

RAJASTHAN ELECTRICITY REGULATORY COMMISSION

Petition No: RERC/1979/22

In the matter of approval of true up for FY 2020-21 and Annual Revenue requirement & Tariff for FY 2022-23 of Transmission and SLDC

Coram : Dr. B.N. Sharma, Chairman
Sh. S. C. Dinkar, Member
Sh. Hemant Kumar Jain, 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.

Date of hearing : 12.05.2022, 01.06.2022 & 05.07.2022.

Present :
1) Sh. Ankit Sharma, Authorised Rep. for RVPN
2) Ms. Parinitoo Jain, Advocate for Respondent DISCOM
3) Sh. D. S. Agarwal on behalf of Rudraksh Energy as stakeholder
4) Sh. V.K. Gupta for Rajasthan Textile Mills Association (RTMA) as stakeholder
5) Sh. G.L. Sharma, Stakeholder

Date of Order : 13/07/2022.

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 07.01.2022 for approval of true up for FY 2020-21

and Annual Revenue Requirement & Tariff for FY 2022-23 of Transmission and SLDC.

- 1.2 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 Jaipur Edition	04.02.2022
(ii)	Dainik Bhaskar	03.02.2022
(iii)	Rajasthan Patrika	03.02.2022

- 1.3 The petition was also placed on the websites of the Commission and the Petitioner. The objections/comments/suggestions were received from M/s Rudraksh Energy, The Rajasthan Textile Mills Association, Shri Shanti Prasad, Shri G. L. Sharma and M/s DCM Shriram Ltd.
- 1.4 The Commission forwarded the objections/comments/suggestions of the stakeholders to RVPN for filing its reply.
- 1.5 Respondent Rajasthan Urja Vikas Nigam Ltd. (RUVNL) submitted its reply in respect of the petition on 26.04.2022. Respondent Rajasthan Rajya Vidyut Utpadan Nigam Ltd. not filed its comments/suggestions.
- 1.6 Further, M/s Rudraksh Energy, Shri Shanti Prasad, Shri G. L. Sharma & RUVNL submitted written submission in respect of the petition.
- 1.7 RVPN submitted its reply on the written submission of RUVNL and Shri Shanti Prasad on 30.05.2022 and 31.05.2022 respectively.
- 1.8 The Commission vide letter dated 17.02.2022 and 07.06.2022 communicated some data gaps and deficiencies in the petition. The Petitioner furnished information vide its letters dated 19.04.2022 and 29.06.2022. The Petitioner also replied to the objections/comments/ suggestions made by the stakeholders vide its letter dated 11.05.2022.
- 1.9 The public hearing in the matter were held on 12.05.2022, 01.06.2022 & 05.07.2022.

1.10 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.

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

- (1) Section 1: General.
 - (2) Section 2: Summary of objections/comments/suggestions received from Stakeholders and RVPN's response thereon.
 - (3) Section 3: Approval of true up for FY 2020-21.
 - (4) Section 4: Determination of tariff for FY 2022-23.
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SECTION - 2:

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

Comments on True up Petition of Transmission Utility for FY 2020-21

Annual Accounts

Stakeholder's Comments/suggestions

- 2.1 The stakeholder sought the complete audited books of account along with Director's Report, Balance Sheet, Profit & Loss Statement, Cash-flow Statement, report of statutory auditor, cost records & management reply in respect of Transmission and SLDC as prescribed in the Regulations.
- 2.2 The stakeholder submitted that the details of segregated and segment wise accounts for Transmission & SLDC is not available. The basis of segregation has also not been provided. The stakeholder has sought these details. The stakeholder further submitted that section 41 (proviso 2nd) provides that the transmission licensee shall maintain separate accounts for each business. Further, Regulation 2(1) also requires maintaining of separate records for each business regulated by the Commission. Stakeholder submitted that the petitioner is in violation of the above provisions hence, Commission may deduct 5% on this account.
- 2.3 The Stakeholder submitted that the petitioner has restated the annual accounts in compliance with IND-AS due to Prior period asset addition. Therefore, the closing GFA, Interest on Loans, and Depreciation has been changed. The Stakeholder sought the justification for higher increase in Interest on loans and depreciation as compared to the increase in GFA.
- 2.4 Further, the stakeholder submitted that the prior period assets have been capitalized in FY 2020-21, therefore no deprecation should be allowed for the FY 2019-20 & FY 2020-21. Further, calculation of interest in accounts is done based on actual repayment/outstanding loans but Regulations allows repayment of loans on normative basis equivalent

to depreciation allowed. Thus, opening balance of loan as claimed is higher than the deemed loan. Hence, interest on loan is not calculated correctly. Further, no interest is allowable for assets capitalized in the FY 2020-21 since, IDC is being allowed till capitalization. The stakeholder sought the details/justification in respect of the inclusion of such assets in the restated accounts.

RVPN's Response

- 2.5 The Petitioner submitted that the Annual accounts including director report, statutory auditor report and management reply of RVPN for the FY 2020-21 has already been provided in the petition. Further, RVPN has submitted that the cost records are provided vide data gap reply.
- 2.6 The Petitioner stated that RVPN is maintaining the SLDC accounts under separate operating segment as per Companies act, accordingly annual audited accounts of RVPN including Director report, statutory auditor report and management reply is already provided in the petition. Further, the Petitioner submitted that the CMD RVPN has authorized to represent SLDC as SLDC is also RVPN's part.
- 2.7 The Petitioner submitted that the same is factual statement.

Segregation of SLDC from Transmission entity

- 2.8 The stakeholder submitted that the Commission in the order dt. 07.02.2020 observed that the Electricity Act,2003 mandates the SLDC to be independent, non-discriminatory and transparent while discharging their statutory functions. Therefore, petition for ARR/True-up shall be a separate for SLDC and Transmission. The stakeholder requested the Commission to direct RVPN in this regard.
- 2.9 The stakeholder submitted that in the tariff order of FY 2013-14, Commission had observed that RVPN should take necessary steps to ensure that SLDC is adequately supported with staff & technical support and has also directed RVPN to submit the status of the action taken in this regard.

Employee Expenses

Stakeholder's Comments/suggestions

2.10 The Stakeholder submitted that the employee cost as per the petition is Rs. 640.97 Crores, however, the figures as per the Audited Accounts is Rs. 839.73 Crores. The stakeholder sought the reconciliation with details like DA, Overtime, leave encashment, terminal benefits, medical reimbursement etc. for the same.

2.11 The stakeholder submitted that the petitioner recovers supervision charges in respect of deposit works of Wonder cement. The stakeholder sought the details of charges recovered along with clarification whether the same has been reduced from the employee cost.

RVPN's Response

2.12 The Petitioner submitted that the total employee cost of Transmission segment is Rs. 839.73 Cr. as per Note No. 39.7. Further, the Petitioner stated that the employee cost was taken as Rs. 640.97 Cr. However, the same has been revised to Rs. 690.00 Crore considering the fact that the provision for leave encashment which was earlier taken as part of terminal benefit has been reclassified as O&M expenditure. The reconciliation of employee expenditure is submitted as under:

Particular	Transmission (as per main petition)	Transmission (Now claimed)
Employee cost as per the Segment report (page 140 of financial statement)	839.73	839.73
Add: OCI (included in terminal benefit)	96.83	96.83
Add: Employee Cost capitalized	83.64	83.64
Employee Cost	1020.20	1020.20
Less: Terminal Benefit (as per Actuarial Valuation of superannuation and leave encashment) (inclusive of OCI of 96.83 Crore)	379.24	330.20
Gross Employee Cost	640.97	690.00

2.13 The Petitioner submitted that the Supervision charges recorded from Wonder cement is included in Non-Tariff income.

A&G Expenses

Stakeholder's Comments/suggestions

2.14 The Stakeholder submitted that the A&G expenses as per the petition is Rs. 98.70 Crores, however, the figures as per the Audited Accounts is Rs. 133.50 Crores. The stakeholder sought the reconciliation with audited accounts for the same.

RVPN's Response

2.15 The reconciliation of A&G expenses with audited accounts is submitted as under:

Particular	Transmission
Administrative & General Expenses	133.50
Less	
Insurance	0.35
Unitary Charges	49.82
Lease rent	-0.95
Net Administrative & General Expenses	84.29
Add: Capitalization	14.41
Gross Administrative & General Expenses	98.70

Transmission Network

Stakeholder's Comments/suggestions

2.16 The stakeholder sought following details in regards of transmission network addition for the FY 20-21.

- (i) List of 400 kV, 220 kV & 132 kV lines with their CKT KM.
- (ii) Date of commissioning and schedule date for the same in respect of each project. In case of delay, reason for the same.
- (iii) Cost of each line as per project report and Completion report segregated as Hard cost and IDC.
- (iv) Name of the GSS along with the capacity installation for every new capacity installation.
- (v) For augmentation by installation of additional capacity, the present load and MVA capacity of the station.

(vi) For augmentation by replacement of existing capacity, reasons to be provided.

(vii) Cost of each augmentation, date of commissioning and schedule date.

RVPN's Response

2.17 The petitioner has submitted the details as sought by the stakeholder.

O&M Expenses

Stakeholder's Comments/suggestions

2.18 The stakeholder submitted that the claim of petitioner to allow O&M expenses as per CERC Regulations was disallowed by the Commission in the order dated 31.01.2020. Accordingly, request for allowing higher O&M expenses as per CERC Regulations again cannot be allowed.

2.19 The Stakeholder submitted that the 400 KV DCCPP-Hindaun line of 111 Kt-Km is charged at 220 KV in March 2008. However, the petitioner claimed O&M expenses for above line at the rate applicable for 400 KV line. Therefore, the stakeholder requested the Commission to reduce the O&M Expenses to this extent. Further, the stakeholder also requested to the Commission to recover excess O&M expenses already allowed on this account. The stakeholder further submitted that the Giral Lignite Station is lying closed for about six years & DCCPP is also not operational for last three years. Hence, O&M expenses in respect of the same is not admissible.

2.20 The stakeholder submitted that the petitioner has claimed O&M expenses in respect of service lines of 132kV and 220kV. Further, DISCOMs also recover O&M expenses in respect of sales of EHT consumers. Hence, there is double recovery of O&M expenses.

2.21 The stakeholder submitted that to arrive the normative O&M Expenses total dedicated transmission line need to be excluded as responsibility of maintaining these lines is of generating company. Therefore, the stakeholder sought the details of all such dedicated lines included in the total line length of the petitioner.

2.22 The stakeholder submitted that no O&M expenses may be allowed in respect of transmission lines constructed as deposit works and for open access purposes.

RVPN's Response

2.23 In regard to the stakeholder's comments for disallowance of O&M expenses claimed as per CERC Regulations, the petitioner submitted that the Commission may take an appropriate view on the same.

2.24 The Petitioner submitted that all transmission lines including service line, open access line and dedicated line are maintained by the petitioner.

2.25 The Petitioner submitted that section 39 & 40 of electricity act 2003 provides that "STU shall ensure development of an efficient, coordinated and economical system of intra state transmission line for smooth flow of electricity from a generating station to the load center." Further, DCCPP generating station is owned by RVUNL which has PPA with DISCOMs of Rajasthan. Therefore, 400 KV DCCPP - Hindaun transmission line is constructed by RVPN for power evacuation of DCCPP and as per provision of plan 400 KV GSS DCCPP has to be constructed by RVUNL but the same was not constructed till date, therefore RVPN is claiming O&M charges as per actual investment and borne extra transmission losses due to line charged on 220 KV level instead of 400 KV.

2.26 Further, the petitioner submitted that the Giral & DCCPP generating station are owned by RVUNL which has PPA with DISCOMs of Rajasthan and as per section 39 & 40 of electricity act 2003, transmission line emanating from generating station is constructed by STU (RVPN) for power evacuation. Therefore, RVPN is claiming O&M charges as per actual investment

Depreciation

Stakeholder's Comments/suggestions

2.27 The stakeholder sought the details like assets having life upto 12 years & those already completed 12 years of their life, depreciation already charged & remaining depreciation in respect of each of the assets.

- 2.28 The stakeholder submitted that the GFA includes assets which have already been depreciated 90%. Hence, depreciation claimed on account of such assets should be disallowed. The stakeholder further submitted that the GFA includes assets on which depreciation is not admissible.
- 2.29 The stakeholder submitted that the assets added in the FY 2020-21 includes items which are very old and there is no justification of claiming addition and depreciation of such assets.
- 2.30 The stakeholder submitted that prior period assets include items relating to replacement and items relating to non-project which are not admissible for additional capitalization & depreciation.
- 2.31 Further, the stakeholder sought the details of the service lines, deposit works, as well as dedicated transmission lines included in the gross assets and requested the Commission to disallow depreciation in respect of such assets.
- 2.32 The stakeholder submitted that RVPN has included 132 kV line from RPS power station to RAPP. Such line between two generating stations cannot be claimed as transmission line, hence the same may be disallowed.
- 2.33 The stakeholder sought the details of additional capitalization of various assets disallowed by the Commission but included in the Gross Fixed Assets of the petitioner.
- 2.34 The stakeholder submitted that the percentage change in depreciation is much higher than the change in GFA. The stakeholder sought clarification on the same.

RVPN's Response

- 2.35 The Petitioner submitted that all transmission lines including service line, open access line and dedicated line are maintained by the petitioner.
- 2.36 The Petitioner submitted that the Commission has not provided the specific assets wise details which were disallowed in previous true-up order. Therefore, it is not possible to reduce from Gross Assets.

2.37 The petitioner submitted following reasons for percentage increase in depreciation and interest liability being much higher than asset addition

1. Addition during the year also includes the prior period addition for more than one year for which first-time depreciation was claimed during the FY 2020-21 as per the norms from the date of capitalization. Further, the depreciation is only claimed up to 90% of the Gross Value of Asset as per the RERC norms over the useful life of the asset.
2. Also, the interest portion is claimed as per the books of accounts whereas the RERC allowed interest in ARR as per the Norms. Therefore, no correlation was seen in the percentage increases for addition, depreciation, and interest.

GFA Addition

Stakeholder's Comments/suggestions

2.38 The stakeholder requested the Commission to disallow the addition of GFA in respect of minor assets addition, Civil Works, as minor assets are O&M expenses by nature.

2.39 In respect of each of the GFA Addition the stakeholder sought the details such as original cost both hard cost and IDC, actual date of completion, schedule date of completion, and if any delay occurred then the reason for the same, deduction of LD as per terms of contract etc.

2.40 The stakeholder submitted that the prior period assets sought to be included now cannot be allowed as the True-up for the previous years has already been done. The same has already achieved finality hence, cannot be reopened.

2.41 The stakeholder has sought the details of nature of assets, original cost, year of capitalization, date of COD, reasons of delay (if any), LD charges recovered etc. in respect of assets claimed as additional capitalization for the FY 2020-21. The stakeholder has submitted that the several assets are in the nature of O&M expenses and hence, should be disallowed. Further, additional capitalization has been claimed in respect of assets completed more than 2 years before, hence the same cannot be allowed. Further, there are several assets

like rest houses, store complexes, circle office buildings etc. which are not connected to any capital works/assets, hence, additional capitalization sought in respect of such assets may be disallowed.

- 2.42 The stakeholder has submitted list of assets (claimed as GFA addition) with discrepancies. The stakeholder has sought clarifications, justifications & additional details in respect of such assets.

RVPN's Response

- 2.43 The Petitioner submitted that the prior period addition of capitalization has not been accounted in earlier year in accounts, thus question of claiming in earlier year true up order does not arise.
- 2.44 The Petitioner submitted that the Commission has not disallowed the minor assets if any, the same was allowed over and above the O&M expenses claimed by RVPN.
- 2.45 The petitioner stated that works approved under the old schemes but completed in schedule period, since these works have been shown in the old schemes therefore, old period dates are reflecting.

Interest on Loans and Finance Charges

Stakeholder's Comments/suggestions

- 2.46 The Stakeholder submitted that the Interest on term loan of Rs. 1148.95 Crore is 30% higher as compared to the approved amount. The stakeholder sought justification for the same.
- 2.47 The stakeholder submitted that the RVPN repeatedly ignores the order of the Commission and claims interest based on P&L accounts. Therefore, the stakeholder requested to the Commission to direct the petitioner to workout interest as per the Regulation.
- 2.48 The stakeholder sought details of source wise & loan wise loan along with applicable interest rate and interest thereon for the FY 2020-21 onwards.
- 2.49 Further, the stakeholder requested the Commission to disallow the interest in respect of disallowed GFA addition, and Interest earned from the investment is also sought to be reduced from the interest on loans.

- 2.50 The stakeholder submitted that service connection charges recovered from the EHT consumers may also be reduced from the loan amount as done in case of DISCOMs.
- 2.51 The stakeholder submitted that RVPN has not provided any justification for abnormal increase of 30% in the interest on term loans to Rs. 1148.95 Crore against Rs.882.20 Crore approved by Commission.

RVPN's Response

- 2.52 The Petitioner submitted that the means of finance of the Assets capitalised during the year have been provided at format TTU4.1 & TTU4.2 (Loan) and Format TTU11 (Equity).
- 2.53 The Petitioner submitted that the RERC allowed loan on the basis of GFA addition, therefore advances paid to the subsidiary companies cannot be reduced from loan.
- 2.54 The petitioner stated that out of Rs. 107.6746 Crs., Rs. 102.14 Crs. Is related to PSDF grant which will be utilized only for specific project. Further, the Petitioner submitted that the gain on account of investment in mutual fund is considered in Non-Tariff income.
- 2.55 The Petitioner stated that the amount of service connection charges recovered from EHT consumers have already been reduced from claim of RVPN.

Lease Rent

Stakeholder's Comments/suggestions

- 2.56 The stakeholder sought the relevant documents along with details of the properties in respect of amount claimed as lease expenses.

RVPN's Response

- 2.57 The Petitioner submitted that the documents for lease rent are provided with data gap reply.

Terminal Liability

Stakeholder's Comments/suggestions

- 2.58 The stakeholder submitted that the terminal liability as per actuarial valuation is Rs. 379.54 Crore including OCI expenses of Rs. 96.83 Crore.

The stakeholder sought the justification for considering OCI expenses as part of the terminal liability. The stakeholder further submitted that the claimed figure of 379.54 Crore is not matching with the Annual Accounts.

