2021-22. RVPN vide reply Dt. 05.10.2021 submitted that actual unitary charges for the FY 2020-21 is Rs. 58.53 Crore and unitary charges for the FY 2021-22 has been claimed as that of FY 2020-21. The Commission has considered the unitary charges of Rs. 58.83 Crore as claimed by RVPN.

Table 63: Unitary charges for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Unitary charges	58.83	58.83

Other charges

RVPN's Submission

5.45 RVPN has claimed the other charges of Rs. 15.00 Crore for FY 2021-22.

Commission's Analysis

5.46 The Commission sought the breakup/details Other expenses of Rs. 15.00 Crore claimed for the FY 2020-21 and the basis of projection for the FY 2021-22. RVPN vide reply Dt. 05.10.2021 submitted that the accounts for the FY 2020-21 is under finalization and Other expenses for the FY 2021-22 has been projected at the same level as that of FY 2020-21. The Commission at this stage has considered the other charges of Rs. 15.00 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 64: Other charges for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Other charges	15.00	15.00

Lease Charges

RVPN's Submission

5.47 RVPN has claimed the other charges of Rs. 12.93 Crore for FY 2021-22.

Commission's Analysis

5.48 Regulation 23 of Tariff Regulations, 2019 provide as follows:

“Lease charges for assets taken on lease by a Generating Company or a transmission or Distribution Licensee or SLDC shall be considered as per lease agreement, provided they are considered reasonable by the Commission.”

5.49 Accordingly, Commission sought the lessor wise breakup of lease charges of Rs. 12.93 for the FY 2021-22 along and relevant extracts of the respective lease agreements. Further, Commission sought the basis of estimating the lease charges for the FY 2021-22. RVPN vide reply Dt. 05.10.2021 submitted that lease rent payments are towards land taken on lease from the Government of Rajasthan and submitted a sample copy of the lease agreement. RVPN further submitted that lease rent for the FY 2021-22 has been projected at the same level as that of FY 2020-21.

5.50 The Commission at this stage has considered the Lease charges of Rs. 12.93 Crore as claimed by RVPN, which shall be subject to true-up

based on actuals. RVPN is directed to submit the breakup of lease charges and relevant extracts of the respective lease agreements henceforth along with the petition.

Table 65: Lease Charges for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Lease Charges	12.93	12.93

Non-Tariff Income (NTI)

RVPN's Submission

5.51 RVPN has claimed NTI of Rs. 100.00 Crore for FY 2021-22.

Commission's Analysis

5.52 Commission sought the breakup of NTI of Rs. 100 Crore claimed by the petitioner for the FY 2021-22. RVPN did not provide the breakup of NTI claimed & submitted that NTI for the FY 2021-22 is a projection and is kept same as FY 2020-21. The Commission at this stage has considered the NTI of Rs. 100.00 Crore as claimed by RVPN, which shall be subject to true-up based on actuals. RVPN is directed to submit the breakup of NTI henceforth along with the petition.

Table 66: NTI for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Non-Tariff Income	100.00	100.00

Revenue from short-term open access

RVPN's Submission

5.53 RVPN has claimed the revenue from short-term open access of Rs. 72.35 Crore for FY 2021-22.

Commission's Analysis

5.54 The Commission at this stage has considered the revenue from short-term open access of Rs. 72.35 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 67: Revenue from short-term open access for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Revenue from short-term open access	72.35	72.35

Revenue from Inter State Transmission (ISTS) Lines**RVPN's Submission**

5.55 RVPN has claimed the revenue from ISTS lines of Rs. 40.75 Crore.

Commission's Analysis

5.56 The Commission at this stage has considered the revenue from ISTS lines of Rs. 40.75 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 68: Revenue from ISTS lines for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Revenue from ISTS lines	40.75	40.75

5.57 Based on the above analysis, the Annual Transmission Charges claimed by RVPN and approved by the Commission is as shown in table below:

Table 69: Annual Transmission Charges for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
O&M expenses	772.93	771.20
Additional contribution to pension and gratuity fund	326.57	310.00
Interest and finance charges on long-term loans	1,085.62	729.48
Depreciation	989.46	989.46
Interest on working capital	64.33	51.99
Return on Equity	252.72	-
Insurance charges	0.40	0.40
Unitary charges	58.83	58.83
Other charges	15.00	15.00
Lease Charges	12.93	12.93
Less: Non-Tariff Income	100.00	100.00
Aggregate Revenue Requirement	3,478.79	2,839.29

Particulars	FY 2021-22	
	Claimed	Approved
Less: Revenue from Short Term Open Access	72.35	72.35
Less: Revenue from Inter State Transmission Lines	40.75	40.75
Add: Revenue (Gap)/Surplus for FY 2019-20	(330.19)	-
Annual Transmission Charges	3,695.89	2,726.19

5.58 The variation in ATC claimed by RVPN and that approved by the Commission is mainly on account of the variation in interest and finance charges, Interest on Working Capital, Return on Equity and the revenue gap for FY 2019-20 claimed by RVPN, as discussed in preceding paras.

Transmission Tariff

RVPN's Submission

5.59 The Transmission Tariff proposed by RVPN is as shown in the table below:

Table 70: Transmission Tariff claimed for FY 2021-22

Sl. No.	Particulars	Units	FY 2021-22
			Claimed
1	Annual Transmission Charges	Rs. Crore	3,695.89
2	Transmission Capacity for DISCOMs	MW	14,435.00
3	Transmission Capacity for Long Term Open Access	MW	702.01
4	Total Transmission Capacity	MW	15,137.01
5	Transmission Tariff for DISCOMs and Long-Term Open Access	Rs./kW/month	203.47
6	Transmission Tariff for Medium Term Open Access	Rs./kW/month	203.47
7	Transmission Tariff for Short Term Open Access	Rs./kW/day	6.69
8	Transmission Charges to be recovered from DISCOMs	Rs. Crore	3,524.48
9	Transmission Charges to be recovered from Long Term Open Access	Rs. Crore	171.40
10	Energy requirement of DISCOMs	MU	103,482.00
11	Energy requirement of Long-Term Open Access	MU	6,975.22
12	Total Energy requirement	MU	110,457.22

Sl. No.	Particulars	Units	FY 2021-22
			Claimed
13	Transmission tariff for use of State transmission system in inter-State Short Term Open Access bilateral transactions and collective power exchange transactions	Paise/kWh	33.46

- 5.60 The Government of Rajasthan vide notification dated 29.10.2018 has made allocation of power from different generators of State/Central/Private Sectors along with any allocation from the un-allocated quota as determined by the Government of India for Rajasthan shares in interstate projects, and purchase of power from bilateral/energy exchange, wind generators and biomass etc. in the ratio of 40.27:27.14:32.59 for JVVNL: AVVNL: JDVVNL.
- 5.61 The Commission has been specifying transmission charges for DISCOMs in terms of Rs./kW/Month based on contracted capacity. Further as per Commission's orders for any variation in the contracted capacity, the transmission charges were to be levied on the actual contracted capacity put to use by concerned DISCOM. Such stipulation in ARR Orders by the Commission results into under recovery or over recovery due to variation in capacity contracted of Approved ARR for such year by the Commission. Regulation 65 of the RERC Tariff Regulation, 2019 provides recovery of Transmission Charges based on Network Usage Charges – fixed charges based on capacity contracted or agreed. Stipulation of provision for recovery of transmission charges based on the contracted capacity actually put to use by concerned DISCOM for such year is resulting into under/over recovery from ARR approved in the tariff order. The Petitioner has proposed the Transmission Charges from DISCOMs based on fixed monthly charges as provided in Regulation 66(1) worked out on the basis of % allocation for each DISCOM. The Petitioner has proposed the recovery of transmission charges from open access consumers based on the actual capacity in Rs./kW/month or Paisa/kWh as the case may be subject to truing-up based on audited accounts.
- 5.62 Based on the above, the monthly transmission charges proposed by RVPN is as shown in the Table below:

Table 71: Monthly Transmission Charges Proposed for FY 2021-22

Recovery of Transmission Charges	% Allocation	MW Allocation	Monthly Transmission Charges (Rs. Crore)
JVVNL	40.27%	5,812.97	118.28
AVVNL	27.14%	3,917.66	79.71
JDVVNL	32.59%	4,704.37	95.72
Total Transmission Charges for DISCOMs	100%	14,435.00	313.34
Recovery from Open Access Consumers		702.01	14.28
Annual Transmission Charges		15,137.01	307.99

Commission's Analysis

5.63 Regulation 65 and Regulation 66 of the RERC Tariff Regulations, 2019 specifies the transmission pricing mechanism. In accordance with the same and the approach adopted by the Commission in the earlier tariff orders, the Transmission Tariff approved by the Commission for FY 2021-22 is as shown in the table below:

Table 72: Transmission Tariff approved for FY 2021-22

Sl. No.	Particulars	Units	FY 2021-22	
			Claimed	Approved
1	Annual Transmission Charges	Rs. Crore	3,695.89	2,726.19
2	Transmission Capacity for DISCOMs	MW	14,435.00	14,435.00
3	Transmission Capacity for Long Term Open Access	MW	702.01	702.01
4	Total Transmission Capacity	MW	15,137.01	15,137.01
5	Transmission Tariff for DISCOMs and Long-Term Open Access	Rs./kW/month	203.47	150.08
6	Transmission Tariff for Medium Term Open Access	Rs./kW/month	203.47	150.08
7	Transmission Tariff for Short Term Open Access	Rs./kW/day	6.69	4.93
8	Transmission Charges to be recovered from DISCOMs	Rs. Crore	3,524.48	2,599.76
9	Transmission Charges to be recovered from Long Term Open Access	Rs. Crore	171.40	126.43
10	Energy requirement of	MU	103,482.00	1,03,482.00

Sl. No.	Particulars	Units	FY 2021-22	
			Claimed	Approved
	DISCOMs			
11	Energy requirement of Long-Term Open Access	MU	6,975.22	6,975.22
12	Total Energy requirement	MU	110,457.22	1,10,457.22
13	Transmission tariff for use of State transmission system in inter-State Short Term Open Access bilateral transactions and collective power exchange transactions	Paise/kWh	33.46	24.68

ARR for SLDC function

Gross Fixed Assets (GFA) during FY 2020-21 and FY 2021-22

RVPN's Submission

5.64 Vide the tariff order for FY 2020-21 dated 12.10.2020, the Commission had approved the GFA addition of Rs. 10.00 Crore for FY 2020-21. As against the same, RVPN has claimed Rs. 10.00 Crore for FY 2020-21.

5.65 RVPN has claimed the GFA addition of Rs. 10.00 Crore for FY 2021-22.

Commission's Analysis

5.66 The closing GFA approved vide true-Up of FY 2019-20 is considered as opening GFA for FY 2020-21. The Commission at this stage has considered GFA addition of Rs. 10.00 Crore for FY 2020-21 and Rs. 10.00 Crore for FY 2021-22 as claimed by RVPN, which shall be subject to true-up based on actuals. The details of approved GFA for FY 2021-22 is as shown in the table below:

Table 73: GFA Approved for FY 2021-22 (Rs. Crore)

Particulars	Approved
Opening GFA as on 1st April, 2021	39.74
Add: Addition During FY 2021-22	10.00
Less: Deduction during FY 2021-22	-
Closing GFA for FY 2021-22	49.74

