

RAJASTHAN ELECTRICITY REGULATORY COMMISSION

Petition No: RERC/2075/23

In the matter of approval of true up for FY 2021-22 and Annual Revenue requirement & Tariff for FY 2023-24 of Transmission.

Coram : Dr. B.N. Sharma, Chairman
Hemant Kumar Jain, Member
Dr. Rajesh Sharma, 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.
- 5) Rajasthan Urja Vikas Nigam Limited.

Date of hearing : 17.03.2023 and 21.04.2023.

Present :

- 1) Sh. Ankit Sharma, Authorised Rep. for RVPN.
- 2) Sh. Sandeep Pathak, Advocate for Respondents.
- 3) Sh. D. D. Agarwal, Stakeholder.
- 4) Sh. D. S. Agarwal on behalf of Rajasthan Textile Mills Association, Stakeholder.
- 5) Sh. G.L. Sharma, Stakeholder.

Date of Order : 08.06.2023.

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 04.01.2023 for approval of true up for FY 2021-22 and Annual Revenue Requirement & Transmission Tariff for FY 2023-24.

- 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	14.01.2023
(ii)	Dainik Bhaskar	14.01.2023
(iii)	Rajasthan Patrika	14.01.2023

- 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 Samta Power, Shri Shanti Prasad, The Rajasthan Textile Mills Association and Shri G. L. Sharma. Further, RUVNL submitted rejoinders in respect of the petition.
- 1.4 The Commission forwarded the objections/comments/suggestions of the stakeholder to RVPN for filing its reply.
- 1.5 Respondent Rajasthan Urja Vikas Nigam Ltd. (RUVNL) submitted its reply in respect of the petition. Respondent Rajasthan Rajya Vidyut Utpadan Nigam Ltd. did not file its comments/suggestions.
- 1.6 The Commission vide letter dated 17.01.2023, 17.03.2023 and 01.05.2023 communicated some data gaps and deficiencies in the petition. The Petitioner furnished information vide its letters dated 15.02.2023, 20.04.2023 and 01.06.2023. The Petitioner also replied to the objections/comments/ suggestions made by the stakeholders vide its letter dated 14.03.2023. RVPN submitted its reply on the written submission of RUVNL vide its letter dated 20.04.2023.
- 1.7 The public hearing in the matter was held on 17.03.2023 & and finally heard on 21.04.2023.
- 1.8 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.

1.9 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 2021-22.
 - (4) Section 4: Determination of tariff for FY 2023-24.
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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 for FY 2021-22

Stakeholder's Comments/suggestions

Gross Fixed Assets (GFA)

- 2.1. The Stakeholder submitted that the Petitioner has claimed prior period asset addition of Rs. 625.87 Cr. However, the Stakeholder could not find any such details in the Books of account. Further, the date of commissioning of such asset is also not provided by the Petitioner. Therefore, the Stakeholder requested the Commission not to consider any prior period addition as per the methodology adopted by the Commission in the past truing up orders.
- 2.2. The Stakeholder submitted that the Commission has disallowed prior period assets vide order dated 13.07.2022 on the basis of having huge cost implications due to such errors/omissions. The Stakeholder further submitted that again the same situation has been brought by the Petitioner, therefore, the commission should not consider such claim on the basis of the same.
- 2.3. The Stakeholder sought detail reconciliation of opening balance under the head of Plant & Machinery and Transmission lines with the books of accounts for the FY 2021-22.
- 2.4. The stakeholder stated that the Commission vide order dated 23.12.2021 has directed RVPN to submit details in respect of each asset such as useful life, assets completed 12 years life and their accumulated depreciation, remaining useful life, assets which has depreciated upto 90% etc. However, the Petitioner has not furnished above said details in their petition. Therefore, the Stakeholder sought the same.
- 2.5. The Stakeholder submitted that the addition of GFA during FY 2021-22, FY 2022-23 and FY 2023-24 has been provided as total amount, which is not enough to serve its purpose. Therefore, the Stakeholder sought the

project wise details along with cost and date of commission for each year's addition in GFA.

Depreciation

- 2.6. The Stakeholder submitted that the RVPN has claimed depreciation on gross fixed assets for every year, the Commission has also allowed the same as per regulations. Therefore, such prior period depreciation is not considerable.
- 2.7. The Stakeholder further submits that the ROU assets is not the property of the users. Therefore, no depreciation should be allowed for the same.
- 2.8. The Stakeholder submitted that out of Rs. 17.78 Cr., land value of Rs. 14.60 Cr. is pertaining to the projects capitalised during the year. Therefore, the Stakeholder sought the details of the projects for which land has been acquired and date of commissioning of the Project.
- 2.9. The Stakeholder stated that as per Regulation 22(4) the details of assets completed 12 years of life and the assets which have not completed 12 years life along with the accumulated depreciation needs to be provided. The Stakeholder further requests the Commission not to consider any depreciation without such details.
- 2.10. The Stakeholder submits that the Petitioner has claimed depreciation of Rs. 994.58 Cr. whereas depreciation as per books of accounts is Rs. 993.59 Cr. However, the Petitioner has not given any reason for the same. Further, The Stakeholder submits that Regulation 22(4) of RERC Tariff Regulation 2014 provides that after 12 years from COD, the depreciable value of assets shall be spread over the balance useful life. However, the Petitioner also not provided the date of purchase of the assets. Therefore, the Stakeholder requested the Commission to direct the Petitioner to provide the details for prudence check of the regulatory compliance.