- 2.59 Further, the stakeholder submitted that the actual contribution to the trust fund is much lesser than actual liability, which shall get reflected in unfunded liability in the upcoming years. Therefore, the stakeholder sought the reasons for not considering the actual contribution of Rs. 310 Crore.
- 2.60 The stakeholder submitted that contribution to terminal benefit is not adequate considering huge unfunded liability. Hence, higher contribution is required to reduce outstanding liability.
- 2.61 The stakeholder sought the certificate of designated fund authorities in respect of payment made toward terminal liabilities as regular contribution and additional contribution. Further, the stakeholder requested the Commission not to allow terminal liabilities in absence of the same.

RVPN's Response

- 2.62 The Petitioner submitted that the O&M expenses are claimed as per actuals. The terminal benefit has been claimed separately in addition to O&M expenditure. Further, the Petitioner stated that the actual (cash basis) payment made to the trust in the FY 2020-21 is Rs 47.34 Crore under regular & Rs 318.58 Crore under additional contribution.
- 2.63 The Petitioner submitted that RVPN has claimed terminal benefit as per actuarial valuation report. Actuarial valuer provided the terminal liability in two parts 1. Terminal benefit towards current and past service 2. Other comprehensive income /expenses. Other comprehensive income /expenses arise due to change in assumption taken in earlier actuarial valuation reports. These assumptions include discount rate, escalation rate, difference in estimated earning and actual earning on investment etc. Therefore, OCI is part of terminal benefit expenses. RVPN has submitted the claim accordingly.

True-up ARR

Stakeholder's Comments/suggestions

- 2.64 The Stakeholder submitted that the expenditure for True-up of the ARR for the FY 2020-21 was Rs. 3348.95 Cr. against Rs. 2860.07 Cr. approved by the Commission. The stakeholder sought proper justification such increase over the approved figure.
- 2.65 The stakeholder submitted that the RVPN has not submitted any justification for very high increase of Transmission expenditure (17%) to Rs.3348.95 Crore against Rs.2860.07 Crore approved by the Commission.

RVPN's Response

- 2.66 The Petitioner submitted that it has claimed the items of ARR as per the Annual Audited Accounts for the FY 2020-21. Thus, they are higher than the figures in the ARR order for the FY 2020-21

Transmission Loss

Stakeholder's Comments/suggestions

- 2.67 The stakeholder submitted that the transmission loss claimed by the petitioner is same as approved by the Commission. However, the stakeholder requested the Commission to confirm the same from DISCOM's end to arrive at the actual Transmission Loss of the Transmission utility.
- 2.68 The stakeholder sought following details in respect of energy transmitted & Transmission loss –
- (i) Actual energy fed to the EHV consumers.
 - (ii) Certificate in respect of actual energy transmitted.
 - (iii) Energy transmitted to the open access consumers.

RVPN's Response

- 2.69 The Petitioner submitted that the energy transmitted to DISCOMs (including their EHT consumers being fed from RVPN / DISCOMs GSS) is 83162.12 MU. No separate record maintained by RVPN. Further, energy

transmitted for Railways is included in total energy transmitted & separately provided in T-22.

System Availability

Stakeholder's Comments/suggestions

2.70 The stakeholder submitted that the Transmission system availability for the FY 2020-21 was 99% to 100% at 400 KV/220 KV/ 132 KV System. The stakeholder sought approval/confirmation letter from SLDC in this regard.

RVPN's Response

2.71 The Petitioner submitted that the transmission System availability of RVPN System for the year 2020-21 was as 99.695% as per Rajasthan Electricity Regulatory Commission (Transmission Licensee Standard of performance) Regulations 2004. Further, the petitioner submitted the Copy of RVPN system Availability.

Comments on True up Petition of SLDC Utility for FY 2020-21

Annual Accounts

Stakeholder's Comments/suggestions

2.72 The stakeholder sought the complete audited books of account along with Director's Report, Balance Sheet, Profit & Loss Statement, Cash-flow Statement, report of statutory auditor, cost records & management reply in respect of Transmission and SLDC as prescribed in the Regulations.

2.73 Further, the stakeholder sought the authorization letter for signing the Petition in respect of SLDC.

RVPN's Response

2.74 The Petitioner submitted that that the Annual Accounts of RVPN for the FY 2020-21 is already provided in the petition. The petitioner further submitted that the annual audited accounts are inclusive of director report, statutory auditor report & management reply and the Cost records are provided in data gap reply. The petitioner further submitted that CMD RVPN has authorized to representative of RVPN and SLDC is also RVPN part.

O&M expenses

Stakeholder's Comments/suggestions

2.75 The stakeholder submitted that actual O&M expenses claimed is higher than that allowed in the tariff order and the same is inclusive of the terminal benefits. Hence, the same should be disallowed from the O&M expenses.

RVPN's Response

2.76 The Petitioner submitted that all claims are as per the actuals in accordance with audited accounts. Further, The Petitioner stated that the annual accounts of RVPN for FY 2020-21 already provided in the petition as page no. A – B

Gross Fixed Assets

Stakeholder's Comments/suggestions

2.77 The stakeholder has sought the details of addition in gross assets and submitted that depreciation on the same should only be allowed after the details are provided.

RVPN's Response

2.78 The Petitioner submitted that GFA has been claimed as per Audited Accounts. Details have been provided in the audited accounts.

Return on Equity (ROE)

Stakeholder's Comments/suggestions

2.79 The stakeholder submitted that ROE may be allowed based on the approved GFA addition. The stakeholder has further, sought the government approval for claiming ROE.

RVPN's Response

2.80 The Petitioner submitted that the RoE @ 2% has been allowed by GoR for FY 2020-21 vide letter dt. 31.03.2022. Copy of the same has been provided in data gap reply.

Comments on ARR Petition of Transmission Utility for FY 2022-23

Peak Power

Stakeholder's Comments/suggestions

- 2.81 The Stakeholder submitted that the actual peak demand for the FY 2020-21 was 14,441 MW and for the FY 2021-22 was 15,687 MW. The stakeholder further submitted that the estimated peak demand for the FY 2022-23 at 15,844.61 MW, which appears to be very low, as the Govt. of Rajasthan has directed to supply round the clock power supply to the all consumers. Therefore, the stakeholder sought clarification/justification on the basis of such lower estimation of the demand.
- 2.82 The Stakeholder submitted that from 2021-22 all the epidemic restrictions have been removed by the Govt. which may result in higher peak demand. Therefore, the stakeholder requested the Commission to consider the peak demand of 17000 MW for the FY 2022-23. Further, contracted capacity for the FY 2022-23 is 24448 MW. Hence, transmission charges should be calculated on the basis of such contracted capacity.
- 2.83 The stakeholder submitted that RVPN has revised Form T-22 where in energy transmission has been indicated as 92747 MU instead of 96411 MU. The stakeholder has sought reason for the difference.

RVPN's Response

- 2.84 The Petitioner submitted that as per 28th EAC meeting the peak energy demand and total energy assessed for FY 2022-23 is 17757 MW & 96411 MU (at RVPN periphery). Copy of MOM 28th EAC has been attached.

O&M expenses

Stakeholder's Comments/suggestions

- 2.85 Further, the stakeholder submitted that to arrive at the normative O&M Expenses total dedicated transmission lines need to be excluded.
- 2.86 The stakeholder sought the following details in respect of Normative O&M Expenses-

- a. Total number of EHT transmission lines of 220 KV and 132 KV service lines of EHT consumers with their length in CKT KM upto January, 2022.
- b. Total number of EHT transmission lines of Open access utilities which are not the consumers of DISCOM's.
- c. Total no. of EHT line constructed as deposit work along with name of the agencies & length in Ckt. Km. with their voltage level.
- d. List of Transmission line commissioned with designated voltage & commissioned with lower voltage along with reason and length in Ckt. Km. with their voltage level.
- e. Further, the stakeholder requested to the Commission to reduce the above-mentioned lines from the total Ckt. Km. of lines for allowing the normative O&M Expenses.

RVPN's Response

2.87 The Petitioner submitted that all transmission lines like service line, open access lines and dedicated lines are maintained by RVPN. Further, the Petitioner submitted that RVPN has already filed petition No 1958/2021 in RERC on 18.11.2021 against Indian Railways which also includes the issue regarding responsibility of O&M and R&M of the transmission line (Overhead / underground cable) constructed by RVPN in the past, under implementation or in future as deposit work for Railways/ DFCCIL / Other entity.

Depreciation

Stakeholder's Comments/suggestions

2.88 The stakeholder sought the details like assets completed 12 years of their life and assets having 12 years of their life, remaining depreciation for each of the assets.

2.89 Further, the stakeholder sought the details of the service lines, deposit works, as well as dedicated transmission lines and requested the Commission to disallow depreciation for the same.

2.90 The stakeholder submitted that the assets which are not allowable for O&M expenses should also not be considered for allowing depreciation.

RVPN's Response

2.91 The Petitioner stated that all details regarding assets are provided in data gap reply.

GFA Addition

Stakeholder's Comments/suggestions

2.92 The stakeholder sought the asset wise details like original cost-hard cost/IDC, completion cost- hard cost/IDC & date of commissioning of assets proposed to be added

2.93 The stakeholder submitted that in form 3.1, total GFA addition for the FY 2020-21 is Rs. 2343.97 Cr. Further, as per form no. 8.1, total amount transferred to GFA for the FY 2020-21 is Rs. 2290.27 Cr. Therefore, the stakeholder sought clarification for the same.

2.94 Further, the stakeholder sought the year wise depreciation along with head of accounts in respect of the prior period depreciation of Rs. 112.84 Cr.

RVPN's Response

2.95 The petitioner submitted that the required details have been provided in the petition & data gap reply.

Interest on Loans and Finance Charges

Stakeholder's Comments/suggestions

2.96 The stakeholder submitted that the normative loan opening for the FY 2020-21 was Rs. 16,194.04 Cr. whereas the closing balance of Loan for the FY 2019-20 was Rs. 11,333.08 Cr. Therefore, the stakeholder sought clarification for the same.

2.97 Further, the stakeholder requested to the Commission to consider the approved closing balance for the FY 2019-20 & admitted loan for FY 2020-21 & FY 2021-22 for calculating interest on loan.

RVPN's Response

2.98 The petitioner submitted that it has claimed the figures as per actuals.

Energy Transmission

Stakeholder's Comments/suggestions

2.99 The stakeholder submitted that the energy to be transmitted for the FY 2022-23 is claimed as 1,16,713 MU as against actual energy transmitted during FY 2020-21 of 83,162 MU. Further, the Commission approved the energy purchase of 83,634 MU for the DISCOM's during FY 2021-22 however, the petitioner has considered 110245 MUs for the FY 2022-23 with 33% increase. Therefore, the stakeholder requested the Commission to make reasonable assessment.

2.100 Further, the stakeholder submitted that the peak demand and energy flow for the FY 2022-23 has been taken as assessed by the 21st Energy Assessment Committee meeting dated 28.06.2019 which is very old. The assessment done at the 26th Energy assessment Committee meeting held on dated 01.07.2021 may be referred. The Stakeholder sought a copy of the same for further comment.

RVPN's Response

2.101 The petitioner has submitted the revised energy transmission details vide revised T-20, T-21 & T-22

Transmission Loss

Stakeholder's Comments/suggestions

2.102 The stakeholder submitted that the energy inflow of 84727.93 MU (T-21) during the FY 2022-23 in the RVPN system is contrary to the figure of 110245 MU (T-22) considered by RVPN. There is similar discrepancy in figures of FY 2021-22. The stakeholder sought clarification for the same.

2.103 In respect of Transmission loss calculation of 3.30%, the stakeholder submitted that the projection of energy inflow for the FY 2021-22 and FY 2022-23 is on higher side. Therefore, the stakeholder sought confirmation from DISCOM for the same.

- 2.104 Further, the stakeholder submitted that the details of energy to be transmitted for the open access consumers other than consumers of DISCOM has been left blank. The stakeholder sought clarification for the same.
- 2.105 The stakeholder submitted that the transmission loss of 3.80% as projected by RVPN is not being agreed by the DISCOMs and DISCOMs are showing losses of 5.74%. The stakeholder has sought the copy of the report submitted by the Committee constituted by Jaipur DISCOM vide order dt.04.02.2022. The stakeholder has further sought the accuracy class of inter-face meters and regular testing details of the meters as per guidelines of CEA.
- 2.106 The stakeholder submitted that the methodology adopted by RVPN for computation is not in line with the RERC MYT Regulations,2019. RVPN has excluded auxiliary consumption from the transmission losses contrary to the regulations. The stakeholder has submitted a computation of intra-state transmission loss for the FY 2020-21 & FY 2021-22 as below:

	Particulars in MU	FY 2020-21	FY 2021-22
A	Total energy availability State periphery	86,030.00	89,861.00
	Energy Drawl		
B	Gross drawl by DISCOMs	82,775.00	85,902.00
C	Gross drawl by Railways	277.00	517.00
D	Total Gross Drawl (B+C)	83,052.00	86,419.00
E	Aux at GSS	38.00	39.00
F	Net drawl by DISCOMs (B-E)	82,737.00	85,864.00
G	Net drawl by Railways	277.00	517.00
H	Total Net Drawl (F+G)	83,014.00	86,380.00
I	Energy imported by RE Generators	74.00	74.00
J	Energy imported by SGS	36.00	34.00
K	Energy delivered to DISCOMs /Railways as per RVPN (D+I+J)	83,162.00	86,527.00
L	Energy delivered to DISCOMs /Railways if Aux considered as part of RVPN (H+I+J)	83,124.00	86,488.00
M	Transmission Loss as computed by RVPN (MU) [A-K]	2,867.00	3,334.00
N	Transmission Loss as computed by RVPN (%) [M/A]	3.33%	3.71%
O	Revised Transmission loss in MU if Aux considered as part of RVPN	2,905.00	3,372.00

	Particulars in MU	FY 2020-21	FY 2021-22
	[A-L]		
P	Revised Transmission loss in % [O/A]	3.38%	3.75%

RVPN's Response

2.107 The Petitioner stated that as per Rajasthan Government decision for proper utilization of Solar power, the supply to Agriculture consumers is being arranged in two blocks in day time in number of districts instead of three blocks supply (as being done in preceding years) which is resulting in increase of loading of transmission lines, transformer in day time. Peak load for November 2021, Dec. 2021 and Jan. 2022 has increased by 8.44%, 8.996% and 8.12% as compared to respective months in previous year 2020-21. Hence, it will not be possible to achieve the projected transmission Losses of 3.31% for FY 2021-22 and 3.30% for FY 2022-23 as per Trajectory Losses approved by the Commission in the ARR and Tariff of FY 2019-20 for 5 years period.

2.108 The Petitioner submitted that provisional transmission losses are 4.78% ,4.74% & 4.71% respectively for the month of Jan. 2022, Feb.2022 & March 2022. Therefore, provisional losses for the FY 2021-22 is 3.71% and may increase during finalization of state energy accounts after revision in draws to DISCOMs figures, availability figures during the year due to revision by NRPC .Therefore, transmission losses for FY 2021-22 may be considered as 3.71% and for FY 2022-23 may be increased from targeted 3.31% to 3.80% as all districts have not been covered under two block supply till date and aforesaid data is only for 3 months after execution of two block supply.

2.109 The Petitioner submitted that the peaking demand observed was 15784 MW on 16.02.2022 for FY 2021-22. As per 28th EAC meeting, the peak energy demand and total energy assessed for FY 2022-23 is 17757 MW & 96411 MU (at RVPN periphery).

Return on Equity (RoE)

Stakeholder's Comments/suggestions

2.110 The stakeholder submitted that the approval of the GoR, for the claim of 14% ROE for the FY 2022-23 is still awaited. Therefore, the stakeholder requested the Commission to consider 2% ROE as done in previous years.

2.111 The stakeholder submitted that the Govt. of Rajasthan has not approved any RoE to the RVPN. Therefore, the Commission should not allow any RoE without approval of the Govt. of Rajasthan.

2.112 The stakeholder submitted that the approval of Govt. of Rajasthan for claiming RoE is subject to formation of InVIT & requirement of equity for SPV, if needed. Since, the approval is subject to certain conditions, RoE may not be allowed till RVPN fulfils such conditions.

RVPN's Response

2.113 The Petitioner submitted that the Approval of GoR vide letter dated 31.03.2022 for the claim of 14 % RoE has already provided in data gap reply.

Energy Transmission

Stakeholder's Comments/suggestions

2.114 The stakeholder sought the copy of MOM of the 26th Energy Assessment Committee meeting held on dated 01.07.2021.

RVPN's Response

2.115 The Petitioner submitted that as per 28th EAC meeting, the peak energy demand and total energy assessed for FY 2022-23 is 17757 MW & 96411 MU (at RVPN periphery). Copy of MOM 28th EAC has been attached.

Revenue Requirement

Stakeholder's Comments/suggestions

2.116 The stakeholder submitted that the Revenue Requirement claim of Rs. 4371.25 Cr. for the FY 2022-23 is 60% higher than approved amount of Rs. 2726.19 Cr. for the FY 2021-22. The stakeholder requested the Commission to consider only reasonable increase in this regard.

2.117 Further, the petitioner submitted that the procedure followed to arrive the main components of the ARR for the FY 2022-23 is not as per Regulations. Therefore, the stakeholder requested the Commission to take appropriate view on this matter.

2.118 The stakeholder submitted that the RVPN has not provided justification of abnormal increase (60%) on Revenue Requirement to Rs. 4371.25 Crore for FY 2022-23 against Rs. 2726.19 Crore approved by the Commission for the FY 2021-22.

RVPN's Response

2.119 The petitioner submitted that the main reason of such increase in non-consideration of ROE and other heads by the Commission during the FY 2021-22 for which review petition is already filed.

Transmission Tariff

Stakeholder's Comments/suggestions

2.120 The stakeholder submitted that the Transmission charges proposed by the petitioner is very high compared to the approved Transmission Tariff for the FY 2021-22. Therefore, the stakeholder requested the Commission only to consider reasonable increase in Transmission Tariff.