SLDC Charges

5.67 In accordance with the RERC Tariff Regulations, 2019, the SLDC charges shall comprise of the following:

- a. Operation and Maintenance (O&M) expenses
- b. Interest and finance charges on long-term loans
- c. Depreciation
- d. Interest on Working Capital
- e. Return on Equity

f. RLDC Fees

O&M expenses

RVPN's Submission

5.68 RVPN has claimed the O&M expenses of Rs. 18.11 Crore for FY 2021-22.

Commission's Analysis

5.69 The Commission directed RVPN to submit the justification for the claimed O&M expenses in light of Regulation 24(3) of the RERC Tariff Regulations, 2019. In reply vide letter Dt. 05.10.2021, RVPN submitted that the O&M expenses are being allowed as per actual expenditure incurred by SLDC, therefore escalation of 3.51 % is made on provisional figure available for FY 2020-21.

5.70 Regulation 70(4) provide that the O&M expenses for each subsequent year shall be calculated by escalating base O&M expense with escalation rate as specified in Regulation 24. Further, Regulation 24(3) specifies the escalation rate of 3.51% for SLDC. The Commission has escalated the O&M expenses of Rs. 17.31 Crores approved in the True-up for the FY 2019-20 at the rate of 3.51% year over year to arrive at the O&M expenses for the FY 2021-22. Accordingly, the O&M expenses approved for FY 2021-22 is Rs. 18.55 Crore, which is as shown in the table below:

Table 74: O&M expenses for FY 2021-22 (Rs. Crore)

Particulars	Claimed	Approved
O&M Expenses	18.11	18.55

Interest on loan and finance charges

RVPN's Submission

5.71 RVPN has claimed the interest and finance charges of Rs. 1.48 Crore for FY 2021-22.

Commission's Analysis

5.72 The closing loan balance approved in true up for FY 2019-20 has been considered as the opening loan balance for FY 2020-21. The allowable depreciation for the year has been considered as the normative

repayment. The closing loan balance approved for FY 2020-21 has been considered as the opening loan balance for FY 2021-22. The loan addition during the year has been considered based on the approved means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The interest rate of 10.00% as claimed by RVPN has been considered. The interest on loan and finance charges approved by the Commission for FY 2021-22 is as shown in the table below:

Table 75: Interest and finance charges for FY 2021-22 (Rs. Crore)

Particulars	Claimed	Approved
Opening Balance	10.43	7.68
Loan Addition	9.00	9.00
Repayment (Allowable Depreciation)	1.66	1.65
Closing Balance	19.14	15.03
Average Balance	14.78	11.35
Rate of Interest	10.00%	10.00%
Interest on Loans	1.48	1.14
Other Finance Charge	0.00	0.00
Total Interest on Loan and other Financial Charges	1.48	1.14

Depreciation

RVPN's Submission

5.73 RVPN has claimed the depreciation of Rs. 1.66 Crore for FY 2021-22.

Commission's Analysis

5.74 The Commission has approved the depreciation in accordance with RERC Tariff Regulations, 2019 considering the approved GFA for the year. The depreciation approved by the Commission for FY 2021-22 is as shown in the table below:

Table 76: Depreciation for FY 2021-22 (Rs. Crore)

Particulars	Claimed	Approved
Depreciation	1.66	1.65

Interest on Working Capital (IoWC)

RVPN's Submission

5.75 RVPN has claimed the normative IoWC of Rs. 0.76 Crore for FY 2021-22.

Commission's Analysis

5.76 The normative working capital requirement shall comprise of (i) O&M expenses for one month, (ii) maintenance spares @ 15% of O&M expenses, (iii) receivables equivalent to one and a half month of SLDC charges less amount held as security deposits. Regulation 27(2) of the RERC Tariff Regulations, 2019 specifies that the rate of interest on working capital to be computed shall be on normative basis and shall be 300 basis points higher from SBI Base Rate prevalent during first six months of the year previous to the relevant year.