Others

- 2.11. The Stakeholder stated that RVPN has invested a large amount on new lines and GSS capacities over past five years. Therefore, the Stakeholder requests the Commission to direct the Petitioner for including details of utilization factor, Techno-Economic viability for each of new projects along with comparison with projection and achievements in their main Petition.

- 2.12. The Stakeholder sought the details of transmission lines & EHT system used for evacuation of power from solar generation plants along with their efficiency/ PLF & RoE.
- 2.13. The Stakeholder stated that RVPN should undertake new technology based 220/440 KV GSS as there are no such proposals for upgrading old GSS in their Investment Plan Petition of FY 2023-24, moreover new addition of 220 KV & 132 KV lines is only 29 Km & 350 Km. The Stakeholder further submits that RVPN should submit their planning based on demand & energy flow requirements as per 20th Energy Assessment Committee's proposal for the FY 2023-24 to FY 2029-30.
- 2.14. The Stakeholder stated that with help of new tools & equipment the completion time of 3 years for transmission lines and grids can be reduced & thereby Interest cost on working capital can also be brought down. Therefore, the Stakeholder sought the submission of the methods to reducing the completion time period before the Commission.
- 2.15. The Stakeholder submits that the miscellaneous expenses should be included in true up of the relevant year as these expenses do not relate to the current year. Therefore, the Stakeholder requests the Commission to direct the Petitioner to provide detailed justification for including miscellaneous expenses in the ARR. The Stakeholder further requests the Commission not to consider such expenses as part of ARR.
- 2.16. The Stakeholder submitted that the power generated from inter-state power stations flows through RVPN transmission system. Such transmission lines of RVPN being incidental to inter-state transmission of electricity are inter-state transmission system as per sec 2(36)(ii) of the Electricity Act and their transmission charges determined by CERC, are payable by CTU. In consideration to this, yearly transmission charges for 18 transmission lines have been decided as Rs. 36.96 Cr. for FY 17-18 vide CERC order dated 26.06.2018 on petition No. 215/TT/2017. It appears that for these lines, RVPN has indicated revenue of Rs. 37.46 Cr. vide from T-17. Subsequent to FY 2017-18, no. of transmission lines have been added which subsequently caters to inter-state power flows. RVPN may kindly be requested to indicate No. of such transmission lines and action taken/ progress made in getting such lines considered as part of inter-state transmission system and having their transmission charges payable by CTU determined by CERC (based on RERC orders)

and reasons of reversal of inter-state user charges sought by AG vide para 1.17 of the petition.

2.17. The Stakeholder submitted that RVPN has sought carrying forward of truing up losses of Rs. 888.20 Cr. based on audited accounts. However, the Stakeholder submitted that the Gains/Losses shall be determined as per provisions of regulations and not as per audited accounts which are prepared based on different financial principles.

Transmission Loss

2.18. The Stakeholder submitted that the Petitioner has projected Transmission loss on a higher side of 4.5% for the FY 2023-24 without any justification. The Stakeholder further submits that the actual transmission loss for the FY 2021-22 was 3.8% against approved transmission loss of 3.3%. Therefore, the Stakeholder requests the Commission to consider transmission loss of 3.3% for the FY 2023-24 same as approved for the FY 2021-22.

2.19. The Stakeholder sought proper justification for increasing transmission losses for the FY 2023-24 as huge amounts has been already incurred by RVPN for improving transmission system and to reduce transmission losses.

2.20. The Stakeholder sought following details in respect of Transmission loss claimed by RVPN.

- (i) Details of energy received from each source inside the state.
- (ii) Details of energy received from each source outside the states in respect of DISCOMS and LTOA.
- (iii) Details of energy transmitted in respect of each Discoms and LTOA.

2.21. The stakeholder further submits that by considering the energy as submitted by the RVPN in their Petition, the transmission loss is 2.73% instead of 3.8% as claimed. Therefore, the Stakeholder sought proper reasons for claiming transmission loss on higher side. Further, The Stakeholder sought justification for not considering the energy transmitted to open access consumers while computing transmission loss of FY 2021-22.

Interest & Finance Charges

- 2.22. The Stakeholder further suggested the Petitioner to make efforts for reducing the interest cost and submit the same before the Commission.
- 2.23. The Stakeholder stated that the Petitioner has indicated actual weighted average rate of interest as 9.79% for the FY 2021-22 and projected as 10.28% for the FY 2023-24. Therefore, the stakeholder sought justification for claiming rate of interest on higher side as RVPN has already claimed RoE for improving their balance sheet.
- 2.24. The Stakeholder submitted that as per Petition, the opening balance of normative loan was Rs. 10932.54 Cr. whereas the commission has approved closing loan balance for the FY 2020-21 as Rs. 8251.27 Cr. vide order dated 13.07.2022. Therefore, the Stakeholder requests the Commission to consider the same for computing the normative opening loan balance for the FY 2021-22 & compute normative interest accordingly.
- 2.25. The Stakeholder submits that the Petitioner has claimed actual Interest on Loans as Rs. 844.19 Cr. against approvals of Rs. 729.48 Cr. as per regulation 21(5) of RERC Tariff Regulation, 2019. The Stakeholder further submits that the weighted average rate of interest shall be computed based on actual loan portfolio during the concerned year and accordingly, interest on loan shall be computed on the basis of Normative outstanding loan balance. Therefore, the Stakeholder requests the Commission to consider the approved normative loan balance and weighted average rate of interest in accordance with the Tariff Regulations 2019.
- 2.26. The Stakeholder submitted that normative Interest on loan may be considered on admissible capitalization and only after getting full information as sought by the Stakeholder.