2.121 The stakeholder submitted that proposal of petitioner to effect billing of transmission charges based on monthly fixed charges based on % of sharing of annual transmission charges instead of basing it on contracted capacity is not as per Regulation 66(1) & (2). The stakeholder has requested the Commission to work out transmission charges based on contracted generation capacity and not on maximum demand.

2.122 The stakeholder submitted that procurement of electricity through open access has become costlier. Thus, increase in transmission charges for long, medium & short-term open access consumers by 38.36-38.46% is unjustified. The increase in transmission charges is an attempt to burden the industrial consumers availing power through open access and making it prohibitive for them to obtain power.

2.123 The Stakeholder has submitted that RVPN has not provided justification for abnormal increase (53%) on Transmission charges & tariff for DISCOMs, LTOA & MTOA as Rs.229.90/kW/Month for the FY 2022-23 against Rs. 150.08 kW/Month approved by the Commission for the FY 2021-22.

RVPN's Response

2.124 The Petitioner submitted that the main reason of such increase is non consideration of ROE and other heads by the Commission during FY 2021-22 for which review petition is already filed in Commission

Transmission Network

Stakeholder's Comments/suggestions

2.125 The stakeholder sought following details in regards of transmission network addition for the FY 2022-23 Projections.

- (i) Date of Schedule commissioning and Start Date for the same in respect of each project.
- (ii) Cost of each line as per project report and Completion report segregated as Hard cost and IDC.

RVPN's Response

2.126 The petitioner submitted that the complete details of under execution projects have been given with the Investment Plan petition at annexure-4. The petitioner further submitted the requisite details of all projects targeted for the FY 2022-23 for commissioning.

Project Details

Stakeholder's Comments/suggestions

2.127 The Stakeholder submitted the following in respect of various Projects:

- a. The stakeholder submitted that in respect of "Augmentation at existing 400 kV GSS Akal" it has been stated that two transformers of 500 MVA each commissioned on 23.03.2021 and 7.5.2021 and 2X315 MVA Transformer has been shown as removed. The stakeholder sought the following details in this regard –
 - i. Date of commissioning of these transformers with their cost in Hard Cost and IDC separately, reason for replacement, existing load on these transformer, current utilization status of the transformer, cumulative depreciation, and confirmation for reducing the total GFA and the capacity in the same year.

- b. The stakeholder submitted that the scheme "Installation of 3x500 MVA, 765/400kV Power Transformer (ICT-3) at 765kV GSS at Phagi along with associated bays" has been commissioned in FY 2021-22. Further, the stakeholder submitted that these three-transformers have been installed by using 1X500 MVA spare transformer. Therefore, the stakeholder requested to the Commission not to allow the addition of capacities in respect of the same for calculating the normative O&M expenses. Further, the stakeholder sought the details of the cost and total period for which it is lying as spare.
- c. The stakeholder submitted that the scheme "LILO of 132 kV S/C Dholpur (220 kV GSS)-Roopwas line at 220 kV GSS Saipau" is a dedicated line of GTPS Dholpur. Therefore, the stakeholder requested to the Commission not to allow the same as capital investment for RVPN.
- d. The stakeholder sought the following details in regards to the scheme "400 kV D/C Suratgarh TPS- Babai" – whether necessary ROW has been received & work has been started by the agency. Further, justification for increase in cost & details of recovery of LD for delay in execution has been sought by the stakeholder.
- e. The Stakeholder submitted that the schemes "220/132kV, 2x160 MVA GSS at NPH Jodhpur and 220 kV D/C overhead line from 220 kV GSS Basni (Jodhpur)" has been substantially delayed on account ROW issues. The stakeholder has sought the details in respect of the same and the requested the Commission to review whether these schemes should be allowed to be continue.
- f. The stakeholder submitted that in work of revised interconnection at Kalisindh TPS" is in respect of a dedicated transmission line belonging to RVUN. Further, the stakeholder submitted that as per APTEL decision the transmission utility has no authority to construct and maintain the dedicated transmission line. Therefore, the stakeholder requested to the Commission not to allow the same in investment plan of RVPN.

RVPN's Response

2.128 The Petitioner submitted in respect of "Augmentation at existing 400 kV GSS Akal" Hard Cost - Rs. 3078.50 Lacs and IDC- Rs. 834.2 lacs and both the removed transformer i.e. 400/220 KV 315 MVA ICT-I&II were in good condition at the time their removal

Further, the Petitioner submitted that 400/220 KV 315 MVA ICT-I removal process started from 20.10.2020 & 400/220 KV 315 MVA ICT-II removal process started from 01.11.2020. The peak load before removal process started was-

400/220 KV 315 MVA ICT-I: 299.33 MVA (23:00 hrs on dated 18.08.2020)

400/220 KV 315 MVA ICT-II: 278.98 MVA (23:00 hrs on dated 18.08.2020)

The Petitioner submitted that removed transformer have been utilised: 1st transformer at 400kV GSS Bikaner and 2nd transformer at 400kV GSS Jodhpur (New)(Kankani).

2.129 The respondent needs to be technically clear on the operation of Transformer bank, capacity and use of spare transformer in the 765kV switchyard which is clarified as under:

- i) In 765kV network, the single phase 1x500MVA Transformer is used for formation of 3-phase bank of 3x500MVA with total capacity of 1500 MVA each.
- ii) For (N-1) criteria, the Transformer bank should be readily available i.e. in operation so that once any bank of 1500 MVA is out on fault, the other two banks cater to the system conditions.
- iii) The spare 1x500MVA Transformer is installed in switchyard in such a formation that it can be put in any 3 Nos. Transformer bank in case any of Single phase 1x500 MVA Transformer becomes faulty/ burn. This is not an automatic process but it takes a manual intervention and requires 4-5 hours to make necessary change over and make necessary connections.

2.130 Therefore, the purpose and function of complete live 3 phase transformer bank and spare 1x500 MVA Transformer is completely different and the formation used & investment made by RVPN is justified and is as per notional practice adopted by all other leading utilities having 765kV Transmission sub-stations.

2.131 The Petitioner stated that as per regulation 16 (8) (d) of Regulations, 2019 (Terms and Condition for determination of Tariff), initial spares shall be capitalized as a percentage of the Plant and Machinery cost up to cut-off date, subject to the ceiling limit for transmission Substation (4%). This spare transformer having cost Rs. 2503.66 lacs with IDC is in the transmission system since commissioning i.e Jan, 2015

2.132 The Hon'ble APTEL order dated 25.03.2012 under reference is for the private generator who is opting for Intra State open access or open access generator, therefore Sec. 10 of Electricity Act., 2003 allowed construction of dedicated transmission line by generator or to be constructed by STU as per request of generator as deposit works. Dholpur (GTPS) is not an open access generator. It is owned by RVUNL (generating company) which has PPA with DISCOM of Rajasthan. Therefore, the transmission system is constructed by RVPN under Section 39 & 40 of Electricity Act., 2003. The existing 220kV S/C GTPS (Dholpur) - Bharatpur line is a power evacuation line and is the capital assets of RVPN. LILO of this line to other S/S (220KV Saipau) of RVPN will not alter any existing evacuation system. This scheme was also approved by TSPCC in its 13th meeting dated 25.11.2019. Detailed MoM of 13th TSPCC meeting is also enclosed with instant investment plan petition FY 2022-23 for reference.

2.133 220kV/132kV GSS at NPH (Jodhpur)(Upgradation) has been commissioned on 26.02.2022 with associated 220kV D/C Basni (Jodhpur)-NPH (Jodhpur) line. However, reason for delay in commissioning of the scheme is as per the followings:

1. Construction of GSS took place timely but could not be put in the system due to delay in associated line.
2. Associated line work order placed in FY 2017-18 and was scheduled to be commissioned on 28.02.2019.
3. Associated Line was delayed on account of Contractor, RoW issue with AIIMS, line passing through densely populated area etc.

Comments on ARR Petition of SLDC for FY 2022-23

SLDC Charge

Stakeholder's Comments/suggestions

2.134 The stakeholder submitted that increase in SLDC charges for long, medium & short-term open access consumers by 11.79-10.15% is unjustified. The industries are facing stiff competition in the market and a competitive tariff is required for growth of industries in the State. Hence, the stakeholder sought to reduce the SLDC charges.

RVPN's Response

2.135 The petitioner submitted that the ARR & Tariff has been claimed as per the Tariff Regulations, 2019 notified by the Commission.

Section 3:

Approval of true up for FY 2020-21

- 3.1 The Commission vide its tariff order dated 12.10.2020 (Petition No. RERC/1587/19), had approved the Transmission Tariff and SLDC Charges for FY 2020-21. In the instant petition, the Petitioner has claimed the true up for FY 2020-21 of Transmission and SLDC based on the audited annual accounts for FY 2020-21.
- 3.2 The Commission has carried out the true up for FY 2020-21 in accordance with the RERC Tariff Regulations, 2019.

True up of Transmission function

Transmission Network

RVPN's Submission

- 3.3 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 2020-21

Particulars	FY 2020-21			
	Actual Claimed			
	Opening	Addition	Deletion	Closing
Lines (Ckt Km)				
765 KV	425.50	0.00	0.00	425.50
400 KV	6565.45	333.94	0.00	6899.39
220 KV	15270.99	564.79	0.00	15835.78
132 KV	17851.69	494.31	0.00	18346.00
Total	40113.63	1393.04	0.00	41506.67
Transmission Capacity (MVA)	83761.50	4420.00	1385.00	86796.50
Bays (No.)				
765 KV	28	0	0	28
400 KV	179	3	0	182
220 KV	823	20	0	843
132 KV	2844	89	0	2933
Total	3874	112	0	3986

Commission's Analysis

3.4 The Commission has considered the closing transmission network approved in true up for FY 2019-20 as the opening transmission network for FY 2020-21. The Commission has considered the network addition and deletion during FY 2020-21 as claimed by RVPN. Accordingly, the transmission network approved for FY 2020-21 is as shown in table below:

Table 3: Details of Transmission Network approved for FY 2020-21

Particulars	FY 2020-21							
	Actual Claimed				Actual Approved			
	Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing
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	333.94	0.00	6899.39	6565.45	333.94	0.00	6899.39
220 KV	15270.99	564.79	0.00	15835.78	15270.99	564.79	0.00	15835.78
132 KV	17851.69	494.31	0.00	18346.00	17851.69	494.31	0.00	18346.00
Total	40113.62	1393.04	0.00	41506.67	40113.62	1393.04	0.00	41506.67
Transmission Capacity (MVA)								
	83761.50	4420.00	1385.00	86796.50	83761.50	4420.00	1385.00	86796.50
Bays (No.)								
765 KV	28	0	0	28	28	0	0	28
400 KV	179	3	0	182	179	3	0	182
220 KV	823	20	0	843	823	20	0	843
132 KV	2844	89	0	2933	2844	89	0	2933
Total	3874	112	0	3986	3874	112	0	3986

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

RVPN's Submission

3.5 The Commission vide tariff order dated 12.10.2020, had approved the GFA addition of Rs. 1567.79 Crore for FY 2020-21. As against the same, RVPN has claimed the actual GFA addition of Rs. 2343.97 Crores which includes Rs. 1020.70 Crore for the FY 2020-21, Rs. 980.56 Cr. for the period prior to 01.04.2019 and Rs. 342.70 Cr. for FY 2019-20 as per the audited accounts for FY 2020-21.

Commission's Analysis

3.6 It is observed that RVPN for FY 20-21 has claimed total GFA addition for Rs. 2343.97 Cr. including prior period GFA addition of Rs. 1323.27 Cr. out

of which Rs. 980.56 Cr. pertains to period before 01.04.2019 and Rs. 342.70 Cr. pertains to FY 2019-2020 and the amount of GFA addition claimed for the FY 2020-21 is Rs.1020.70 Cr.

- 3.7 It is also observed that under Petition for approval of Annual Performance Review for FY 2019-20, out of total GFA addition claimed amounting Rs. 1376.81 Cr., prior period items were Rs. 876.42 Cr. pertaining to period prior to 01.04.2019.
- 3.8 It is pertinent to note that Commission has already considered prior period items for Rs. 876.42 Cr. during True-up of FY 2019-2020 on account of error/omission for the period prior to 01.04.2019. Now, again an amount of Rs. 980.56 Crore pertaining to period prior to 01.04.2019 is being claimed on account of error/omission during previous years. While considering the earlier amount for prior period, it was presumed that due diligence was made by RVPN and after making all out efforts the petitioner has claimed GFA addition of Rs. 876.42 Crore for period prior to 01.04.2019. However, for the same prior period they have again claimed GFA addition of Rs 980.56 Crore during FY 20-21.
- 3.9 It is the responsibility of RVPN to capitalize the assets in the respective years and in-spite of it, such huge error/omission having huge cost implication upon RVPN have been committed. However, the Commission has considered these errors/omissions in the true up for FY 2019-20. Now, RVPN has again come up with a large amount for same period on ground of omissions which cannot be allowed. RVPN should explain the reasons of such omissions/lapses and also should fix up the accountability for the same.
- 3.10 Further, it is not possible to do the prudence check for such huge amount of prior period items claimed by RVPN due to inaccuracy of data, lack of availability of complete data / data mismatching. The assets cannot be allowed to be capitalized without prudence check by Commission as it may have time/cost overrun which will affect the stakeholders adversely. Further, allowing GFA addition in FY 2020-21 for the assets pertaining to period as old as 10 years, has its own implications on Tariff, as these periods have already been trued up.
- 3.11 In view of above, the Commission deems it appropriate not to consider the GFA additions for period pertaining prior to 01.04.2019. Accordingly,

the Commission deems it fit not to allow GFA addition of Rs. 980.56 Cr. pertaining to period prior to 01.04.2019.

- 3.12 RVPN has further claimed GFA addition of Rs. 342.70 Cr. in respect of FY 2019-20 as prior period addition. The Commission has considered the submission of RVPN in this respect along with claim of Rs. 1020.70 Crore capitalization in FY 2020-21 and has allowed it to the extent deemed allowable after prudence check as detailed in the subsequent paras. As the Commission is recognizing the prior period assets only from FY 20-21, Commission has not considered the claim towards depreciation and interest pertaining to period prior to 1.4.2020 for these assets.
- 3.13 The Commission had directed RVPN in the previous tariff orders to submit the details of works proposed to be capitalized in the specified format providing the details such as DPR cost, scheduled completion date, actual date of completion along with the reasons for cost and time overrun. The Commission observed that RVPN has submitted the details but due to inaccuracy of data, lack of availability of complete data / data mismatching, 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 2020-21 on best effort basis as detailed herein below.
- 3.14 The Commission observed that the actual capitalization includes Rs. 5.60 Crore for the FY 2020-21 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. 5.60 Crore under the capitalization for FY 2020-21 as the same are in the nature of minor assets and the Commission has considered these as part of O&M expenses.
- 3.15 The Commission sought the details of deposit works during the FY 2020-21. 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. RVPN vide reply dt. 19.04.2022 submitted the details of the deposit works & corresponding revenue recognized during FY 2020-21. The Commission observed that the petitioner has claimed Rs. 97.57 Crore as capitalization towards assets which are deposit works. The approach adopted by RVPN of 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. 97.57 Crore under the capitalization for FY 2020-21.

- 3.16 The Commission observed that RVPN has received Rs. 26.52 Crores as grants for capital assets. The same has been reflected in the audited accounts for the FY 2020-21. However, RVPN has not provided the details of assets created out of such grants in the petition. Regulation 18(2) of the MYT Regulation provides that Debt: Equity ratio in respect of any asset shall be calculated after deducting the grant received in respect of such asset. Accordingly, Return on Equity, Depreciation & Interest on loan is not allowable on the grant portion of the cost of asset. In view of the above, the Commission deems it fit to not consider the amount of Rs. 26.52 Crore under the capitalization for FY 2020-21
- 3.17 The Commission further observed that Rs. 0.79 Cr. for the FY 2020-21 and Rs. 0.91 Cr. for the FY 2019-20 (Prior Period) 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. 0.79 Cr. and Rs. 0.91 Crore under the capitalization for FY 2020-21. The petitioner may capitalize the same along with the respective scheme/work and submit the same for approval of the Commission.
- 3.18 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. The Commission observed that Rs. 16.64 Cr. for the FY 2020-21 and 0.47 Cr. for the FY 2019-20 (Prior Period) has been claimed by the petitioner towards such works. The Commission deems it fit to not consider such works under the capitalization for FY 2020-21. The petitioner may submit such works for consideration and approval of the Commission after completion of the works.
- 3.19 It was observed that there are several assets proposed to be capitalized by RVPN with substantial time overrun. The Commission

sought the justification of time overrun in respect of schemes having claim amount of above Rs. 5 Cr. Total amount claimed in respect of such assets are Rs. 705.60 Cr. for the FY 2020-21 and Rs. 192.14 Cr. for the FY 2019-20 (prior period). In reply to the Commission's query, RVPN provided justification for time overrun of such assets vide data gap reply dated 19.04.2022.

- 3.20 From the reply submitted by RVPN, it was observed that delay was generally on account of ROW issues, environmental clearances, court cases, contractual defaults and Covid restrictions. RVPN has not provided the details of court cases where stay orders have been granted by competent court, Therefore, this ground cannot sustain. Further, RVPN is fully responsible for efficient handling of ROW, environmental issues & defaults in contractual obligations so that there is minimum impact on the execution of the projects. So, delay on account of these grounds also cannot be overlooked.
- 3.21 Accordingly, the Commission deems it fit to disallow 5% of the amount claimed to be capitalized in respect of the assets where no justification was provided or the justification provided were general in nature with no specific details & complete supporting documents. In respect of the assets where delay was partially attributable to COVID-19 restrictions, forest clearance & court cases, the Commission has disallowed 2.5% of the amount claimed to be capitalized. Accordingly, Rs. 27.80 Crore for the FY 2020-21 and Rs. 5.24 Cr. for the FY 2019-20 (Prior Period) has been disallowed.
- 3.22 The Commission also observed that the petitioner has claimed capitalization of assets amounting to Rs. 80.86 Cr. pertaining to FY 2020-21 and Rs. 29.36 Cr. pertaining to FY 2019-20 (Prior period) in respect of schemes having claim amount less than 5 Cr. with time over run. However, in these cases also either no reasons of such time overrun were provided or reasons for time overrun submitted by the petitioner were mostly general in nature and no supporting documents were attached in respect of the same in the petition. In view of the above, the Commission deems it fit to disallow 5% of the amount claimed to be capitalized for the FY 2020-21 in respect of such assets. The petitioner is again directed to henceforth submit complete reasons/ details of time over run along with supporting documents to substantiate the same along with the True-up petition. Accordingly, Rs. 4.04 Crore for the FY

2020-21 and 1.47 Cr. for the FY 2019-20 (Prior Period) has been disallowed.