5.77 The normative working capital requirement has been computed in accordance with the RERC Tariff Regulations, 2019. The normative rate of interest on working capital has been considered as per the admissible rates during the previous year. The same works out to be 10.14% p.a. which has been used for calculating interest on working capital, as against 10.14% p.a. claimed by the Petitioner. The computation of the bank rate is as shown in the table below:

Table 77: Computations of Bank rate as considered by the Commission for FY 2021-22

Year	From Date	To Date	No. of Days	SBI Base Rate	300 Basis Point	Approved Interest Rate
FY 2021-22	01-04-20	09-04-20	9	7.75%	3.00%	10.14%
	10-04-20	09-05-20	30	7.40%		
	10-05-20	09-06-20	31	7.25%		
	10-06-20	30-09-20	113	7.00%		

5.78 The IoWC approved by the Commission is as shown in the table below:

Table 78: IoWC for FY 2021-22 (Rs. Crore)

Particulars	Claimed	Approved
O&M Expenses (1 month)	1.51	1.55
Maintenance Spares (15% of O&M Expenses)	2.72	2.78

Particulars	Claimed	Approved
Receivables (One and a half months of SLDC Charges)	3.39	3.43
Less: Amount held as security deposits	0.15	0.15
Total Working Capital	7.46	7.61
Interest Rate	10.14%	10.14%
Interest on Working Capital	0.76	0.77

Return on Equity (RoE)

RVPN's Submission

5.79 RVPN has claimed RoE of Rs. 0.13 Crore for FY 2021-22.

Commission's Analysis

5.80 The closing equity balance approved in true up for FY 2019-20 has been considered as the opening equity balance for FY 2020-21. The closing equity balance approved in for FY 2020-21 has been considered as the opening equity balance for FY 2021-22. The equity addition during the year has been considered based on the approved means of finance of GFA addition.

5.81 Government of Rajasthan has conveyed vide letter Dt. 12.04.2021 that the power utilities are required to take approval of the State Government for claiming RoE in the ARR & tariff petition. Commission sought the approval of the Government in respect of the RoE claimed by RVPN in the petition. RVPN vide reply Dt. 02.11.2021 submitted that the petition was filed in the month of December,2020 far before such letter was issued by GoR, therefore requirement of such approval could not be envisaged in advance. RVPN further submitted that the government letter regarding approval for RoE states that *"if RoE needs to be claimed in ARR & Tariff petition of the respective years henceforth approval of State Government needs to be taken for the same"*.

RVPN further submitted that as the petition was filed far before such letter Dt. 12.04.2021, therefore no such approval was sought for the FY 2021-22.

5.82 The Commission deems it fit not to allow RoE for the FY 2021-22 at this stage. However, RVPN may take the approval of Government of Rajasthan for claiming RoE in terms of the above referred letter and then claim the RoE at the time of True-up for the FY 2021-22, if required.

Table 79: RoE for FY 2021-22 (Rs. Crore)

Particulars	Claimed	Approved
Equity at the beginning of the year	2.07	2.07
Equity Portion of the Capitalization	1.00	1.00
Equity at the end of the year	3.07	3.07
Average Equity	2.57	2.57
RoE Considered	5.00%	0.00%
Total Return on Equity	0.13	-

RLDC fee and charges-*

RVPN's Submission

5.83 RVPN has claimed the RLDC fee and charges of Rs. 7.03 Crore for FY 2021-22.

Commission's Analysis

5.84 The Commission has approved the RLDC fee and charges of Rs. 7.03 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 80: RLDC fee and charges for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
RLDC fee and charges	7.03	7.03

Non-Tariff Income (NTI)

RVPN's Submission

5.85 RVPN has claimed NTI of Rs. 1.69 Crore for FY 2021-22.

Commission's Analysis

5.86 The Commission at this stage has considered the NTI of Rs. 1.69 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 81: NTI for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed	Approved
Non-Tariff Income	1.69	1.69