Operation & Maintenance (O&M) Expenses

- 2.27. The Stakeholder sought the following details in respect of addition in lines, Transformation capacities, No. of bays and for augmentation of transformers for the FY 2021-22, FY 2022-23 and FY 2023-24 separately.

(i) Date of commissioning of each line and bays.

- (ii) Break up of cost element as hard cost and soft cost as per Projection and actual.
- (iii) Total penalty recovered in respect of any delay of execution of the said works.
- (iv) Schedule date of commissioning and actual date of commissioning,
- (v) For augmentation, existing capacity, peak load and expected load also needs to be provided.

2.28. The stakeholder submitted that as per clause 64 of the RERC Tariff Regulations, 2019 normative O&M expenses shall be computed on the basis of lines, transformation capacity and no of bays. However, actual O&M expenses is also available on the basis of audited accounts. Therefore, the Stakeholder requests the Commission to consider O&M expenses on lower side as per the methodology adopted by the Commission in the earlier orders.

2.29. The Stakeholder further submits that the Commission in the order dated 13.07.2022 has considered 400 KV S/c line DCCP to Hindkuan line as 220 KV voltage level instead of 400 KV level for computation of Normative O&M expenses. Therefore, the Stakeholder requests the Commission to adopt the same approach for all lines/Capacities/ No. of Bays which are charged on lower voltage for approving O&M expenses of FY 2021-22.

2.30. The Stakeholder submits that the O&M Expenses as per audited accounts is Rs. 868.90 Cr. and Normative O&M expenses is Rs. 771.91 Cr. against Rs. 771.28 Cr. approved by the Commission. The Stakeholder further submits that the Petitioner has claimed 12.55% excess than the Normative O&M expenses. Therefore, the Stakeholder requests the Commission to consider and approve Normative O&M expenses to reduce the overburden on the end consumer.

2.31. The Stakeholder submits that the Petitioner has claimed O&M expenses for FY 2023-24 based on RERC Tariff Regulation, 2019. The Stakeholder further submits that the O&M expenses for the past three years were lower as compared to the normative O&M expenses allowed for the respective years. Therefore, the stakeholder submits that this additional O&M cost should borne by the utility and should not be passed on to

the end consumers to protect the interest of the consumers as per the intention of the Electricity Act, 2003.

- 2.32. The Stakeholder submitted that the Tariff Regulation is performance-based regulation. Accordingly, if performance is better than norms as decided by the regulation then profit for the same is retained to the utility and if performance is poorer than it has to bear the additional expenses. In light of the above, only normative O&M expenses may be considered even if the audited O&M expenses are higher.

Return on Equity (RoE)

- 2.33. The Stakeholder submitted that the approval of Govt. of Rajasthan for availing RoE at 14% for the FY 2023-24 is awaited. Therefore, the stakeholder requests the Commission to consider the RoE at 14% only after approval of the same from GOR.
- 2.34. The Stakeholder further submits that the RVPN has mentioned approved RoE for the FY 2022-23 as NIL, whereas the Commission has approved the RoE as Rs. 648.73 Cr. for the FY 2022-23 vide Order dated 09.11.2022. The Stakeholder sought the revised table accordingly.
- 2.35. The stakeholder submits that RVPN has claimed RoE at 5% for the FY 2021-22 as per the approval of GOR. However, the Stakeholder further submits that as prior period addition of GFA is not considerable, therefore corresponding equity addition is also not considerable.
- 2.36. The Stakeholder submits that the Commission may consider the approved closing equity balance for the FY 2020-21 as opening equity balance of FY 2021-22. The Stakeholder further submits that the Petitioner has claimed RoE at 5% amounting to Rs. 218.16 Cr. against approved RoE of NIL vide Tariff Order dated 23.12.2021. However, the Petitioner may approach the Commission with the approval of GOR for claiming RoE as per notification issued by the Govt of Rajasthan.
- 2.37. The Stakeholder submitted that the RVPN has claimed RoE at 5% as per Govt. of Rajasthan's decision conveyed on 31.03.2022. Further, the Stakeholder submitted that the truing up is not the review of tariff order therefore, it cannot be revised retrospectively. Therefore, the Stakeholder requests the Commission not to consider RoE.

Terminal Benefit

- 2.38. The Stakeholder submitted that RVPN has claimed terminal benefit of Rs. 667.10 Cr. against approved of Rs. 310 Cr. for the FY 2021-22. The Stakeholder sought details of actual deposited amount along with the certificate from designated fund authority in respect of the same.
- 2.39. The Stakeholder submits that the Petitioner has claimed Terminal Benefit of Rs. 667.10 Cr. for FY 2021-22. However, RERC Regulation provides that the Terminal Liabilities shall be considered only upon submission of actuarial valuation report subject to prudence check. Therefore, the Stakeholder requests the Commission to direct the Petitioner to provide details of actuarial valuation report and actual amount deposited to the trust.