3.23 The Commission observed that Rs. 17.69 Crore for the FY 2020-21 and Rs. 62.58 Cr. for the FY 2019-20 (Prior Period) has been claimed by the petitioner towards schemes with cost overrun upto 25% of the approved cost & Rs. 14.20 Crore for the FY 2020-21 and Rs. 6.77 Cr. for the FY 2019-20 (Prior Period) 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 has allowed the claim of the petitioner for the FY 2020-21 in respect of the schemes/works having cost overrun upto 25% but the petitioner is again directed to hence forth 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 2020-21. Accordingly, Rs. 1.42 Crore for the FY 2020-21 and Rs. 0.68 Cr. for the FY 2019-20 (Prior Period) has been disallowed.

3.24 The balance capitalization after deducting the capitalization towards minor assets, Land/Lease land, partial capitalization, time over run & cost overrun as discussed above, works out to Rs. 964.40 Cr. for the FY 2020-21 and Rs. 333.94 Cr. for the FY 2019-20 (Prior Period). Net Capitalization after deducting deposit works of Rs. 97.57 Crore and Grant on capital assets of Rs. 26.52 Cr. is Rs. 840.31 Cr. for the FY 2020-21 and Rs. 333.94 Cr. for the FY 2019-20 (Prior Period). Accordingly, Commission allows the capitalization of Rs. 840.31 Cr. for the FY 2020-21 and Rs. 333.94 Cr. for the FY 2019-20 (Prior Period). 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 2021-22 onwards in true-up petition for respective years.

GFA deduction during FY 2020-21

RVPN's Submission

3.25 RVPN has claimed the GFA deduction of Rs. 21.55 Crore for FY 2020-21.

Commission Analysis

- 3.26 Commission sought the details of the assets decapitalized along with the reasons. In its reply to the data gaps vide letter dt. 19.04.2022, RVPN submitted the details of the assets decapitalized.
- 3.27 The Commission has approved the GFA deduction of Rs. 21.55 Crore, as claimed by RVPN.
- 3.28 Accordingly, the details of approved GFA for FY 2020-21 is as shown in the table below:

Table 4: GFA addition Approved for FY 2020-21 (Rs. In Crore)

Sl. No.	Particulars	Amount Claimed (in Crore)	Amount Approved (in Cr.)
1	Capitalization Prior to 01.04.2019	980.56	-
2	Capitalization Prior Period FY 2019-20	342.70	333.94
3	Capitalization for the FY 2020-21	1,020.70	964.40
4	Total Capitalization	2,343.97	1,298.34
5	Less: Consumer Contribution/ Deposit Work for the FY 2020-21	-	97.57
6	Less: Subsidy and Grant on capital assets	-	26.52
7	Less: Deduction- during FY 2020-21	21.55	21.55
8	Net Capitalization	2,322.42	1152.69

Means of finance of GFA addition for FY 2020-21

RVPN's Submission

- 3.29 The means of finance of GFA addition for FY 2020-21 submitted by RVPN is as shown in the table below:

Table 5: Means of finance of GFA addition for FY 2020-21 claimed by RVPN

Particulars	Units	Claimed
GFA Addition	Rs. Crore	2,343.97
GFA Deduction	Rs. Crore	21.55
Less: Consumer Contribution/ Deposit	Rs. Crore	25.01

Particulars	Units	Claimed
Less: Subsidy and Grant on capital assets	Rs. Crore	-
Net GFA addition	Rs. Crore	2,297.41
Debt	Rs. Crore	620.52
Debt	%	
Equity	Rs. Crore	-
Equity	%	

Commission's Analysis

3.30 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 less than 30%.

3.31 In view of the disallowance & deduction of Rs. 1191.28 Crores (including Prior Period) from the GFA claimed by the petitioner, the Commission has considered the means of finance of approved GFA addition for FY 2020-21 as under:

- o The actual deposit works have been considered as claimed by RVPN.
- o No equity addition has been considered as equity addition claimed by RVPN is Nil for the year.
- o The GFA addition claimed during the year has been considered to be funded entirely through loan.

3.32 Based on the above, the means of finance of GFA addition for FY 2020-21 approved by the Commission is as shown in the table below:

Table 6: Means of finance of GFA addition for FY 2020-21 approved by the Commission

Particulars	Units	Approved
Net GFA addition	Rs. Crore	1,152.69
Debt	Rs. Crore	1,152.69
Debt	%	100.00%
Equity	Rs. Crore	-
Equity	%	0.00%

Availability of the Transmission System

RVPN's Submission

3.33 The Petitioner claimed the system availability of 99.695% for the FY 2020-21.

Commission's Analysis

3.34 Commission sought the certificate of Transmission System availability as claimed by RVPN. RVPN in its reply to data gaps dt. 19.04.2022 submitted the Transmission System availability certificate issued by SLDC.

3.35 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 2020-21 is 99.695%. As the actual availability is higher than the normative availability, full Annual Transmission Charges are allowable for FY 2020-21.

Annual Transmission Charges

3.36 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

3.37 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.

3.38 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

3.39 The actual O&M expenses incurred by RVPN is Rs. 769.19 Crore as per the audited accounts for FY 2020-21. RVPN revised the employee cost vide data gap reply dt. 19.04.2022 from Rs. 640.96 Cr. as submitted in the petition to Rs. 690 Cr. Thereafter, petitioner revised & withdrew the earlier revision of O&M expenses vide additional data gap reply dt. 29.06.2022. O&M expenses claimed by RVPN is as shown in the table below.

Table 7: Actual O&M Expenses for FY 2020-21 claimed by RVPN (Rs. Crore)

Particulars	Actual Amount (Rs. in Crore)
R&M Expenses	127.58
Employee Cost of the Current Year	640.97
A&G Expenses	98.70
Total	867.24
Less: Capitalization of O&M Expenses	98.06
Grand total	769.19

3.40 The Commission vide tariff order dated 12.10.2020, had approved the normative O&M expenses of Rs. 737.84 Crore for FY 2020-21. As against the same, RVPN claimed the actual O&M expenses of Rs. 769.19 Crore.

Commission's Analysis

3.41 It was observed that the actual employee cost submitted by the petitioner was Rs. 640.97 Crore whereas the same as per the audited accounts for the year was Rs. 839.73 Crore. Similarly, actual Administration & General Expenses submitted by the petitioner was Rs. 98.70 Crore whereas the same as per the audited accounts for the year was Rs. 133.50 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 & Administration & General Expenses. The details are shown in the tables below:

Table 8: Gross Employee Cost Claimed for FY 2020-21 (Rs. Crore)

Particulars	Amount (Rs. in Crore)
Employee Cost as per the Segment report (Page No. 140 of Financial Statement)	839.73
Add: Other Comprehensive Loss as per the Segment	96.83
Add: Employee Cost Capitalized	83.64
Total Gross Employee Cost Incurred	1,020.20
Less: Terminal Benefits (As per Actuarial valuation of superannuation and leave encashment)	(379.24)
Employee Expenses Claimed	640.96

Table 9: Gross A &G Expenses Claimed for FY 2020-21 (Rs. Crore)

Particulars	Amount (Rs. in Crore)
Total Administration & General Expenses (Net of Capitalization)	133.50
Less	
Insurance (Claimed Separately)	0.35
Unitary Charges (Claim Separately)	49.82
Lease Rent (Claim Separately)	(0.95)
Net A&G Expenses	84.29
Add: Capitalization	14.41
Gross Administration & General Expenses	98.70

3.42 RVPN in the employee cost reconciliation statement vide data gap reply dt. 19.04.2022 revised the employee cost from Rs. 640.96 Cr. as submitted in the petition to Rs. 690 Cr. RVPN has submitted that the increase in employee cost is on account of leave encashment which was earlier included in terminal benefit and has now been reclassified as O&M expenditure. The Commission sought the justification for such reclassification along with applicable Regulation, Accounting Standard & Accounting policies which has been relied upon for such reclassification. RVPN vide additional data gap reply dt. 29.06.2022 submitted that the leave encashment is a part of Terminal benefits but due to misconception, this was wrongly considered as a part of employee cost instead of terminal benefits while submitting the data gap reply. RVPN further submitted that the Leave encashment cost may be considered under terminal benefit instead of employee cost as filed in the original petition.

- 3.43 The commission has disallowed Rs. 5.60 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. 5.60 Crore disallowed from the GFA on account of minor assets over and above the actual O&M Expenses in true up for FY 2020-21.
- 3.44 RVPN has claimed Rs. 0.74 Cr. towards other charges. There is no provision in the tariff regulation for allowing other charges. However, in view of the fact the claimed amount is in respect of VAR charges, the Commission has considered it as part of the O&M expenses and allowed it accordingly.
- 3.45 Accordingly, the Commission has arrived at the actual O&M expenses of Rs. 775.53 Crore for FY 2020-21. The same is detailed in the table below:

Table 10: Actual O&M expenses arrived by Commission for FY 2020-21

S. No.	Particulars	Amount (Rs. in Crore)
1	R&M Expenses	127.58
2	Employee Cost of the Current Year	640.97
3	A&G Expenses	98.70
4	Total	867.24
5	Less: Capitalization of O&M Expenses	98.06
6	Total	769.18
7	Add: Transfer from GFA to O&M	5.60
8	Add: Other Charges	0.74
9	Grand total	775.53

- 3.46 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 for FY 2020-21 is Rs. 727.05 Crore as provided below.

Table 11: Normative O&M expenses Approved for FY 2020-21

Particulars	Network Average Value	Applicable O&M Cost as per Norms Rs. Lakh/ Unit	O&M Expenses
Lines (Ckt Km)			
765 KV	425.50	1.07	453.65
400 KV	6732.42	0.67	4529.67
220 KV	15553.38	0.27	4185.82
132 KV	18098.85	0.16	2810.12
Total	40810.15		11979.25
Transmission Capacity (MVA)	85279.00	0.41	35308.92
Bays (No.)			
765 KV	28.00	62.27	1743.61
400 KV	180.50	41.51	7492.11
220 KV	833.00	5.79	4819.91
132 KV	2888.50	3.93	11361.57
Total			25417.19
Total (Rs. In Crore)			727.05

3.47 Further, regarding the issue of charging 400 kV S/C line from DCCPP to Hindaun at 220 kV as submitted by stakeholder, we observed that O&M shall be allowed for the voltage level on which it is charged. In view of above, Rs. 33 Lakhs has been deducted from the normative O&M Expenses for the FY 2020-21. RVPN is directed to submit list of all such lines/Transformers/Bays along with length/capacity/Nos. which are charged at lesser voltage than rated voltage in next petition.

3.48 Accordingly, the Commission has approved the O&M expenses of Rs. 726.72 Crore for FY 2020-21.

Table 12: O&M Expenses Approved by the Commission for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
O&M Expenses	737.84	769.19	726.72

Terminal Liabilities

RVPN's Submission

3.49 RVPN has claimed the amount of Rs. 379.24 Crore towards terminal liabilities. RVPN revised the terminal liability vide data gap reply dt. 19.04.2022 to 330.20 Crores. RVPN further vide additional data gap reply dt. 29.06.2022 withdrew the revision of terminal liability and submitted that the same may be considered as per the original petition.

Commission's Analysis

3.50 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.”

3.51 The Commission directed RVPN to submit the actuarial valuation report for the FY 2020-21 in respect of the claim of Terminal Liability. RVPN vide Data gap reply dt. 19.04.2022 submitted the actuarial valuation report for the FY 2020-21. The Commission further sought the details of actual payment made to the trust towards terminal liability in the FY 2020-21 under regular contribution & additional contribution. RVPN vide Data gap reply dt. 19.04.2022 submitted that the amount paid for the FY 2020-21 in Superannuation Trust is Rs. 47.34 Crore under regular contribution and Rs. 318.58 Crore under 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. 318.58 Crore is allowable in terms of Regulation 64. Accordingly, the Commission allows Rs. 318.58 Crore as Terminal Liability for the FY 2020-21

Table 13: Terminal Liabilities for the FY 2020-21 (Rs. in Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Terminal Benefit	300.00	379.24	318.58

Interest on loan and finance charges

RVPN's Submission

3.52 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. 1148.95 Crore including prior period interest of Rs. 50.52 Cr. as per the audited accounts for FY 2020-21.

Commission's Analysis

3.53 The Commission Vide tariff order dated 12.10.2020 had approved the interest charges of Rs. 802.20 Crore for FY 2020-21. As against the same, RVPN has claimed the interest charges of Rs. 1097.75 Crore as per the audited accounts for FY 2020-21.

3.54 The Petitioner has submitted the actual interest rate of 9.70% for the year as per the audited accounts for FY 2020-21.

3.55 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 has been directing 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 only a sample copy. 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 2020-21. The Commission has considered the weighted average rate of interest of 9.70% as submitted by the petitioner. Petitioner is again 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 2021-22 onwards otherwise the Commission shall be constrained to disallow the weighted average interest rate claimed by the petitioner.

3.56 The petitioner has considered the opening balance of loan for the FY 2020-21 as Rs. 11333.08 Crore whereas closing balance of loan for the FY 2019-20 as approved in the True-up order dt. 23.12.2021 was Rs. 8035.32 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. 1021.06 Crore, whereas depreciation has been claimed as Rs. 989.66 Cr. for the FY 2020-21 and prior period depreciation of Rs. 112.88 Crore. The Commission sought clarification from petitioner. The petitioner vides data gap reply dt. 19.04.2022 submitted that the opening balance of loan & repayment has been considered as per actual audited accounts for the FY 2020-21.

3.57 Regulation 21(1) provides that the loans arrived at in the manner indicated in Regulation 19 shall be considered as gross normative loan for calculation of interest on loan. Further, regulation 21(6) provides that the interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest. The Commission approves the normative balance of the loan in the True-up order for every year. However, the petitioner claims loan & interest on the basis of actual loan. The Commission directs the petitioner to henceforth consider the approved normative loan and claim interest in accordance with the Regulation 21.

3.58 The Commission has considered the closing loan balance approved in true up for FY 2019-20 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 interest rate of 9.70% has been considered. The interest on loan approved by the Commission is as shown in the table below:

Table 14: Interest on long term loans for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Opening Balance	8,146.79	11,333.08	8,035.32
Net Addition	1,085.71	620.52	1,152.69
Repayment	1,032.25	1,021.06	936.74
Closing Balance	8,200.24	10,932.54	8,251.27
Average Loan	8,173.51	11,132.81	8,143.30
Rate of Interest	9.81%	9.70%	9.70%

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Gross Interest Expenses	802.20	1,080.37	789.90
Less: Capitalisation	-	33.14	-
Gross Interest Expenses	802.20	1,047.23	789.90
Interest of Earlier Years not claimed earlier	-	50.52	-
Net Interest Expenses	802.20	1,097.75	789.90

3.59 The Commission vide tariff order dated 12.10.2020 had approved the finance charges of Rs. 80 Crore for FY 2020-21. As against the same, RVPN has claimed the finance charges of Rs. 51.20 Crore as per the audited accounts for FY 2020-21.

3.60 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 2020-21 (Rs. Crore)

S. No.	Particulars	Claimed
1	Details of borrowing cost as per Note 35.2	49.15
2	Add: Interest on SD and EMD	0.05
3	Add: Finance Charges as per segment reporting	2.00
4	Total	51.20

3.61 The Commission has approved the interest and finance charges of Rs. 841.10 Crore for the FY 2020-21 as shown in the table below:

Table 16: Interest and finance charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Net Interest Expenses	802.20	1,097.75	789.90
Add: Finance Charges	80.00	51.20	51.20
Net Interest and Finance charges	882.20	1,148.95	841.10

3.62 It is observed that during FY 2020-21 RVPN has leased out/ Mortgaged/Pledged the transmission assets of the company for taking loan. The Commission vide additional data gap required RVPN to submit the approval of the Commission in terms of section 17 of the Electricity Act, 2003 in respect of transmission assets given on

lease/Mortgage/Pledged during the FY 2020-21. RVPN vide its reply dt. 29.06.2022 submitted that it has not transferred its utility or any part thereof during the FY 2020-21.

3.63 Section 17(3) & (4) of the Electricity Act, 2003, provides as follows:

“(3) No licensee shall at any time assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission.

“(4) Any agreement, relating to any transaction specified in sub-section (1) or sub-section (3), unless made with the prior approval of the Appropriate Commission, shall be void.”

3.64 In view of the above provisions of the Electricity Act, 2003, RVPN is required to take prior approval of the Commission before leasing/ Mortgaging /Pledging the transmission assets of the company. RVPN is directed to take necessary approval as required in the section 17 of the Electricity Act, 2003. RVPN should explain the reasons for violation of the Electricity Act, 2003 and also should fix up the accountability for the same.

Depreciation

RVPN's Submission

3.65 The Commission vide tariff order dated 12.10.2020 had approved the depreciation of Rs. 1032.25 Crore for FY 2020-21. As against the same, RVPN has claimed the depreciation of Rs. 1102.54 Crore included prior period depreciation of Rs. 112.88 Cr. as per the audited accounts for FY 2020-21.

Commission's Analysis

3.66 It is observed that depreciation claimed by the petitioner is Rs. 1102.54 Crores while the figure as per audited accounts is Rs. 991.27 Crores. The Commission sought the reconciliation of the same. In reply, RVPN submitted the reconciliation & further submitted that depreciation includes prior period depreciation of Rs. 112.88 Crores on Transmission lines and Plant and machinery. RVPN further submitted that since, the error and omission occurred in previous years have come to light during the FY 2020-21 the same has been recognized during the FY 2020-21. 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. 112.88 Crores towards prior period depreciation.