5.87 Based on the above analysis, the ARR claimed by RVPN and approved by the Commission is as shown in table below:

Table 82: SLDC ARR for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
Expenses			
1	Operating Expenses		
A	Employee expenses	17.36	17.07
B	Administrative and General Expenses	0.70	1.26
C	Repair and Maintenance Expenses	0.06	0.21
D	Interest on Working Capital	0.76	0.77
E	RLDC / NRLDC Fee and Charges	7.03	7.03
2	Capital expense components		
A	Depreciation	1.66	1.65
B	Interest and finance charges on term loan	1.48	1.14
C	Return on equity	0.13	-
3	Total Revenue Expenditure	29.17	29.14
4	Less: Non-Tariff income	1.69	1.69
5	Less: Income from Open Access	-	-
6	Less: Truing up for FY 2019-20 Surplus/(Gap)	(0.08)	-
7	Aggregate Revenue Requirement	27.39	27.44

SLDC Charges

Commission's Analysis

5.88 The SLDC Charges claimed by RVPN and approved by the Commission are as shown in the table below:

Table 83: SLDC charges for FY 2021-22

Particulars	Claimed	Approved
Net Revenue Requirement for SLDC Operation to be recovered from discoms and long-term open access Customers (Rs. Crore)	27.39	27.44
Contracted Capacity for Discoms and Long-Term Open Access Customers (MW)	15,137.01	15,137.01
SLDC Charges for Discoms and Long-Term Open Access Transactions (Paise/kW/Month)	150.81	151.09
SLDC Charges for Medium Term Open Access Transactions (Paise/kW/Month)	150.81	151.09
SLDC Charges for Short Term Open Access Transactions (Paise/kW/Day)	4.96	4.97

5.89 The summary of tariff claimed by RVPN and approved by the Commission is as shown in the table below:

Table 84: Summary of tariff for FY 2021-22

Particulars	Units	Claimed	Approved
A. Transmission Tariff			
Transmission Tariff for DISCOMs, Long Term Open Access transactions	Rs./kW/month	203.47	150.08
Transmission Tariff for Medium Term Open Access transactions	R s./kW/month	203.47	150.08
Transmission Tariff for Short Term Open Access	Rs./kW/day	6.69	4.93
Transmission tariff for use of State transmission system in inter-State Short Term Open Access bilateral transactions and collective power exchange transactions	Paise/kWh	33.46	24.68
B. SLDC Charges			
SLDC Charges for DISCOMs and Long-Term Open Access	Paise/kW/month	150.81	151.09

Particulars	Units	Claimed	Approved
transactions			
SLDC Charges for Medium Term Open Access transactions	Paise/kW/ month	150.81	151.09
SLDC Charges for Short Term Open Access transactions	Paise/kW/ day	4.96	4.97

5.90 The Tariff determined vide this Order shall be effective from 01.04.2021 to 31.03.2022, thereafter it shall remain applicable provisionally till next order of the Commission. However, in case of short-term open access transactions, the tariff shall be applicable w.e.f. 01.01.2022 till next order of the Commission and there shall be no retrospective adjustment of transmission tariff and SLDC charges.

5.91 The transmission and SLDC charges as determined under this order for Discoms would be shared amongst them in proportion to their contracted/allotted capacity for the FY 2021-22.

Transmission Loss

RVPN's Submission

5.92 RVPN has claimed the transmission loss of 3.31% for FY 2021-22 in its Petition.

Commission's Analysis

5.93 The Commission has considered it appropriate to approve the transmission losses of 3.31% as projected by Petitioner for FY 2021-22.

5.94 The transmission loss of 3.31% approved for FY 2021-22 may be borne in kind by the transmission system users.

5.95 Copy of this order may be sent to the Petitioner, Respondents, Objectors, CEA and Government of Rajasthan.

(Prithvi Raj)
Member

(S. C. Dinkar)
Member

(Dr. B.N. Sharma)
Chairman