Interest on Working Capital

- 2.40. The Stakeholder requests the Commission to consider Interest on working capital on normative basis.
- 2.41. The Stakeholder submits that the Petitioner has claimed rate of interest on Working capital as 10.69% and accordingly claimed normative interest on working capital as Rs. 70.10 Cr and shared 50% on normative basis. The Stakeholder further submits that the normative rate of interest on working capital of 10.69% is not matching with any record of SBI MCLR base rate in the given period of time. Further, the Stakeholder submits that Regulation 27(2) of the Tariff Regulation 2019 provides sharing of variation on Interest rate not the interest amount. Therefore, the Stakeholder sought the details of actual interest on working capital of FY 2021-22.

Lease Rent

- 2.42. The Stakeholder sought the lease documents along with details of such projects for which the land has been taken on lease.
- 2.43. The Stakeholder further sought details justification for claiming Rs. 14.74 Lakhs as lease payable for 'Giral unit 3& 4 Barmer' as no such units exist.
- 2.44. The Stakeholder further submits that the RVPN has claimed of Rs. 14.35 Lakhs as water works under the head of lease payable at Sl. No. 20, page 404 of the Petition. The Stakeholder sought clarification for the same.

Other Debits

- 2.45. The Stakeholder submitted that RVPN has claimed of Rs. 2.73 Cr. as VAR charges under the head of other debits. The Stakeholder sought the details of the same.
- 2.46. The Stakeholder submitted that VAR charges are payable to CTU for VAR drawal of Rajasthan. Therefore, the Stakeholder submitted that it should be passed through discom on monthly basis and not the part of ARR.

Insurance Charges

- 2.47. The Stakeholder sought the details of actual expenses incurred under the head of insurance charges.

Unitary Charges

- 2.48. The Stakeholder stated that the unitary charges may be considered by the Commission based on their past truing up orders.

Transmission Charges & Revenue

- 2.49. The Stakeholder submits that the Transmission Charges should be calculated based on Contracted Capacity instead of Peak Flow of DISCOMs. The Petitioner further submits that the same practice is also being followed by CERC & many other states, therefore, the Petitioner requests the Commission to adopt the same method for Rajasthan licensees.
- 2.50. The Stakeholder stated that the revenue as per audited accounts of FY 2021-22 is on higher side by about 904.31 Cr. against the approved revenue of FY 2021-22. Therefore, the Stakeholder sought satisfactory reasons before approving the same by the Commission.
- 2.51. The Stakeholder submitted that the Petitioner has claimed 34% higher Net ARR for FY 2023-24 as compared to approved ARR of FY 2022-23 vide order dated 09.11.2022. The Stakeholder further stated that the RVPN has added truing up gap for the FY 2021-22 of Rs. 888.20 Cr. against Nil approved gap. Therefore, the Stakeholder requests the Commission to consider only reasonable expenses for truing up of FY 2021-22.

- 2.52. The Stakeholder requests the Commission to consider and allow transmission Charges and Transmission tariff for STOA for the FY 2023-24 after consideration of all submissions in this regard.
- 2.53. The Stakeholder submits that an amount of Rs. 12.14 Cr. has been shown as revenue subsidy and grant for the FY 2021-22. The Stakeholder sought the details like source and purpose of receiving such subsidy.

Transmitted Energy/ Load

- 2.54. The Stakeholder submits that as per main Petition, the total energy flow for Discoms, LTOA & MTOA is estimated at 98138.72 MU for the FY 2023-24. However, keeping in the view of growth in agricultural connections & industrial load, 6.25 CAGR seems downside, therefore, the Stakeholder requests the Commission to seek revised load flow from Discoms to avoid grid disruption.
- 2.55. The Stakeholder submitted that the Commission had approved total transmission capacity as 15844.61 MW vide Tariff Order dated 13.07.2022 instead of 18345 MW as mentioned in the main petition. The Stakeholder further submits that the Petitioner has submitted actual peak demand on RVPN system for FY 2022-23 as 15845 MW, whereas actual peak demand reached 17100 MW in January 2023. Accordingly, the stakeholder has asked the Petitioner to revise table 13 with correct figures.
- 2.56. The Stakeholder further stated that as estimated peak demand and actual peak demand varies therefore, the transmission tariff should not be determined by dividing annual transmission charges by estimated peak demand. Further, the Stakeholder has enquired whether the Revenue surplus is refunded to the LTOA, MTOA on the basis of actual peak demand.
- 2.57. The Stakeholder requests the Commission to consider contracted capacity of 22161 MW for the FY 2023-24 as indicated in the main Petition for computing approved transmission tariff for the FY 2023-24.
- 2.58. The Stakeholder submitted that the indicated energy of 97080.25 MU for discoms for the FY 2023-24 on the basis of EAC meeting dated 07.01.2022 does not appear correct. However, the energy demand and energy available for DISCOMs has been indicated as 102369 MU and 109143 MU respectively in the EAC report dated 07.01.2022. The Stakeholder further submits that as per Rajasthan Discom's Petition the

total energy requirement is 107942 MU and total energy purchase is 112452 MU. Therefore, the Stakeholder requests the Commission to consider the total energy transmitted in RVPN system on the basis of Discom's filling.