3.67 The Commission has considered the depreciation claimed by RVPN for the FY 2020-21 as base and has arrived at allowable depreciation for the year after disallowances as below. RVPN has credited Rs. 25.01 Crores on account of Contribution by consumers & Rs. 15.25 Crores on account of Subsidy and Grant on capital assets in the profit & loss Account for the FY 2020-21. RVPN has considered the entire cost of deposit work & assets created out of grant in the GFA and the amount is recognized as deferred income in the profit & loss account over the life of the asset. RVPN has included depreciation on such assets in the depreciation for the FY 2020-21. In view of the above, Commission has considered the amount of Rs. 40.25 Crores transferred to profit & Loss account on account of Deposit work and assets created out of grants as equivalent to the depreciation on such assets. Accordingly, the Rs. 40.25 Crores has been disallowed from the depreciation claimed by RVPN for the FY 2020-21.

3.68 Further, Commission had disallowed GFA of Rs. 86.83 Crores & Rs. 127.61 Crores in the True-up for the FY 2018-19 & Rs. 2019-20. However, the above GFA is included in the GFA claimed by RVPN and accordingly, the depreciation pertaining to such assets is also included in the depreciation claimed by RVPN for the FY 2020-21. Accordingly, depreciation pertaining to disallowed GFA of Rs. 214.44 Crores (of Rs. 86.83 Crores & Rs. 127.61 Crores) has been disallowed from the depreciation claimed by RVPN for the FY 2020-21.

3.69 The depreciation approved by the Commission for FY 2020-21 is Rs. 936.74 Crore as shown in the tables below:

Table 17: Depreciation for FY 2020-21 (Rs. Crore)

S.No.	Particulars	Approved in Tariff Order	Claimed for True up	Depreciation Approved on True-up (Rs. Crore)
A	Prior Period Depreciation	-	112.88	-
B	Depreciation for the Year	1,032.25	989.66	989.66
C	Total Depreciation (A+B)	1,032.25	1,102.54	989.66
D	Less: Depreciation on Deposit works and Grants for FY 2020-21	-	-	40.25

S.No.	Particulars	Approved in Tariff Order	Claimed for True up	Depreciation Approved on True-up (Rs. Crore)
	(Rs. Crore)			
E	Less: Depreciation due to difference in Disallowed GFA for Previous years	-	-	11.20
F	Less: Depreciation due to difference in GFA addition for FY 2020-21	-	-	1.47
	Total (C-D-E-F)	1,032.25	1,102.54	936.74

Interest on Working Capital (IoWC)

RVPN's Submission

3.70 The Commission vide tariff order dated 12.10.2020 had approved the normative IoWC of Rs. 49.75 Crore for FY 2020-21. As against the same, RVPN has claimed the normative IoWC of Rs. 66.81 Crore and net entitlement of Rs. 62.56 Crore.

Commission's Analysis

3.71 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 than the average SBI Base Rate prevalent during first six months of the year previous to the relevant year.

3.72 The Commission has considered the amount of security deposit as Rs. 11.34 Crore as claimed by the petitioner.

3.73 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 11.39% in accordance with RERC Tariff Regulations, 2019.

- 3.74 RVPN has submitted the actual rate of interest on working capital loans as 9.94% 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.
- 3.75 RVPN is directed to submit the details of actual working capital loan & supporting documents henceforth along the True-up. In absence of the required details, it would be presumed that there is no actual working capital loan. The sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative working capital shall be done accordingly.
- 3.76 The loWC approved by the Commission for the FY 2020-21 is as shown in the table below:

Table 18: loWC for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Approved
1	O&M Expenses (1 Month)	61.49	64.10	60.56
2	Maintenance Spares (15% of O&M Expenses)	110.68	115.38	109.01
3	Receivables on Target Availability (1.5 Month)	357.51	418.62	353.00
4	Less: Amount held as Security Deposit	92.75	11.34	11.34
5	Total Working Capital	436.92	586.75	511.22
6	Normative Interest Rate	11.39%	11.39%	11.39%
7	Interest Amount at Normative Interest Rate	49.75	66.81	58.21

Table 19: Net Entitlement of IoWC for the FY 2020-21

Particulars	Normative	Actual	Gain/ Loss	50% Sharing	Net Entitlement
Claimed Interest Rate for Trueing up (%)	11.39%	9.94%	1.45%	0.72%	10.66%
Claimed Amount for Trueing up (Rs. in Crore)	66.81	58.31	8.50	4.25	62.56
Approved Interest Rate for Trueing up (%)	11.39%	9.94%	1.45%	0.72%	10.66%
Approved Amount for Trueing up (Rs. in Crore)	58.21	50.80	7.41	3.70	54.50

Return on Equity (RoE)**RVPN's Submission**

3.77 The Commission vide tariff order dated 12.10.2020 had approved RoE of Rs. 95.64 Crore for FY 2020-21. As against the same, RVPN has claimed RoE of Rs. 93.10 Crore.

Commission's Analysis

3.78 The closing equity balance approved in true up for FY 2019-20 has been considered as the opening equity balance for FY 2020-21. RVPN has submitted that there is no addition in equity during the year. Accordingly, equity addition has been considered as Nil for the FY 2020-21.

3.79 The Commission has approved RoE at the rate of 2% in the tariff order dt. 12.10.2020. RVPN in the instant petition for True-up for the FY 2020-21 claimed RoE at the rate of 2%. The Commission accordingly, approves the RoE at the rate of 2% of the True-up of FY 2020-21. The RoE approved by the Commission is as shown in the table below:

Table 20: RoE for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Opening Equity	4,549.27	4,655.11	4,296.90
Net addition during the year	465.30	-	-
Closing Equity	5,014.58	4,655.11	4,296.90
Average Equity	4,781.93	4,655.11	4,296.90
Rate of Return on Equity	2.00%	2.00%	2.00%

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Return on Equity	95.64	93.10	85.94

Insurance Expenses

RVPN's Submission

3.80 The Commission vide tariff order dated 12.10.2020 had approved Insurance expenses of Rs. 0.55 Crore for FY 2020-21. As against the same, RVPN has claimed actual Insurance expenses of Rs. 0.35 Crore as per the audited accounts.

Commission's Analysis

3.81 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. 0.35 Crore as claimed by RVPN.

Table 21: Insurance Expenses for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Insurance Charges	0.55	0.35	0.35

Unitary Charges

RVPN's Submission

3.82 RVPN has claimed the unitary charges of Rs. 49.82 Crore for FY 2020-21 as per the audited accounts.

Commission's Analysis

3.83 The Commission had earlier approved the unitary charges to be paid by RVPN. Therefore, the Commission has approved the actual unitary charges of Rs. 49.82 Crore claimed for FY 2020-21.

Table 22: Unitary charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Unitary Charges	58.50	49.82	49.82

Other Charges

RVPN's Submission

3.84 The Commission vide tariff order dated 12.10.2020 had approved other charges of Rs. 20.00 Crore for FY 2020-21. As against the same, RVPN has claimed actual other charges of Rs. 0.74 Crore as per the audited accounts.

Commission's Analysis

3.85 Other charges of Rs. 0.74 Crores claimed by RVPN on account of VAR charges is in the nature of O&M expenditure. The Commission has included the same is the actual O&M expenditure.

Table 23: Other charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Other Charges	20.00	0.74	-

Lease Charges

RVPN's Submission

3.86 RVPN has claimed the lease charges of Rs. 11.36 Crore for FY 2020-21 as per the audited accounts.

Commission's Analysis

3.87 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.”

- 3.88 Accordingly, Commission sought the lessor wise breakup of lease charges of Rs. 11.36 Crore for the FY 2020-21 along with relevant extracts of the respective lease agreements. RVPN vide reply dt. 19.04.2022 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. 11.36 Crore claimed for FY 2020-21.
- 3.89 RVPN is directed to henceforth submit the details of lease charges where the lease charges are individually more than Rs. 10 lakhs per annum along with the true up petition.

Table 24: Lease Charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Lease Charges	-	11.36	11.36

Non-Tariff Income

RVPN's Submission

- 3.90 The Commission vide tariff order dated 12.10.2020 had approved NTI of Rs. 174.26 Crore for FY 2020-21. As against the same, RVPN has claimed actual NTI of Rs. 189.36 Crore as per the audited accounts. RVPN vide reply to the data gap dt. 19.04.2022 revised the non-tariff income to Rs. 149.68 Crores. RVPN further, vide additional data gap reply dt. 29.06.2022 revised the Non-tariff income to 102.44 Crore.

Commission's Analysis

- 3.91 It is observed that Non-tariff income claimed by the petitioner is Rs. 189.36 Crores. The Commission vide data gap sought the reconciliation of Non-Tariff Income with the audited accounts and breakup of miscellaneous receipt of Rs. 152.42 Crores. RVPN in its reply dt. 19.04.2022 revised the NTI to Rs. 149.68 crores and miscellaneous receipt to Rs. 132.66 Crores.
- 3.92 RVPN submitted that interest income from Orissa Integrated Power Limited (OIPL) amounting to Rs. 11.12 Crore included in Non-tariff Income is outside the ambit of tariff petition for the reason that the Commission allows interest on long term loan only to the extent of funds

deployed towards fixed asset addition and on the working capital only to the extent allowable as per norms. Interest from OIPL is towards the funding done by RVPN on behalf of DISCOMs. Since, the expenditures on these funds are not allowed. Corresponding revenue will also not form part of the petition as Non-Tariff Income.

- 3.93 The Commission deems it appropriate that the interest income earned by RVPN from OIPL shall form part of non-tariff income since such interest income is being retained by RVPN and as per regulation 36 of Tariff Regulations 2019, the same shall be treated as Non-tariff income.
- 3.94 RVPN further submitted that Interest on IT refund of Rs. 28.70 Crores will not form part of the non-tariff income as the interest was towards working capital blockage in form of TDS deducted for which the entire cost was borne by RVPN as interest on that working capital is not allowed as per norms. RVPN vide additional data gap reply dt. 29.06.2022 further submitted that interest on income tax refund is the interest that RVPN has paid on the short-term loan taken due to delay in payment of income tax refund by Income Tax Authorities. RVPN further submitted that since it gets only normative interest on working capital whereas interest on refund of income tax is utilised towards the payment of interest on loan borrowed due to delay in refund, thus the interest on income tax cannot be considered as part of non-tariff income.
- 3.95 The Commission deems it appropriate that the impact of interest on IT refund over working capital blockage shall not form any basis for determining Non-tariff income since as per regulation 27 of Tariff Regulations 2019, Commission allows Working capital on normative basis irrespective whether RVPN deploys higher or lower working capital than normative working capital and interest on working capital is allowed accordingly. Further, there may be instances where actually deployed working capital will be lower than normative working capital but, in such case, also no interest on working capital is being disallowed by Commission. Hence, interest on IT refund shall be considered as non-tariff income whether such funds deployed towards fixed assets addition or towards working capital.
- 3.96 RVPN further, vide additional data gap reply dt. 29.06.2022 revised the Non-tariff income to 102.44 Crore & miscellaneous receipt to Rs. 85.42 Crores and submitted the break -up of the miscellaneous receipt.

- 3.97 RVPN further submitted that the miscellaneous receipt included Rs. 41.15 Crore towards write-off of old un-reconciled balance of erstwhile RSEB period & Rs. 6.09 Crore towards write-off of old un-reconciled balance of erstwhile RSEB period related to power trading. RVPN submitted that Rs. 41.15 Crore related to RSEB period majorly includes Deposits & Security Deposits and other deposit of contractors. RVPN submitted that it does not affect the tariff and has not been taken in Non-tariff Income. RVPN further, submitted that it is the notional/book entry and the same should not be considered as Non-Tariff Income. RVPN further, submitted that similarly, the balance Rs. 6.09 Cr. related to power trading which also pertains to RSEB should not be taken in Non-Tariff Income.
- 3.98 In this regard, Commission finds that income amounting to Rs. 47.24 Cr. (Rs. 41.15 Cr.+ Rs. 6.09 Cr.) although is pertaining to RSEB period but the same is recognized as income during FY 2020-21 only. Therefore, Commission is of the view that such income recognized in FY 2020-21 will be treated as non-tariff income of RVPN as per Regulation no. 36 of RERC Tariff Regulations, 2019.
- 3.99 The Commission observed that the petitioner has revised the claim of Non-tariff income whenever any clarification is sought in this regard. RVPN should explain the reasons of revising the Non-tariff income and also should fix up the accountability for the same. In view of the above, the Commission has approved the Non-Tariff Income as Rs. 189.36 Crore for the FY 2020-21.

Table 25: NTI for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Non-Tariff Income	174.26	189.36	189.36

Revenue from Short-term open access

RVPN's Submission

- 3.100 The Commission vide tariff order dated 12.10.2020 had approved the revenue from short-term open access of Rs. 101.75 Crore for FY 2020-21.

As against the same, RVPN has claimed actual revenue from short-term open access of Rs. 45.55 Crore as per the audited accounts.

Commission's Analysis

3.101 It is observed that RVPN's claim of Rs. 45.55 Crore on account of short-term open access includes Rs.11.78 Crores as Revenue from Short Term Open Access, Rs. 13.24 Crores as Revenue from POSOCO, Rs. 7.26 Crores as Bay Charges & Rs. 13.27 Crores as Revenue from IA. RVPN has claimed Rs. 45.55 Crores as reduction from the Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Revenue from POSOCO, Bay Charges & Revenue from IA should be part of aggregate revenue of RVPN and should not be reported as reduction from Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Commission has accordingly, included the revenue on account of POSOCO, Bay Charges & IA amounting to Rs. 33.77 Crores in the Aggregate Revenue for the FY 2020-21 and approved it accordingly. In view of the above, the Commission has approved Rs. 11.78 Crores as short-term open access for the FY 2020-21.

Table 26: Revenue from short-term open access for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Revenue from Short Term Open Access	101.75	45.55	11.78

Revenue from Inter State Transmission (ISTS) Lines

RVPN's Submission

3.102 The Commission vide tariff order dated 12.10.2020 had approved the revenue from ISTS lines of Rs. 40.66 Crore for FY 2020-21. As against the same, RVPN has claimed actual revenue from ISTS lines of Rs. 33.98 Crore as per the audited accounts.

Commission's Analysis

3.103 RVPN has claimed Rs. 33.98 Crores on account of Interstate Line User Charges as reduction from the Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Interstate Line User Charges should be part of revenue of RVPN and should not be

reported as reduction from Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Commission has accordingly, included the Interstate Line User Charges of Rs. 33.98 Crores in the Revenue for the FY 2020-21 and approved it accordingly.

Table 27: Revenue from ISTS lines for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Revenue from ISTS lines	40.66	33.98	-

3.104 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 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
O&M Expenses	737.84	769.19	726.72
Terminal Benefit	300.00	379.24	318.58
Interest and finance charges on long term loans	882.20	1,148.95	841.10
Depreciation	1,032.25	1,102.54	936.74
Interest on Working Capital	49.75	62.56	54.50
Return on Equity	95.64	93.10	85.94
Lease Rent	-	11.36	11.36
Insurance Charges	0.55	0.35	0.35
Unitary Charges	58.50	49.82	49.82
Other Charges	20.00	0.74	-
Less: Non- Tariff Income	174.26	189.36	189.36
Aggregate Revenue Requirement	3,002.46	3,428.48	2,835.75
Less: Revenue from Short Term Open Access	101.75	45.55	11.78
Less: Revenue from Interstate Transmission Lines	40.66	33.98	-
Annual Transmission Charges	2,860.07	3,348.95	2,823.97

Incentive

RVPN's Submission

3.105 RVPN has claimed the incentive of Rs. 35.08 Crore for achieving higher availability than the normative availability. RVPN has claimed the separate recovery of the same.

Commission's Analysis

3.106 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 2020-21 in accordance with the same as shown in the table below:

Table 29: Incentive approved for FY 2020-21 (Rs. Crore)

Particulars	Units	Value
Annual Transmission Charges	Rs. Crore	2,823.97
Target Availability for Incentive	%	98.50%
Max. Availability for Incentive	%	99.75%
Actual Availability	%	99.70%
Incentive	Rs. Crore	34.26

Transmission Loss

RVPN's Submission

3.107 RVPN has claimed Transmission loss of 3.33% for the FY 2020-21.

Commission's Analysis

3.108 The Commission approved transmission loss of 3.33% for the FY 2020-21 in the order dt. 12.10.2020. The Commission has approved the actual transmission loss of 3.33% as claimed by the RVPN.

Revenue side true up

RVPN's Submission

3.109 RVPN has claimed the revenue of Rs. 2927.31 Crore for FY 2020-21.

Commission's Analysis

3.110 As discussed in para on short term open access & Interstate line user charges above, Rs. 13.24 Crores as Revenue from POSOCO, Rs. 7.26 Crores as Bay Charges & Rs. 13.27 Crores as Revenue from IA and Rs. 33.98 Crores on account of Interstate line user charges have been allowed as part of Revenue instead of reduction from Aggregate Revenue Requirement to arrive at the Annual Transmission charges. Accordingly, the Revenue for the FY 2020-21 considered for true up is as shown in the table below:

Table 30: Revenue for true up for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Claimed for true up	Approved on True up
A	Revenue from Transmission Wheeling Charges		
1	JVVN	1,104.88	1,104.88
2	AVVN	744.63	744.63
3	JDVVN	894.16	894.16
4	Others		
a	Revenue from Short Term Open Access	-	-
b	Revenue from Medium Term Open Access	33.13	33.13
c	Revenue from Long Term Open Access	115.43	115.43
d	Interstate Line User Charges	-	33.98
e	Revenue from POSOCO	-	13.24
f	BAY Charges	-	7.26
g	Revenue from IA	-	13.27
	Sub-Total	2,892.23	2,959.98
B	Incentive		
1	JVVN	13.41	13.12
2	AVVN	9.03	8.85
3	JDVVN	10.85	10.62
4	Others	1.79	1.67
	Sub-Total	35.08	34.26
C	Subsidies & Grants on capital account (Non-Regulatory)	-	-
	Total	2,927.31	2,994.24

Summary of true up**Commission's Analysis**

3.111 Based on the above, the summary of true up for FY 2020-21 is as shown in table below:

Table 31: Summary of true up for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
A	Expenditure side summary		
1	Annual Transmission Charges	3,348.95	2,823.97
2	Incentive	35.08	34.26
3	Total	3,384.03	2,858.23
B	Revenue side summary		
C	Revenue for true up	2,927.31	2,994.24
D	Revenue (Gap)/Surplus	(456.73)	136.01

3.112 The Commission has approved the revenue surplus of Rs. 136.01 Crore. The Commission directs RVPN to refund the approved surplus of Rs.