- 2.59. The Stakeholder sought reconciliation statement with Discoms in respect of Energy transmitted to each Discoms.
- 2.60. The Stakeholder submitted that the projected power transmission of 19798.39 MW for the FY 2023-24 is on higher side compared to actual peak of 15845 MW for FY 2022-23. Therefore, the Stakeholder sought clarification for the same. Further, the Stakeholder sought clarification for estimating energy flow at 9% higher than the actuals. Whereas, past trend for increase in the energy flow was 4%-6% only.

Transmission Availability

- 2.61. The Stakeholder submits that as most of the revenue of RVPN is coming from Discoms, therefore, RVPN should take initiative to increase the availability of transmission lines to avail higher incentives from Discoms.
- 2.62. The Stakeholder sought the certificate of System Availability issued by the SLDC.
- 2.63. The Stakeholder stated that the Commission has approved transmission Tariff for the FY 2021-22 as Rs. 150.08/KW/Month for Discoms, LTOA and MTOA. Accordingly, the Stakeholder sought month wise details of KW transmitted in respect of each Discoms.

RVPN's Response

Comments on True up Petition of Transmission for FY 2021-22

- 2.64. RVPN has provided the detail of assets addition & reconciliation with audited Accounts. RVPN further submitted that it has placed TTU3.2 "Consolidated report on additions to Fixed Assets during the year", the Block wise assets information has been filed as Commission specified format. Since the format required consolidated report assets block wise. Therefore, filing of single date of Commissioning is not possible for consolidated assets.
- 2.65. RVPN submitted that according to Accounting Standard prior period presentation helps in comparison of financial statements among various enterprises. While preparing the financial statements, there are

certain items which actually correspond to prior accounting periods. The current period's financial statements should clearly show the effect of such prior period items. If prior period items are not indicated separately, the impact of same cannot be ascertained by the stakeholders and as well as the current year performance shall be over/under stated due to non-disclosure of such transaction. Thus, to have true and fair view of current year performance separate disclosure of prior period is mandated under Accounting Standard.

- 2.66. RVPN submitted that Commission previously disallowed the Prior period asset addition citing incomplete data / data mismatching as the Commission could not carry out the prudence check. RVPN further submitted that it has filed the complete detail of prior period in the petition as well as in data gaps sought by the Commission. RVPN further submitted that the aforesaid prior period assets additions are mainly funded through debt which has very low interest, which has minimum impact on IDC of project and time over aspect. RVPN further submitted that the total assets additions of Rs 625 Crore have only Rs 11.11 Crore IDC and prior period assets addition of Rs. 157.36 Crore has only Rs. 2.99 Cr IDC. Thus, the maximum impact on time over can be 50% of such IDC of Rs 1.49 Cr in case of complete failure on part of RVPN. As far as Cost overrun is concerned, it is submitted that there is no cost over run in any project of RVPN. Any increase in cost on comparison of actual cost incurred with the budgeted figures (investment approval) is mainly on account of allowable reasons by the Commission such as execution of work through Competitive bidding (open tendering), the competitive bidding prices are out to be different from the one budgeted and planned by RVPN in Investment approval. Further, in case of RoW issues Crop compensation are paid as per government notified rates to farmers, approval/NoC fees are paid to IOCL, BPCL, HPCL, AAol, forest and NHAI etc. which are not envisaged at the time of budget planning of a project and are paid on actually being demanded by the government agency. In last, the price variation and quantity variation which are paid as per contractual terms and condition only are the major reasons. All such factors attributable to rise in cost are being allowed and are considered while approving the cost in case of other utility of Rajasthan. RVPN requested to the Commission to approve the prior period assets additions which has no impact of cost overrun and minimum impact of time over run in terms of IDC.

- 2.67. RVPN submitted that the detail as sought by stakeholder as per RERC tariff Regulations, 2019 is already being provided in response to query no 18 of data gaps of Commission (Reply of data gap available on RVPN website)
- 2.68. RVPN submitted that the comment regarding details of the projects have been addressed in response to comment in investment plan of FY 2023-24.
- 2.69. RVPN clarified the purpose of prior period and submitted that according to Accounting Standard prior period presentation helps in comparison of financial statements among various enterprises. While preparing the financial statements, there are certain items which actually correspond to prior accounting periods. As per Accounting Standard, the current period's financial statements should clearly show the effect of such prior period items. If prior period items are not indicated separately, the impact of same cannot be ascertained by the stakeholders and as well as the current year performance shall be over/under stated due to non-disclosure of such transaction. Thus, to have true and fair view of current year performance separate disclosure of prior period is mandated under Accounting Standard. RVPN has submitted that the Commission has allowed the depreciation of assets which have been claimed by RVPN and approved by the Commission. Further, RVPN submits that prior period assets additions are additions which pertain to prior period but have been booked and claimed first time in current Audited Accounts. Thus, claim of such assets by RVPN and approval of the same by Commission in earlier year does not arise. Further RVPN submitted that it has claimed such additions first time in the current true up petition and no depreciation was claimed previously on these additions. Moreover, expenditure was incurred against these assets only after due approval of Commission in the investment Plan.
- 2.70. The Petitioner submitted that as far as assets addition of ROU and depreciation thereon is concern, it has already clarified in note 1 of format TTU 3.1, page 152 of petition, that Additions to ROU assets and Depreciation arising due to IndAS adjustment have been excluded herein. Thus, assets as well as depreciation on RoU assets have not been claimed in current true up petition, Therefore, question of disallowing the same does not arises.

- 2.71. RVPN submitted that addition related to Land disallowed by regulator in its True-up order F.Y. 2019-20 & FY 2020-21 is Rs. 16.08 Cr. & Rs.1.70 Cr. respectively.
- 2.72. RVPN submitted that Commission has allowed the depreciation of assets which have been claimed by RVPN and approved by the Commission. RVPN would like to submit that prior period assets additions are additions which pertain to prior period but have been booked and claimed first time in current Audited Accounts. Thus, claim of such assets by RVPN and approval of the same by Commission in earlier year does not arise. It is further submitted that RVPN has claimed such additions first time in the current true up petition and no any depreciation was claimed previously on these additions. Moreover, expenditure were incurred against these assets only after due approval of Commission in the investment Plan.
- 2.73. RVPN submitted that the assets wise opening balance in TTU 3.1 is taken as per the Closing balance of Annual Audited Accounts of F.Y. 2020-21. Due to the compliance of IND-AS adjustments opening balances are restated. RVPN further submitted that detail as sought by stakeholder as per Regulation 22(4) of RERC tariff Regulations, 2019 is already being provided in response to query no 18 of data gaps of Commission.
- 2.74. RVPN submitted that the depreciation approved in the ARR order is as per estimates whereas the depreciation claimed in the true up petition is as per actual addition of GFA during FY 2021-22. Further, RVPN submitted that it has computed depreciation as per Tariff Regulations, 2019 and the details computation of the same has also been submitted to the Commission.
- 2.75. RVPN has submitted that the details as sought by the stakeholder has been addressed in response to comment in investment plan 2023-24.
- 2.76. RVPN submitted that as per CERC sharing Regulations, 2010, NRPC was certifying ISTS transmission lines and accordingly, YTC petition filed before CERC for transmission charges. But now after implementation of CERC sharing regulation, 2020, this certification from NRPC is not available; hence YTC petition has been filed before CERC for natural ISTS lines and for deciding the methodology for certification of interstate transmission lines as deemed ISTS lines.
- 2.77. RVPN submitted that it has claimed gain/losses as per regulation 8 of the Tariff Regulations, 2019. Further, RVPN submitted that the rise in cost

is mainly on account of increase in employee, A&G and repair maintains cost as compared to normative parameters. Employee cost and R&M constitutes 90% of total O&M cost. It is important to mention here that O&M expenses are inevitable expenses and are claimed as actually being incurred. Further, terminal benefits are being allowed on payment basis. Since, Commission is consistently directing to deposit the terminal benefits in the designated fund, the same has been deposited as per direction of the Commission. Further, additional capitalizations during the year cause the additional depreciation, interest and RoE. On account of above, the cost has increased. Further, with regard to RoE, the Commission stated that "The Commission deems it fit not to allow RoE for the FY 2021-22 at this stage. However, RVPN may take the approval of Government of Rajasthan for claiming RoE in terms of the above referred letter and then claim the RoE at the time of True-up for the FY 2021-22". Accordingly, the RoE has been claimed during FY 2021-22.

- 2.78. RVPN submitted that as per GoR 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 Oct 2022, Nov 2022 and Dec. 2022 has increased by 10.22%, 12.42% and 5.46% as compared to respective months in previous year 2021-22.
- 2.79. RVPN further submitted that the average Transmission losses up to Dec 2022 for FY 2022-23 are 4.18% and for Nov 2022 & Dec 22 are 4.31% and 4.68% respectively. Considering projected losses for Jan 23 to March 23 as 4.68%, the average losses for FY 2022-23 may go upto approx. 4.30%. RVPN further submitted that ss all districts have not been covered under two block supply till date, the transmission losses figures tend to increase for FY 2023-24 after two block supply in Whole Rajasthan will complete upto March 2024 as per GoR directions and will cross 4.5%.
- 2.80. RVPN submitted that the Statement of energy received from each sources inside the state for FY 2021-22 has been enclosed. RVPN further submitted that the Energy received from outside the state is taken from NRPC website which comes weekly with compiled data. RVPN further stated that Statement of energy received from outside sources for FY 2021-22 is also enclosed. Further, RVPN has submitted that Statement of energy transmitted to each discoms for FY 2021-22.

2.81. RVPN submitted to read intra-state transmission losses $\{(1(c)-2)/1(c)\}$ in place of $\{(1(C)-(2+3+4+5)/1(c))\}$ in TTU-17 filed with petition. According to the correct formula, transmission losses will be 3.80 % further it is clarified that the power supplied to open access consumers has already been included in Discoms drawl therefore the transmission losses claimed 3.80% is correct instead of commented transmission losses as 2.73%.Further RVPN submitted the calculation of transmission losses as below:

1(C). Energy input = 90071.05038

2. Energy Transmitted to Discoms = 86651.12815

Transmission losses in M.U $\{1(c)-2\}$ = 90071.05038 - 86651.12815 = 3419.92223

Transmission losses in % $\{(1(C) -2)/1(c)\}$ = 3.80%

RVPN further submitted the Meeting letter for reconciliation of energy drawl to discoms and also reconciliation statement in respect of energy transmitted to each discoms.