136.01 Crore in the ratio of contracted capacity of DISCOMs and long-term open access customers for FY 2020-21 in three equal monthly installments from the date of this order.

True up of SLDC Function

Gross Fixed Assets (GFA) during FY 2020-21

RVPN's Submission

3.113 The Commission vide tariff order dated 12.10.2020 had approved the GFA addition of Rs. 10.00 Crore for FY 2020-21. As against the same, RVPN has claimed the actual GFA addition of Rs. 0.27 Crore as per the audited accounts for FY 2020-21.

Commission's Analysis

3.114 The Commission observed that the actual capitalization includes Rs. 0.03 Crore towards Building & Civil works and Rs. 0.09 Crores towards Other Equipment (hardware) 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. 0.12 Crore as above under the capitalization for FY 2020-21 and the same has been considered as part of O&M expenses. The Commission has considered closing GFA approved in true-Up order of FY 2019-20 as the opening GFA for FY 2020-21. Further, the Commission has approved the GFA addition of Rs. 0.15 Crore for FY 2020-21. The details of approved GFA are as shown in the table below:

Table 32: GFA Approved for FY 2020-21 (Rs. Crore)

Particulars	Approved
Opening GFA as on 1st April, 2020	29.74
Add: Addition during FY 2020-21	0.15
Less: Deduction during FY 2020-21	-
Closing GFA for FY 2020-21	29.89

Means of finance of GFA addition for FY 2020-21

RVPN's Submission

3.115 The means of finance of GFA addition for FY 2020-21 submitted by RVPN is as shown in the table below:

Table 33: Means of finance of GFA addition for FY 2020-21 claimed by RVPN

Particulars	Units	Claimed
Net GFA addition	Rs. Crore	0.27
Debt	Rs. Crore	0.19

Particulars	Units	Claimed
Debt	%	-
Equity	Rs. Crore	0.08
Equity	%	-

Commission's Analysis

3.116 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 less than 30%.

3.117 In view of the disallowance & deduction of Rs. 0.12 Crores from the GFA claimed by the petitioner, the Commission has considered the means of finance of approved GFA addition for FY 2020-21 as under:

- o The actual deposit works & consumer contribution, subsidy and grant have been considered Nil as claimed by RVPN.
- o No equity addition has been considered as equity addition claimed by RVPN in transmission segment is Nil for the year.
- o The GFA addition claimed during the year has been considered to be funded entirely through loan.

3.118 Based on the above, the means of finance of GFA addition for FY 2020-21 approved by the Commission is as shown in the table below:

Table 34: Means of finance of GFA addition for FY 2020-21 approved by the Commission

Particulars	Units	Claimed	Approved
Net GFA addition	Rs. Crore	0.27	0.15
Debt	Rs. Crore	0.19	0.15
Debt	%	-	100%
Equity	Rs. Crore	0.08	-
Equity	%	-	0.00%

SLDC Charges-

3.119 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

3.120 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 2020-21.

O&M expenses

RVPN's Submission

3.121 The Commission vide tariff order dated 12.10.2020 had approved the O&M expenses of Rs. 13.59 Crore for FY 2020-21. As against the same, RVPN has claimed the actual O&M expenses of Rs. 17.67 Crore as per the audited accounts for FY 2020-21.

Commission's Analysis

3.122 In reply to the Commission's query regarding justification of claimed O&M expenses of Rs. 17.67 Crore against the approved figure of Rs. 13.59 Crore, RVPN submitted that Rs. 17.67 Crore is the actual expenditure incurred and claimed as per the audited accounts for the FY 2020-21. The details of the O&M expenses claimed are as shown in the table below:

Table 35: Actual O&M expenses claimed for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Approved in Tariff Order	Claimed for true up
Employee Expenses	11.84	16.61
Administrative and General Expenses	1.59	0.98
Repair and Maintenance Expenses	0.16	0.08
Total	13.59	17.67

3.123 The Commission has disallowed Rs. 0.12 Crore towards capitalization of Building & Civil works and Other Equipment (hardware) as claimed by the petitioner as the same are in the nature of O&M expenses. The Commission allows 0.12 Crore disallowed from the GFA on account of such works over and above the actual O&M Expenses in true up for FY

2020-21. Further, Commission deems it fit not to allow the expenses of Rs.2.25 Crore claimed towards terminal liabilities for the FY 2020-21 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. 15.54 Crore for FY 2020-21.

3.124 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.

3.125 In accordance with the Regulation 70(3) of the RERC Tariff Regulations, 2019, the Commission has considered Rs. 17.31 Crores approved for the FY 2019-20 as base and the same has been escalated at the rate of 3.51% per annum to arrive at the allowable O&M expenses of Rs. 17.92 Crores for the FY 2020-21. Accordingly, the Commission has approved the O&M expense of Rs. 17.92 Crore for FY 2020-21.

Table 36: O&M expenses approved for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for true up	Approved on true up
O&M Expenses	13.59	17.67	17.92

Interest on loan and finance charges

RVPN's Submission

3.126 The Commission vide tariff order dated 12.10.2020 had approved the interest and finance charges of Rs. 1.06 Crore for FY 2020-21. As against the same, RVPN has claimed the interest and finance charges of Rs. 0.15 Crore.

Commission's Analysis

3.127 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 actual interest rate of 10% has been considered. The interest on loan approved by the Commission is as shown in the table below:

Table 37: Interest and finance charges for FY 2020-21 (Rs. Crore)

Particulars	Claimed	Approved
Opening Balance	1.71	-
Loan Addition	0.19	0.15
Repayment (Allowable Depreciation)	0.56	0.49
Closing Balance (Considered as Nil)	1.34	-
Average Balance	1.53	-
Rate of Interest	10.00%	10.00%
Interest on Loans	0.15	-
Other Finance Charge	0.00	-
Total Interest on Loan and other Financial Charges	0.15	0.00

Depreciation

RVPN's Submission

3.128 The Commission vide tariff order dated 12.10.2020 had approved the depreciation of Rs. 2.35 Crore for FY 2020-21. RVPN has claimed the depreciation of Rs. 0.56 Crore as per the audited accounts for True-up of FY 2020-21.

Commission's Analysis

3.129 The Commission has considered the depreciation claimed by RVPN for the FY 2020-21 as base and has arrived at allowable depreciation for the year after reducing the depreciation on account of minor assets for past years.

3.130 In view of the above, depreciation of Rs. 0.49 Crores as approved by the Commission for FY 2020-21 is shown in the table below:

Table 38: Depreciation for FY 2020-21 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed for true up	Approved on true up
Depreciation	2.35	0.56	0.49

Interest on Working Capital (IoWC)

RVPN's Submission

3.131 The Commission vide tariff order dated 12.10.2020 had approved the normative IoWC of Rs. 0.68 Crore for FY 2020-21. As against the same, RVPN has claimed the normative IoWC of Rs. 0.78 Crore.

Commission's Analysis

3.132 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.

3.133 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 11.39% in accordance with RERC Tariff Regulations, 2019.

3.134 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.

3.135 RVPN has submitted 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.

3.136 RVPN is directed to submit the details of actual working capital loan & supporting documents henceforth along the True-up. In absence of the required details, it would be presumed that there is no actual working capital loan. The sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative working capital shall be done accordingly.

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

Table 39: loWC for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Approved
1	O&M Expenses (1 Month)	1.13	1.47	1.49
2	Maintenance Spares (15% of O&M Expenses)	2.04	2.65	2.69
3	Receivables on Target Availability (1.5 Month)	2.99	3.36	3.37
4	Less: Amount held as Security Deposit	0.15	0.12	0.12
5	Total Working Capital	6.01	7.36	7.43
6	Normative Interest Rate	11.39%	11.39%	11.39%
7	Interest Amount at Normative Interest Rate	0.68	0.84	0.85

Table 40: Net Entitlement of loWC for the FY 2020-21

Particulars	Normative	Actual	Gain/Loss	50% Sharing	Net Entitlement
Claimed Interest Rate for Truing up (%)	11.39%	9.81%	1.58%	0.79%	10.60%
Claimed Amount for Truing up (Rs. in Crore)	0.84	0.72	0.12	0.06	0.78
Approved Interest Rate for Truing up (%)	11.39%	9.81%	1.57%	0.79%	10.60%
Approved Amount for Truing up (Rs. in Crore)	0.85	0.73	0.12	0.06	0.79

Return on Equity (RoE)

RVPN's Submission

3.138 The Commission vide tariff order dated 12.10.2020 had approved RoE of Rs. 0.05 Crore for FY 2020-21. As against the same, RVPN has claimed RoE of Rs. 0.02 Crore.

Commission's Analysis

3.139 The closing equity balance approved in true up for FY 2019-20 has been considered as the opening equity balance for FY 2020-21. RVPN has submitted that there is no addition in equity during the year. Accordingly, equity addition for SLDC has been considered as Nil for the FY 2020-21.

3.140 The Commission has approved RoE at the rate of 2% in the tariff order dt. 12.10.2020. RVPN in the instant petition for True-up for the FY 2020-21 claimed RoE at the rate of 2%. The Commission accordingly, approves the RoE at the rate of 2% of the True-up of FY 2020-21. The RoE approved by the Commission is as shown in the table below:

Table 41: RoE for FY 2020-21 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
Equity at the beginning of the year	2.07	1.07	1.07
Equity Portion of the Capitalization	1.00	0.081	-
Equity at the end of the year	3.07	1.15	1.07
Average Equity	2.57	1.11	1.07
RoE Considered	2.00%	2.00%	2.00%
Total Return on Equity	0.05	0.022	0.02

RLDC fee and charges

RVPN's Submission

3.141 The Commission vide tariff order dated 12.10.2020 had approved RLDC fee and charges of Rs. 11.21 Crore for FY 2020-21. As against the same, RVPN has claimed actual RLDC fee and charges of Rs. 9.21 Crore as per the audited accounts.

Commission's Analysis

3.142 The Commission has approved the actual RLDC fee and charges of Rs. 9.21 Crore as claimed by RVPN.

Table 42: RLDC fee and charges for FY 2020-21 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
RLDC Fee and Charges	11.21	9.21	9.21

Non-Tariff Income (NTI)

RVPN's Submission

3.143 The Commission vide tariff order dated 12.10.2020 had approved NTI of Rs. 2.04 Crore for FY 2020-21. As against the same, RVPN has claimed actual NTI of Rs. 1.49 Crore as per the audited accounts.

Commission's Analysis

3.144 The Commission has considered the actual NTI of Rs. 1.49 Crore as claimed by RVPN.

Table 43: NTI for FY 2020-21 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
Non-Tariff Income	2.04	1.49	1.49

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

Table 44: SLDC Charges for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed	Approved
Expenses				
1	Operating Expenses			
A	Employee expenses	11.84	16.61	16.49
B	Administrative and General Expenses	1.59	0.98	1.22
C	Repair and Maintenance Expenses	0.16	0.08	0.21
D	Interest on Working Capital	0.68	0.78	0.79
E	RLDC / NRLDC Fee and Charges	11.21	9.21	9.21
2	Capital expense components			
A	Depreciation	2.35	0.56	0.49
B	Interest and finance charges on term loan	1.06	0.15	0.00
C	Return on equity	0.05	0.02	0.02
3	Total Revenue Expenditure	28.95	28.39	28.43
4	Less: Non Tariff income	2.04	1.49	1.49
5	Less: Income from other business	-	-	-

S. No.	Particulars	Approved in Tariff Order	Claimed	Approved
6	Less: Income from open access	3.00	-	-
7	Net Aggregate Revenue Requirement	23.91	26.90	26.94

Revenue side true up

RVPN's Submission

3.146 RVPN has claimed the revenue of Rs. 11.74 Crore for FY 2020-21.

Commission's Analysis

3.147 The actual revenue as per the audited accounts is Rs. 11.74 Crore as shown in the table below:

Table 45: Actual revenue as per the audited accounts for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Actual Revenue for FY 2020-21
1	SLDC charges	20.17
2	Income from LTOA	(8.97)
3	Income from STOA	0.11
4	Income from Energy Exchange	0.43
5	Total	11.74

3.148 The Commission had approved surplus of Rs. 13.24 Crore in the True-up order for the FY 2018-19 and had directed RVPN to refund the approved surplus in the ratio of contracted capacity of DISCOMs & long-term open access customers for FY 2018-19 in three equal monthly instalments from the date of the True-up order. The RVPN has incorrectly submitted the revenue for the FY 2020-21 after adjusting the surplus of Rs. 13.24 Crores pertaining to the FY 2018-19. Accordingly, the Commission has added back Rs. 13.24 Crore to the claimed revenue of Rs. 11.74 Crores to arrive at the actual revenue of Rs. 24.98 Crores for the FY 2020-21.

Summary of true up

Commission's Analysis

3.149 Based on the above, the summary of true up for FY 2020-21 is as shown in table below:

Table 46: Summary of true up for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
1	ARR	26.90	26.94
2	Actual Revenue	11.74	24.98
3	True-up Surplus of FY 2018-19	13.68	-
4	Revenue (Gap)/Surplus	(1.48)	(1.96)

3.150 The Commission sought the justification of surplus of Rs. 13.68 Crore claimed by the petitioner. The RVPN in its reply dt. 19.04.2022 submitted that the surplus was wrongly claimed in the ARR for the FY 2020-21. This revision has resulted in gap of Rs. 15.16 Crore in the RVPN's claim as against gap of Rs. 1.48 Crore claimed in the petition.

3.151 In view of the ARR & Revenue approved for the FY 2020-21 as above, the Gap for the year is Rs. 1.96 Crore. The Commission, accordingly approves the revenue gap of Rs. 1.96 Crore for the FY 2020-21. The Commission directs RVPN to recover the approved gap of Rs. 1.96 Crore in the ratio of contracted capacity of DISCOMs and long-term open access customers for FY 2020-21 in three equal monthly installments from the date of this order.

Section 4: Determination of tariff for FY 2022-23

ARR for Transmission function

4.1 The Commission has approved the Transmission Charges for FY 2022-23 in accordance with the RERC Tariff Regulations, 2019.

Availability of the Transmission System

Commission's Analysis

4.2 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

4.3 The details of transmission network claimed by the Petitioner for FY 2021-22 and FY 2022-23 is as shown in the table below:

Table 47: Details of Transmission Network claimed for FY 2021-22 and FY 2022-23

Particulars	FY 2021-22			FY 2022-23		
	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	6899.39	0.00	6899.39	6899.39	491.00	7390.39
220 KV	15835.78	11.00	15846.78	15846.78	56.00	15902.78
132 KV	18346.00	92.00	18438.00	18438.00	571.00	19009.00
Total	41506.67	103.00	41609.67	41609.67	1118.00	42727.67
Transformation Capacity (MVA)	86796.50	4040.00	106996.50	106996.50	2750.00	109746.50
Bays (No.)						
765 KV	28	0	28	28	0	28
400 KV	182	0	182	182	0	182
220 KV	843	6	849	849	4	853
132 KV	2933	19	2952	2952	121	3073
Total	3986	25	4011	4011	125	4136

Commission's Analysis

4.4 The closing values of transmission network approved for FY 2020-21 has been considered as the opening values for FY 2021-22.

4.5 The transmission network approved by the Commission for FY 2021-22 vide its tariff order dated 23.12.2021 is as shown in the table below:

Table 48: Transmission network approved in the Tariff Order for FY 2021-22

Sl. No.	Particulars	FY 2021-22		
		Opening	Net Addition	Closing
A	Lines (ckt km)			
1	765 KV	425.50	0.00	425.50
2	400 KV	6,899.38	491.00	7,390.38
3	220 KV	15,835.78	12.00	15,847.78
4	132 KV	18,346.00	130.00	18,476.00
	Total	41,506.66	633.00	42,139.66
B	Transformation Capacity (MVA)	86,796.50	3,470.00	90,266.50
C	Bays (No.)			
1	765 KV	28	0	28
2	400 KV	179	0	179
3	220 KV	835	6	841
4	132 KV	2894	31	2925
	Total	3936	37	3973

4.6 The Commission has considered the submission made by RVPN regarding the network addition during the FY 2021-22 in the Tariff petition. 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.

4.7 The closing values of transmission network approved for FY 2021-22 has been considered as the opening values for FY 2022-23. The Commission has provisionally considered the network addition for FY 2022-23 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 2022-23 based on the submissions of RVPN.

4.8 Accordingly, the transmission network approved for FY 2021-22 and FY 2022-23 is as shown in table below:

Table 49: Details of Transmission Network approved for FY 2021-22 and FY 2022-23

Sl. No.	Particulars	FY 2021-22			FY 2022-23		
		Opening	Addition	Closing	Opening	Addition	Closing
A	Lines (ckt km)						
1	765 KV	425.50	-	425.50	425.50	-	425.50
2	400 KV	6,899.39	-	6,899.39	6,899.39	491.00	7,390.39
3	220 KV	15,835.78	11.00	15,846.78	15,846.78	56.00	15,902.78
4	132 KV	18,346.00	92.00	18,438.00	18,438.00	571.00	19,009.00
	Total	41,506.67	103.00	41,609.67	41,609.67	1,118.00	42,727.67
B	Transformation Capacity (MVA)	86,796.50	4,040.00	90,836.50	90,836.50	2,750.00	93,586.50
C	Bays (No.)						
1	765 KV	28	0	28	28	0	28
2	400 KV	182	0	182	182	0	182
3	220 KV	843	6	849	849	4	853
4	132 KV	2933	19	2952	2952	121	3073
	Total	3986	25	4011	4011	125	4136

Gross Fixed Assets (GFA) addition during FY 2021-22 and FY 2022-23**RVPN's Submission**

4.9 RVPN has claimed the GFA addition of Rs. 988.26 Crore and Rs. 1123.62 Crore for FY 2021-22 and FY 2022-23 respectively in its Petition.