2.82. RVPN submitted that it is consistently striving hard to negotiate the interest rates with banks and financial institutes. RVPN is availing working capital loans from commercial Banks at One Year MCLR which is lowest rate (with 1 year reset) on which Banks provide loans to any entity. RVPN further submitted that In spite of increasing trend in interest rate, RVPN is availing loans at 9% p.a. from REC, PFC & NABARD which is quite reasonable in the Industry, however due to delay in payment by Discoms and disallowance by the Commission, the credit rating of RVPN is adversely affected.

2.83. RVPN submitted that form TTU 4.1 at page154 is "Loan Repayment & Interest Liability (As per Audited Accounts)" which has loan balance of Rs 10932.54 Crores as per audited account and the same has been filed as per Commission prescribed format. Further, under format TTU 4.3 "Normative Loan Repayment and Interest Liability" at page at page 158 of petition, the loan balance is RS. 8251.27 Crores, the interest on term loan has been claimed on this normative loan in the current true up petition. Thus, the submission of stakeholder is incorrect and denied.

2.84. RVPN submitted that it has claimed interest on loans on the basis of norms prescribed in Tariff regulations, 2019. Further, it has considered

the weighted average rate of interest on actual loan portfolio for computing the same.

- 2.85. RVPN submitted that the details in respect of addition in lines, Transformation capacities, No. of bays and for augmentation of transformers for the FY 2021-22, FY 2022-23 and FY 2023-24 is available in revised Form-2 enclosed with reply of data gaps of Investment Plan 2023-24 of Commission.
- 2.86. RVPN submitted that when the actual O&M expenses were lesser than the Normative O&M, instead of approving the normative O&M expenses and allow to retain the saving as stated in the Tariff Regulations, the Commission has evoked its power under regulation "Deviation from Regulations" and approve the actual O&M expenses being lower than the normative one. In line with above approach followed by the Commission, the O&M Expenses should be allowed on actual basis as the Electricity act mandates the consistency in the approach of Commission.
- 2.87. RVPN submitted that the rise in cost is mainly on account of increase in employees, A&G and repair maintains cost as compared to normative parameters. Employee cost and R&M constitute 90% of total O&M cost. RVPN further submitted that terminal benefits are being allowed on payment basis and the same are being deposited as per the direction of the Commission. RVPN further submitted that additional capitalizations during the year cause additional depreciation, interest, and RoE. On account of the above, the cost has increased. Further, RoE has been claimed as per the direction of the Commission based on the approval of GoR.
- 2.88. RVPN submitted that the complete information as sought by the stakeholder has been filed in appendix-I enclosed with the petition and in response to data gaps queries of the Commission. The O&M expenses are claimed on actual basis only as the Commission from past few years is allowing the O&M expenses on actual basis only.
- 2.89. RVPN submitted that the reasons for mentioned lines which are charged on lesser voltage than rated voltage have been filed in Annexure-13 enclosed with the petition.
- 2.90. RVPN submitted that the Commission vide Order dated 31.01.2020 stated that the RVPN has claimed O&M expenses for FY 2019-20 by considering the norms specified in the CERC Tariff Regulation 2019.

Further, the Commission has reserved the order and observed that the Commission shall take an appropriate view on O&M charges at the time of truing up and accordingly approved O&M expenses as per norms specified in the CERC Tariff Regulations, 2019. Accordingly, RVPN requests the Commission to approve the O&M expenses on actual basis as RVPN has already submitted before the Commission that the norms approved by the Commission are on lower side.

- 2.91. RVPN submitted that the norms have been approved based on FY 2018-19. However, RVPN has inducted around 500 additional employees at different ranks against approved vacant posts. Further, RVPN submitted that annual increase in salary, DA, and HRA works out as nearly 10%. Therefore, RVPN submitted that based on above, the normative norms are not sufficient to meet the actual O&M expenses for FY 2021-22. Accordingly, RVPN requested the Commission to consider the actual O&M expenses for FY 2021-22.
- 2.92. RVPN submitted that as per the direction of Commission, RVPN takes the approval of Government of Rajasthan for claiming RoE in terms of the GoR letter Dt. 12.04. and then claims the RoE at the time of True-up for the FY 2021-22. RVPN further submitted that it has complied with above condition of Commission and the Government approval for RoE for FY 2021-22 has been enclosed. Accordingly, RVPN submitted that the Commission may allow the RoE for FY 2021-22.
- 2.93. RVPN submitted that detail reconciliation of Rs. 625.87 with the audited account and along with justification has been filed in the present petition as well in above reply. Thus, the RoE should be allowed as claimed in the petition.
- 2.94. RVPN submitted that the Commission in its order dated 12.04.2021 stated that the RVPN may claim RoE at the time of true up for the FY 2021-22 by submitting the approval of GOR for claiming the same. Accordingly, RVPN submitted the approval of GoR for claiming RoE at 5% for the FY 2021-22. Therefore, RVPN requests the Commission to consider the same and approves RoE accordingly.
- 2.95. RVPN has submitted that it has provided the certificate from designated authority.
- 2.96. RVPN has submitted the actuarial valuation report to the Commission. Further, RVPN submitted that it has claimed terminal benefit on the basis of actual payment and in compliance of Commission's direction.