Commission's Analysis

4.10 RVPN has claimed the GFA addition of Rs. 988.26 Crore for FY 2021-22 in its Petition against the approved GFA addition of Rs. 953.15 Crore vide tariff order dt. 23.12.2021. Further, the sum of loan addition and equity addition claimed during FY 2021-22 works out to Rs. 781.68 Crore. Further, RVPN has submitted the capital expenditure of Rs. 856.30 Crore for the FY 2021-22.

4.11 RVPN has claimed the GFA addition of Rs. 1123.62 Crore for FY 2022-23 in its Petition. Further, the sum of loan addition and equity addition claimed during FY 2022-23 works out to Rs. 1251.43 Crore.

4.12 The Commission has analyzed the capitalization trend of RVPN during the preceding 3 years from FY 2018-19 to FY 2020-21 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 30% which averages out to 24.77%.

Table 50: Capitalization as % of sum of opening CWIP and capital expenditure (Rs. Crore)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Opening CWIP	3,174.05	3,781.83	3,524.34
Capital expenditure during the year	1,419.22	991.71	736.02
Transferred to PPE + CWIP Adjustment	811.44	1,249.20	1,298.34
Closing CWIP	3,781.83	3,524.34	2,962.02
Capitalization as % of opening CWIP + Capital investment during the year	17.67%	26.17%	30.47%
Average			24.77%

4.13 The Commission has considered the capital expenditure for the FY 2021-22 as approved in the Investment Plan order dt. 22.11.2021 for the FY 2021-22. Accordingly, the Commission approves the capitalization of Rs. 945.80 Crore for FY 2021-22 considering the average capitalization from FY 2018-19 to FY 2020-21, opening balance of capital work in progress and capital expenditure during the year. For the FY 2022-23, the Commission approves the capitalization of Rs. 971.36 Crore following the same principle. The average capital expenditure from FY 2018-19 to FY 2020-21 has been considered as capital expenditure for the FY 2022-23.

Table 51: Capitalization approved (Rs. Crore)

Particulars	FY 2021-22	FY 2022-23
Opening CWIP	2,962.02	2,872.53
Capital expenditure during the year	856.30	1,048.98
Transferred to PPE	945.80	971.36
Closing CWIP	2,872.53	2,950.15
Capitalization as % of opening CWIP + Capital investment during the year	24.77%	24.77%

Means of finance of GFA addition for FY 2021-22 and FY 2022-23

RVPN's Submission

4.14 The means of finance of GFA addition for FY 2021-22 and FY 2022-23 submitted by RVPN is as show in the table below:

Table 52: Means of finance of GFA addition for FY 2021-22 and FY 2022-23 claimed by RVPN

Particulars	Units	FY 2021-22	FY 2022-23
Net GFA addition	Rs. Crore	988.26	1,123.62
Debt	Rs. Crore	581.68	977.63
Debt	%	-	-
Equity	Rs. Crore	200.00	273.80
Equity	%	-	-

Commission's Analysis

4.15 Regulation 19 of the RERC Tariff Regulations, 2019 specify the normative debt equity ratio of 70:30. It further provides that where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan and in case the actual equity employed is less than 30%, the actual equity shall be considered.

4.16 The Commission has considered the means of finance of approved GFA addition for FY 2021-22 and FY 2022-23 as under:

- The deposit works for the FY 2021-22 & 2022-23 has been considered as nil as per the submission of RVPN.
- The actual equity addition proposed by RVPN for the FY 2021-22 & FY 2022-23 is less than normative equity ratio of 30%, hence, actual equity has been considered.
- The balance GFA addition has been considered to be funded from loan.

4.17 Based on the above, the means of finance of GFA addition for FY 2021-22 and FY 2022-23 approved by the Commission is as shown in the tables below:

Table 53: Means of finance of GFA addition for FY 2021-22 approved by the Commission

Particulars	Units	Claimed	Approved
Net GFA addition	Rs. Crore	988.26	945.80
Debt	Rs. Crore	581.68	745.80
Debt	%	-	78.85%
Equity	Rs. Crore	200.00	200.00
Equity	%	-	21.15%

Table 54: Means of finance of GFA addition for FY 2022-23 approved by the Commission

Particulars	Units	Claimed	Approved
Net GFA addition	Rs. Crore	1,123.62	971.36
Debt	Rs. Crore	977.63	697.56
Debt	%	-	71.81%
Equity	Rs. Crore	273.80	273.80
Equity	%	-	28.19%

Annual Transmission Charges

4.18 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

4.19 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

4.20 RVPN has claimed O&M expenses of Rs. 889.99 Crores for FY 2022-23 as shown in the table below:

Table 55: Normative O&M expenses claimed for FY 2022-23

Sl. 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	1.14	4.86
2	400 KV	Ckt Km	7,144.89	0.72	51.51

Sl. No.	Particulars	Claimed			
		Network		Norm	O&M Expenses
		Units	Average Value	Rs. Lakh/Unit	Rs. Crore
3	220 KV	Ckt Km	15,846.78	0.29	45.69
4	132 KV	Ckt Km	18,476.00	0.17	30.74
	Sub Total	Ckt Km	41,893.17		132.80
B	Transformation Capacity	MVA	1,08,121.50	0.44	479.64
C	Bays				
1	765 KV	No.	28.00	66.72	18.68
2	400 KV	No.	182.00	44.47	80.94
3	220 KV	No.	849.00	6.20	52.63
4	132 KV	No.	2973.00	4.21	125.29
	Sub Total	No.	4032		277.55
	Total				889.99

Commission's Analysis

4.21 Regulation 64 of the RERC Tariff Regulations, 2019 specifies the norms of O&M expenses for FY 2022-23 on the basis of circuit kilometer of transmission lines, transformation capacity in MVA and number of feeder bays in the substation.

4.22 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 56: Normative O&M expenses approved for FY 2022-23 (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	1.14	4.86	Ckt Km	425.50	1.14	4.86
2	400 KV	Ckt	7,144.89	0.72	51.51	Ckt	7,144.89	0.72	51.51

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
		Km				Km			
3	220 KV	Ckt Km	15,846.78	0.29	45.69	Ckt Km	15,874.78	0.29	45.77
4	132 KV	Ckt Km	18,476.00	0.17	30.74	Ckt Km	18,723.50	0.17	31.15
	Sub Total	Ckt Km	41,893.17		132.80	Ckt Km	42,168.67		133.29
B	Transformation Capacity	MVA	1,08,121.50	0.44	479.64	MVA	92,211.50	0.44	409.06
C	Bays								
1	765 KV	No.	28.00	66.72	18.68	No.	28	66.72	18.68
2	400 KV	No.	182.00	44.47	80.94	No.	182	44.47	80.94
3	220 KV	No.	849.00	6.20	52.63	No.	851	6.20	52.76
4	132 KV	No.	2973.00	4.21	125.29	No.	3012.5	4.21	126.96
	Sub Total	No.	4032		277.55	No.	4073.5		279.34
	Total				889.99				821.69

Terminal liabilities

RVPN's Submission

4.23 RVPN has claimed the amount of Rs. 379.24 Crore towards terminal liabilities.

Commission's Analysis

4.24 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."

4.25 The Commission directed RVPN to submit the actuarial valuation report stating the terminal liability. RVPN submitted the same vide data gap reply. The report provides for terminal liability of Rs. 379.24 Crore for the FY 2020-21. RVPN has claimed the same amount towards terminal liability for the FY 2022-23. Accordingly, Commission provisionally allows

Rs. 379.24 Crore towards terminal liability for the FY 2022-23. Any variation shall be adjusted during the truing up exercise for the year.

Table 57: Terminal liabilities for FY 2022-23 (Rs. Crore)

Particulars	Claimed	Approved
Terminal liabilities	379.24	379.24

Interest on loan and finance charges

RVPN's Submission

4.26 RVPN has claimed the interest and finance charges of Rs. 1037.99 Crore for FY 2022-23 considering the interest rate of 9.77%.

Commission's Analysis

4.27 The closing loan balance approved in true up 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 closing loan balance approved for FY 2021-22 has been considered as the opening loan balance for FY 2022-23. 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 9.77% as claimed by RVPN has been considered. The interest on loan approved by the Commission for FY 2022-23 is as shown in the table below:

Table 58: Interest on long term loans for FY 2022-23

Particulars	FY 2022-23	
	Claimed	Approved
Opening balance	10,206.47	8,035.64
Net Addition	977.63	697.56
Repayment	993.97	981.49
Closing balance	10,190.13	7,751.71
Average loan	10,198.30	7,893.68
Rate of Interest	9.77%	9.77%
Gross Interest expenses	996.76	771.51
Less: Capitalisation	28.77	-
Net Interest expenses	967.99	771.51

4.28 RVPN has claimed the finance charges of Rs. 70.00 Crore for FY 2022-23. 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.

4.29 Based on the above, the interest and finance charges approved for FY 2022-23 is as shown in the table below:

Table 59: Interest and finance charges for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed for True up	Approved on True up
Net Interest expenses	967.99	771.51
Add: Finance charges	70.00	70.00
Interest and Finance Charges	1,037.99	841.51

Depreciation

RVPN's Submission

4.30 RVPN has claimed the depreciation of Rs. 1076.21 Crore for FY 2022-23.

Commission's Analysis

4.31 The Commission has approved the depreciation considering the approved depreciation in the True-up for the FY 2020-21 & additional GFA for the year. The depreciation has not been considered on the GFA pertaining to deposit works & grants. Further, for assets which have completed 12 years since the date of commissioning /put to use as per Regulation 22(4) of the RERC tariff Regulations, 2019, the reduced rate has been considered. Since, at this stage it is not possible to arrive at the actual impact of such assets on the depreciation, therefore the Commission deems it fit to deduct Rs. 30 Crore on account of depreciation on assets which have completed 12 years of operation.

4.32 RVPN is directed to henceforth provide the asset wise calculation & impact on depreciation in accordance with Regulation 22(4) along with the True-up petition. The depreciation in accordance with this approach works out to Rs.981.49 Crore. Hence, the Commission at this stage has allowed the depreciation as above, which shall be subject to true-up based on actual capitalization.

4.33 Accordingly, the depreciation approved by the Commission for FY 2022-23 is as shown in the table below:

Table 60: Depreciation for FY 2022-23 (Rs. Crore)

Particulars	Claimed	Approved
Depreciation	1,076.21	981.49

Interest on Working Capital (IoWC)

RVPN's Submission

4.34 RVPN vide instant Petition has claimed the normative IoWC of Rs. 75.35 Crore for FY 2022-23.

Commission's Analysis

4.35 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.

4.36 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 10.00% p.a. The computation of the bank rate is as shown in the table below:

Table 61: Computations of Bank rate as considered by the Commission for FY 2022-23

Year	From Date	To Date	No. of Days	SBI Base Rate	300 Basis Point	Approved Interest Rate
FY 2022-23	01-04-2021	30-09-2021	183	7.00%	3.00%	10.00%

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

Table 62: loWC for FY 2022-23 (Rs. Crore)

Particulars	Norm	FY 2022-23	
		Claimed	Approved
O&M expenses	1	74.17	68.47
Maintenance spares	15%	133.50	123.25
Receivables	1.5	546.41	365.32
Less: Amount held as security deposits from Users		11.34	11.34
Total working capital		742.73	545.71
Rate of interest on working capital		10.14%	10.00%
Interest on working capital		75.35	54.57

4.38 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

4.39 RVPN has claimed the RoE of Rs. 698.88 Crore for FY 2022-23.

Commission's Analysis

4.40 The closing equity balance approved in true up 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. The closing equity balance approved for FY 2021-22 has been considered as the opening equity balance for FY 2022-23. The equity addition during the year has been considered based on the approved means of finance of GFA addition.

4.41 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. 19.04.2022 submitted the approval of the Government of Rajasthan for

claiming RoE. However, the approval was given subject to the formation of InVIT and requirement of Equity for SPV if needed. RVPN has not submitted the compliance of the above condition imposed by the Government of Rajasthan for claiming RoE.

4.42 The Commission deems it fit not to allow RoE for the FY 2022-23 at this stage. However, RVPN may comply with the conditions of approval of Government of Rajasthan for claiming RoE in terms of the above referred letter and claim the RoE at the time of True-up for the FY 2022-23.

Table 63: RoE for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Opening Equity	4,855.11	4,496.90
Net addition during the year	273.80	273.80
Closing Equity	5,128.91	4,770.70
Average Equity	4,992.01	4,633.80
Rate of Return on Equity	14.00%	0.00%
Return on Equity	698.88	-

Insurance charges

RVPN's Submission

4.43 RVPN has claimed the insurance charges of Rs. 0.39 Crore for FY 2022-23.

Commission's Analysis

4.44 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 charges of Rs. 0.39 Crore as claimed by RVPN.

Table 64: Insurance charges for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Insurance charges	0.39	0.39

Unitary charges

RVPN's Submission

4.45 RVPN has claimed the unitary charges of Rs. 54.93 Crore for FY 2022-23.

Commission's Analysis

4.46 The Commission at this stage is approving the unitary charges of Rs. 54.93 Crore claimed by RVPN for the FY 2022-23. The same shall be subject to true-up when audited figures are available.

Table 65: Unitary charges for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Unitary charges	54.93	54.93

Other charges

RVPN's Submission

4.47 RVPN has claimed the other charges of Rs. 0.74 Crore for FY 2022-23.

Commission's Analysis

4.48 Other charges of Rs. 0.74 Crores claimed by RVPN on account of VAR charges is in the nature of O&M expenditure. Since, the O&M expenses for the FY 2022-23 has already been allowed on normative basis, the Commission has not allowed the Other charges of Rs. 0.74 Crores separately. The RVPN may claim the same as part of O&M expenditure at the time of True-up for the year.

Table 66: Other charges for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Other charges	0.74	-

Lease Charges

RVPN's Submission

4.49 RVPN has claimed the lease charges of Rs. 12.52 Crore for FY 2022-23.

Commission's Analysis

4.50 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."

4.51 RVPN has escalated the actual lease charges of Rs. 11.36 Crores for the FY 2020-21 by 5% year over year to arrive at the lease charges of Rs. 12.52 Crores claimed for the FY 2022-23. The Commission at this stage has considered the Lease charges of Rs. 12.52 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 along with the petition.

Table 67: Lease Charges for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Lease Charges	12.52	12.52

Non-Tariff Income (NTI)

RVPN's Submission

4.52 RVPN has claimed NTI of Rs. 208.77 Crore for FY 2022-23.

Commission's Analysis

4.53 RVPN has escalated the actual Non-tariff Income of Rs. 189.36 Crores for the FY 2020-21 by 5% year over year to arrive at the Non-tariff Income of Rs. 208.77 Crores claimed for the FY 2022-23. The Commission at this stage has considered the NTI of Rs. 208.77 Crore as claimed by RVPN, which shall be subject to true-up based on actuals. RVPN is directed to submit the breakup of NTI along with the petition.

Table 68: NTI for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Non-Tariff Income	208.77	208.77

Revenue from short-term open access

RVPN's Submission

4.54 RVPN has claimed the revenue from short-term open access of Rs. 50.22 Crore for FY 2022-23.

Commission's Analysis

4.55 It is observed that RVPN's claim on account of short-term open access includes Revenue from Short Term Open Access, Revenue from

POSOCO & Revenue from IA. RVPN has claimed the total amount as reduction from the Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Revenue from POSOCO, Revenue from IA should be part of aggregate revenue of RVPN and should not be reported as reduction from Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Commission has accordingly, excluded the proposed revenue on account of POSOCO & IA in arriving at the Revenue from Short Term Open Access. Further, the actual Revenue from Short Term Open Access approved for the FY 2020-21 is Rs. 11.78 Crores. Accordingly, the Commission deems it appropriate to provisionally allow Rs. 15 Crores as Revenue from Short Term Open Access for the FY 2022-23 which shall be subject to true-up based on actuals.

Table 69: Revenue from short-term open access for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Revenue from short-term open access	50.22	15.00

Revenue from Inter State Transmission (ISTS) Lines

RVPN's Submission

4.56 RVPN has claimed the revenue from ISTS lines of Rs. 37.46 Crore.

Commission's Analysis

4.57 RVPN has claimed Rs. 37.46 Crores on account of Interstate Line User Charges as reduction from the Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Interstate Line User Charges should be part of revenue of RVPN and should not be reported as reduction from Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Commission has accordingly, included the Interstate Line User Charges of Rs. 37.46 Crores in the Revenue for the FY 2022-23 and approved it accordingly.

Table 70: Revenue from ISTS lines for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Revenue from ISTS lines	37.46	-

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

Table 71: Annual Transmission Charges for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
O&M expenses	889.99	821.69
Additional contribution to pension and gratuity fund	379.24	379.24
Interest and finance charges on long-term loans	1,037.99	841.51
Depreciation	1,076.21	981.49
Interest on working capital	75.35	54.57
Return on Equity	698.88	-
Insurance charges	0.39	0.39
Unitary charges	54.93	54.93
Other charges	0.74	-
Lease Charges	12.52	12.52
Less: Non-Tariff Income	208.77	208.77
Aggregate Revenue Requirement	4,017.45	2,937.56
Less: Revenue from Short Term Open Access	50.22	15.00
Less: Revenue from Inter State Transmission Lines	37.46	-
Add: Revenue (Gap)/Surplus for FY 2020-21	(441.48)	-
Annual Transmission Charges	4,371.25	2,922.56

Transmission Tariff**RVPN's Submission**

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

Table 72: Transmission Tariff claimed for FY 2022-23

Sl. No.	Particulars	Units	Claimed for the FY 2022-23
1	Annual Transmission Charges	Rs. Crore	4,371.25
2	Transmission Capacity for DISCOMs	MW	15,176.00
3	Transmission Capacity for Long Term Open Access	MW	668.61
4	Total Transmission Capacity	MW	15,844.61
5	Transmission Tariff for DISCOMs and Long Term Open Access	Rs./kW/month	229.90
6	Transmission Tariff for Medium Term Open Access	Rs./kW/month	229.90
7	Transmission Tariff for Short Term Open Access	Rs./kW/day	7.56

Sl. No.	Particulars	Units	Claimed for the FY 2022-23
8	Transmission Charges to be recovered from DISCOMs	Rs. Crore	4,186.79
9	Transmission Charges to be recovered from Long Term Open Access	Rs. Crore	184.46
10	Energy requirement of DISCOMs	MU	1,10,245.00
11	Energy requirement of Long Term, Medium Term and Short Term Open Access	MU	6,467.62
12	Total Energy requirement	MU	1,16,712.62
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	37.45

4.60 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.

4.61 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.

4.62 Based on the above, the monthly transmission charges proposed by RVPN is as shown in the Table below:

Table 73: Monthly Transmission Charges Proposed for FY 2022-23

Recovery of Transmission Charges	% Allocation	MW Allocation	Monthly Transmission Charges (Rs. Crore)
JVVNL	40.27%	6111.38	1686.02
AVVNL	27.14%	4118.77	1136.30
JDVVNL	32.59%	4945.86	1364.48
Total Transmission Charges for DISCOMs	100%	15176.01	4186.79
Recovery from Open Access Consumers		668.61	184.46
Annual Transmission Charges		15,844.62	4,371.25

Commission's Analysis

4.63 RVPN in its Petition projected Peak demand of 15844.61 MW for FY 22-23. Further, RVPN has revised Peak demand from 15844.61 MW to 17757 MW in response to stakeholders' comments. The Commission has considered peak demand as 15137.01 MW during approval of ARR for FY 2021-22. It is observed that the RVPN in its revised submission has projected an increase of 17% in peak demand over the approved demand for the FY 2021-22.

4.64 RVPN in its Petition projected Energy transmission of DISCOMs as 110245 MUs for FY 2022-23. Further, RVPN has revised Energy transmission of DISCOMs from 110245 MUs to 92263.78 MUs in response to stakeholders' comments. The Commission has approved Energy transmission of DISCOMs as 103482 MUs during approval of ARR for FY 2021-22. It is observed that the RVPN in its revised submission has projected decrease of 11% in Energy transmission over the approved energy for the FY 2021-22.

- 4.65 Looking to the disparity between the projected Peak demand and Energy Transmission, which have wide deviations from approved figures for FY 2021-22, the Commission deems it fit to consider the Energy transmission of DISCOMs of 92263.78 MUs as per revised submission for the FY 22-23 and Peak demand as 15844.61 MW as projected in Petition.
- 4.66 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 2022-23 is as shown in the table below:

Table 74: Transmission Tariff approved for FY 2022-23

Sl. No.	Particulars	Units	Approved For the FY 2022-23
1	Annual Transmission Charges	Rs. Crore	2,922.56
2	Transmission Capacity for DISCOMs	MW	15,176.00
3	Transmission Capacity for Long Term Open Access	MW	668.61
4	Total Transmission Capacity	MW	15,844.61
5	Transmission Tariff for DISCOMs and Long Term Open Access	Rs./kW/month	153.71
6	Transmission Tariff for Medium Term Open Access	Rs./kW/month	153.71
7	Transmission Tariff for Short Term Open Access	Rs./kW/day	5.05
8	Transmission Charges to be recovered from DISCOMs	Rs. Crore	2,799.23
9	Transmission Charges to be recovered from Long Term Open Access	Rs. Crore	123.33
10	Energy requirement of DISCOMs	MU	92,263.78
11	Energy requirement of Long Term, Medium Term and Short Term Open Access	MU	1,704.58
12	Total Energy requirement	MU	93,968.36
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	31.10

ARR for SLDC function

Gross Fixed Assets (GFA) during FY 2021-22 and FY 2022-23

RVPN's Submission

4.67 The Commission vide tariff order for FY 2021-22 dated 23.12.2021, had approved the GFA addition of Rs. 10.00 Crore for FY 2021-22. As against the same, RVPN has claimed Rs. 10.00 Crore for FY 2021-22.

4.68 RVPN has claimed the GFA addition of Rs. 10.00 Crore for FY 2022-23.

Commission's Analysis

4.69 The closing GFA approved vide true-Up of FY 2020-21 is considered as opening GFA for FY 2021-22. It is observed that the average GFA addition for the FY 2018-19, FY 2019-20 & FY 2020-21 is Rs. 0.15 Crore. The Commission at this stage has considered Rs. 0.15 Crore as GFA addition for the FY 2021-22 & FY 2022-23 which shall be subject to true-up based on actuals. The details of approved GFA for FY 2022-23 is as shown in the table below:

Table 75: GFA Approved for FY 2021-22 & FY 2022-23 (Rs. Crore)

Particulars	Approved for the FY 2021-22	Approved for the FY 2022-23
Opening GFA	29.89	30.04
Add: Addition	0.15	0.15
Less: Deduction	-	-
Closing GFA	30.04	30.20

Means of finance of GFA addition for FY 2021-22 and FY 2022-23

RVPN's Submission

4.70 The means of finance of GFA addition for FY 2021-22 and FY 2022-23 submitted by RVPN is as show in the table below:

Table 76: Means of finance of GFA addition for FY 2021-22 and FY 2022-23 claimed by RVPN

Particulars	Units	FY 2021-22	FY 2022-23
Net GFA addition	Rs. Crore	10.00	10.00
Debt	Rs. Crore	9.00	9.00

Particulars	Units	FY 2021-22	FY 2022-23
Debt	%	-	-
Equity	Rs. Crore	1.00	1.00
Equity	%	-	-

Commission's Analysis

4.71 Regulation 19 of the RERC Tariff Regulations, 2019 specify the normative debt equity ratio of 70:30. It further provides that where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan and in case the actual equity employed is less than 30%, the actual equity shall be considered.

4.72 The Commission has considered the means of finance of approved GFA addition for FY 2021-22 and FY 2022-23 as under:

- o The deposit works for the FY 2021-22 & 2022-23 has been considered as nil as per the submission of RVPN.
- o The actual equity addition has been considered as 20%.
- o The balance GFA addition has been considered to be funded from loan.

4.73 Based on the above, the means of finance of GFA addition for FY 2021-22 and FY 2022-23 approved by the Commission is as shown in the tables below:

Table 77: Means of finance of GFA addition for FY 2021-22 approved by the Commission

Particulars	Units	Claimed	Approved
Net GFA addition	Rs. Crore	10.00	0.15
Debt	Rs. Crore	9.00	0.12
Debt	%	-	80.00%
Equity	Rs. Crore	1.00	0.03
Equity	%	-	20.00%

Table 78: Means of finance of GFA addition for FY 2022-23 approved by the Commission

Particulars	Units	Claimed	Approved
Net GFA addition	Rs. Crore	10.00	0.15
Debt	Rs. Crore	9.00	0.12
Debt	%	-	80.00%
Equity	Rs. Crore	1.00	0.03

Particulars	Units	Claimed	Approved
Equity	%	-	20.00%

SLDC Charges

4.74 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

4.75 RVPN has claimed the O&M expenses of Rs. 19.58 Crore for FY 2022-23.

Commission's Analysis

4.76 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 vides letter dt. 19.04.2022, RVPN submitted that the O&M expenses are being allowed as per actual expenditure incurred by SLDC, therefore escalation of 3.51 % is considered on the same for projection of FY 2022-23.

4.77 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 2022-23. Accordingly, the O&M expenses approved for FY 2022-23 is Rs. 19.20 Crore, which is as shown in the table below:

Table 79: O&M expenses for FY 2022-23 (Rs. Crore)

Particulars	Claimed	Approved
O&M Expenses	19.58	19.20

Interest on loan and finance charges**RVPN's Submission**

4.78 RVPN has claimed the interest and finance charges of Rs. 1.45 Crore for FY 2022-23.

Commission's Analysis

4.79 The closing loan balance approved in true up for FY 2020-21 has been considered as the opening loan balance for FY 2021-22. The allowable depreciation for the year has been considered as the normative repayment. The closing loan balance approved for FY 2021-22 has been considered as the opening loan balance for FY 2022-23. 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. Further, the Petitioner has claimed finance charges of Rs. 0.0001 Crores. The same is approved provisionally as per the claim of the petitioner. Accordingly, the interest on loan and finance charges approved by the Commission for FY 2022-23 is as shown in the table below:

Table 80: Interest and finance charges for FY 2022-23 (Rs. Crore)

Particulars	Claimed	Approved
Opening Balance	10.14	-
Loan Addition	9.00	0.12
Repayment (Allowable Depreciation)	1.67	0.55
Closing Balance	18.86	-
Average Balance	14.50	-
Rate of Interest	10.00%	-
Interest on Loans	1.45	10.00%
Other Finance Charge	0.00	-
Total Interest on Loan and other Financial Charges	1.45	0.00

Depreciation

RVPN's Submission

4.80 RVPN has claimed the depreciation of Rs. 1.67 Crore for FY 2022-23.

Commission's Analysis

4.81 The Commission has considered the approved depreciation in the True-up for the FY 2020-21 and the same is increased by the depreciation for the FY 2021-22 & FY 2022-23 to arrive at the allowable depreciation for the FY 2022-23. The depreciation approved by the Commission for FY 2022-23 is as shown in the table below:

Table 81: Depreciation for FY 2022-23 (Rs. Crore)

Particulars	Claimed	Approved
Depreciation	1.67	0.55

Interest on Working Capital (IoWC)

RVPN's Submission

4.82 RVPN has claimed the normative IoWC of Rs. 0.90 Crore for FY 2022-23.

Commission's Analysis

4.83 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.

4.84 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% p.a. which has been used for calculating interest on working capital, as against 11.39% p.a. claimed by the Petitioner. The computation of the bank rate is as shown in the table below:

Table 82: Computations of Bank rate as considered by the Commission for FY 2022-23

Year	From Date	To Date	No. of Days	SBI Base Rate	300 Basis Point	Approved Interest Rate
FY 2022-23	01-04-2021	30-09-2021	183	7.00%	3.00%	10.00%

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

Table 83: IoWC for FY 2022-23 (Rs. Crore)

Particulars	Claimed	Approved
O&M Expenses (1 month)	1.63	1.60
Maintenance Spares (15% of O&M Expenses)	2.94	2.88
Receivables (One and a half months of SLDC Charges)	3.44	3.07
Less: Amount held as security deposits	0.13	0.13
Total Working Capital	7.88	7.42
Interest Rate	11.39%	10.00%
Interest on Working Capital	0.90	0.74

Return on Equity (RoE)

RVPN's Submission

4.86 RVPN has claimed RoE of Rs. 0.37 Crore for FY 2022-23.

Commission's Analysis

4.87 The closing equity balance approved in true up for FY 2020-21 has been considered as the opening equity balance for FY 2021-22. The closing equity balance approved in for FY 2021-22 has been considered as the opening equity balance for FY 2022-23. The equity addition during the year has been considered based on the approved means of finance of GFA addition.

4.88 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.

19.04.2022 submitted the approval of the Government of Rajasthan for claiming RoE. However, the approval was given subject to the formation of InVIT and requirement of Equity for SPV if needed. RVPN has not submitted the compliance of the above condition imposed by the Government of Rajasthan for claiming RoE.

4.89 The Commission deems it fit not to allow RoE for the FY 2022-23 at this stage. However, RVPN may comply with the conditions of approval of Government of Rajasthan for claiming RoE in terms of the above referred letter and claim the RoE at the time of True-up for the FY 2022-23.

Table 84: RoE for FY 2022-23 (Rs. Crore)

Particulars	Claimed	Approved
Equity at the beginning of the year	2.15	1.10
Equity Portion of the Capitalization	1.00	0.03
Equity at the end of the year	3.15	1.13
Average Equity	2.65	1.12
RoE Considered	14.00%	0.00%
Total Return on Equity	0.37	-

RLDC fee and charges

RVPN's Submission

4.90 RVPN has claimed the RLDC fee and charges of Rs. 4.88 Crore for FY 2022-23.

Commission's Analysis

4.91 The Commission at this stage has approved the RLDC fee and charges of Rs. 4.88 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 85: RLDC fee and charges for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
RLDC fee and charges	4.88	4.88

Non-Tariff Income (NTI)

RVPN's Submission

4.92 RVPN has claimed NTI of Rs. 0.80 Crore for FY 2022-23.

Commission's Analysis

4.93 The Commission at this stage has considered the NTI of Rs. 0.80 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 86: NTI for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Claimed	Approved
Non-Tariff Income	0.80	0.80

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

Table 87: SLDC ARR for FY 2022-23 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
Expenses			
1	Operating Expenses		
A	Employee expenses	18.59	17.67
B	Administrative and General Expenses	0.89	1.31
C	Repair and Maintenance Expenses	0.09	0.22
D	Interest on Working Capital	0.90	0.74
E	RLDC / NRLDC Fee and Charges	4.88	4.88
2	Capital expense components		
A	Depreciation	1.67	0.55
B	Interest and finance charges on term loan	1.45	0.00
C	Return on equity	0.37	-
3	Total Revenue Expenditure	28.84	25.37
4	Less: Non Tariff income	0.80	0.80
5	Less: Income from Open Access	-	-
6	Less: Truing up for FY 2020-21 Surplus/(Gap)	(1.48)	-
7	Aggregate Revenue Requirement	29.52	24.57

SLDC Charges

Commission's Analysis

4.95 The SLDC Charges approved by the Commission are as shown in the table below:

Table 88: SLDC charges for FY 2022-23

S. No	Particulars	Unit	Approved
1	Net Revenue Requirement for SLDC Operation to be recovered from DISCOMs and Long term open access Customers	Rs. Crore	24.57
2	Transmission Capacity for DISCOMs	MW	15,176.00
3	Transmission Capacity for Long Term Open access Customers	MW	668.61
4	Total Transmission Capacity	MW	15,844.61
5	SLDC Charges for DISCOMs and Long Term Open Access Transactions	Paise/kW/Month	129.25
6	SLDC Charges for Medium Term Open Access Transactions	Paise/kW/Month	129.25
7	SLDC Charges for Short Term Open Access Transactions	Paise/kW/Day	4.25
8	SLDC Charges to be recovered from DISCOMs	Rs. Crore	23.54
9	SLDC Charges to be recovered from Long Term Open Access	Rs. Crore	1.03

4.96 RVPN has been filing single petition for determination of Aggregate Revenue Requirement & Tariff and Truing up in respect of Transmission & SLDC function. In respect of requirement of filing Tariff petition, Regulation 11 of RERC Tariff Regulations, 2019 provides as follows:

“The applicant shall submit the forecast of Aggregate Revenue Requirement, expected revenue from existing tariff and proposed tariff accompanied by fees applicable. The format for furnishing information for calculating expected revenue and expenditure and for determining tariff shall be as laid down by the Commission from time to time by a separate order”

4.97 Further, Regulation 2(a) (5) of the RERC Tariff Regulations, 2019 provides as follows:

“Applicant means a Licensee or Generating Company or SLDC who has made an application/Petition for determination of Aggregate Revenue Requirement and/or tariff or an application for truing up in accordance with the Act and these Regulations and includes a Licensee or Generating Company or SLDC whose tariff is the subject of a review by the Commission either suo-motu or on a petition filed by any interested or affected person or as part of truing up”

4.98 In view of the above Regulations, SLDC is required to file separate petition for determination of Aggregate Revenue Requirement & Tariff and Truing up. RVPN is accordingly, directed to henceforth file separate petition in respect of Transmission & SLDC function.

4.99 The summary of tariff approved by the Commission is as shown in the table below:

Table 89: Summary of tariff for FY 2022-23

S. No.	Particulars	Units	Approved
A. Transmission Tariff			
1	Transmission Tariff for DISCOMs and Long Term Open Access transactions	Rs./kW/month	153.71
2	Transmission Tariff for Medium Term Open Access transactions	Rs./kW/month	153.71
3	Transmission Tariff for Short Term Open Access	Rs./kW/day	5.05
4	Transmission tariff for use of State transmission system in inter-State Short Term Open Access bilateral transactions and collective power exchange transactions	Paise/kWh	31.10
B. SLDC Charges			
5	SLDC Charges for DISCOMs and Long Term Open Access transactions	Paise/kW/month	129.25
6	SLDC Charges for Medium Term Open Access transactions	Paise/kW/month	129.25
7	SLDC Charges for Short Term Open Access transactions	Paise/kW/day	4.25

- 4.100 The Tariff determined vide this Order shall be effective from 01.04.2022 to 31.03.2023, 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. 01.08.2022 till next order of the Commission and there shall be no retrospective adjustment of transmission tariff and SLDC charges.
- 4.101 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 2022-23.

Transmission Loss

RVPN's Submission

- 4.102 RVPN has claimed the transmission loss of 3.30% for FY 2022-23 in its Petition.
- 4.103 The RVPN submitted vide stakeholders reply dt. 11.05.2022 that as per the Government of Rajasthan decision for proper utilisation of solar power, the supply to agricultural consumers is being arranged in two blocks in day time in number of districts instead of three block supply which is resulting in increase of loading of transmission lines, transformer in day time. RVPN further submitted that provisional transmission losses for the month of January, February & March of the FY 2021-22 is 4.78%,4.74% & 4.71% respectively. RVPN further submitted that it will not be possible to achieve the projected transmission loss of 3.31% for the FY 2021-22 & 3.30% for the FY 2022-23. In view of the above, RVPN requested to consider transmission loss of 3.71% for the FY 2021-22. RVPN further submitted that as all the districts have still not been covered under two block supply till date, the transmission losses are expected to further increase, hence, losses for the FY 2022-23 may be increased to 3.80%.

Commission's Analysis

- 4.104 The Commission sought the reply of RVPN regarding the Transmission losses & Auxiliary consumption. RVPN vide additional data gap reply dt. 29.06.2022 submitted that for the purpose of calculating transmission losses, the gross energy transmitted to DISCOMs is considered which includes auxiliary consumption of substation. Auxiliary consumption is

metered energy used for maintaining and up-keeping of the RVPN sub-station.

- 4.105 The Commission directs RVPN to henceforth calculate the Transmission losses including Auxiliary consumption and also mentioning the Auxiliary consumption separately.
- 4.106 In view of the above, the Commission has considered it appropriate to approve the transmission losses of 3.80% for FY 2022-23.
- 4.107 The transmission loss of 3.80% approved for FY 2022-23 may be borne in kind by the transmission system users.
- 4.108 Copy of this order may be sent to the Petitioner, Respondents, Objectors, CEA and Government of Rajasthan.

(Hemant Kumar Jain)
Member

(S.C. Dinkar)
Member

(Dr. B.N. Sharma)
Chairman