- 2.97. RVPN submitted that Interest on working capital has been claimed on normative basis only.
- 2.98. RVPN submitted that it has claimed interest on working capital as per Tariff Regulations, 2019 and approach followed by the Commission.
- 2.99. RVPN submitted that Lease Rent payment are towards land taken on lease from Government of Rajasthan. The lease rent paid as per the condition of agreement. RVPN has submitted a sample copy of Lease agreement.
- 2.100. RVPN submitted that GoR had approved setting up of Giral unit 3 & 4 (2X125 MW) & RVPN is the nodal authority for executing though tariff based competitive bidding. The lease rent claimed related to those lands which are acquired to setup this unit.
- 2.101. The lease rent related to 132 KV GSS water works Sanwli road, Sikar. The GSS is a part of RVPN supply network.
- 2.102. RVPN submitted that the VAR charges are reactive energy exchange charges and paid / received as per weekly bills issued by NRPC as per CERC Regulations. In some weeks, these charges are payable, and in some weeks, these are receivable for the state. The amount of Rs. 2.73 Cr. was paid during 2021-22 as mentioned in format TTU-10 and amount of Rs. 9.63 Cr. was received during 2021-22 as part of Miscellaneous receipts mentioned in format TTU-13 of Non-tariff Income. The bifurcation of this miscellaneous receipt has been filed in reply of data gap of Commission.
- 2.103. RVPN submitted that the VAR charges have been claimed as per methodology adopted by the Commission in the past years.
- 2.104. RVPN submitted that it has claimed insurance charges by escalation over past expenses.
- 2.105. RVPN submitted that these are admissible as per orders issued in this respect.
- 2.106. RVPN submitted that the transmission charges have been calculated as per methodology adopted by the Commission in the past years.
- 2.107. RVPN submitted that the rise in cost is mainly on account of increase in employee, A&G and repair maintains cost as compared to normative parameters. Employee cost and R&M constitute 90% of total O&M cost.

RVPN further submitted that terminal benefits are being allowed on payment basis and the same are being deposited as per the direction of the Commission. RVPN further submitted that additional capitalizations during the year cause additional depreciation, interest, and RoE. On account of the above, the cost has increased. Further, RoE has been claimed as per the direction of the Commission based on the approval of GoR.

2.108. RVPN submitted that the Grant related to depreciable assets are treated as deferred income and recognized in the statement of profit and loss over the useful life of related assets in equivalent to depreciation on these assets. Further, the sources of grant are PSDF, RREC, shunt capacitor, KFW and FR SECI Solar. The grant received during the year is Rs 7.80 Crore whereas the amortization during the year is Rs. 12.14 Crore, it is requested that the Commission may take only Rs 7.80 Crore as per Note 24 of Audited account. Further, RVPN submitted the reconciliation of grants with books of accounts.

2.109. RVPN submitted that the energy transmission is estimated as per 28th EAC MoM of 102369 MU inclusive of transmission losses and 98138.72 MU excluding transmission losses. The Commission may take a suitable decision in the matter.

2.110. RVPN submitted that it is consistently striving hard to improve availability of Transmission lines to avail high incentives.

2.111. RVPN submitted the certificate of system availability is issued by the SLDC.

2.112. RVPN submitted that the Information sought by stakeholder is filed in TTU-14 enclosed with petition.

Comments on ARR Petition of Transmission for FY 2023-24

Stakeholder's Comments/suggestions

Transmission Capacity

2.113. The Stakeholder submitted that the information provided in the Petition regarding Transmission capacity of Discoms & LTOA does not appear correct. Therefore, the Petitioner sought clarification for the same. Further, the Petitioner has also sought the revised figures in this regard.

- 2.114. The Stakeholder further sought the complete minutes of 28th meeting of EAC dated 07.01.2022.
- 2.115. The stakeholder sought the financial implication of non-installation of FGD considering maximum penalty of 20 Paisa vis-à-vis reduction in capacity charges on account of completion of their operational life.
- 2.116. The Stakeholder sought clarification whether the Dholpur power plant was closed for ever and if not proper justification for not considering its energy is sought to be provided.
- 2.117. The Stakeholder sought clarification for not supplying power of costal Gujrat Power Ltd.
- 2.118. The Stakeholder submitted that the total capacity of Giral TPS and Dholpur GTPP has been added for FY 2022-23 and FY 2023-24 for computing the total capacity handled by RVPN, whereas in actual there is no generation. Therefore, the Stakeholder sought proper clarification in this regard.

Investment & Financing Plan

- 2.119. The Stakeholder submits that the Petitioner has submitted the details of the Investment & financing Plan for FY 2023-24. However, the Petitioner has not provided cost benefit analysis of the proposed investment plan. Therefore, the Stakeholder requests the Commission to direct the Petitioner to submit details of cost benefit analysis indicating NPV, Payback period and estimated gains from the proposed investment plan.

Other Expenses & Insurance charges

- 2.120. The Stakeholder submitted that the miscellaneous expenses should be part of true up of the respective year as these expenses does not relate to the ARR. Therefore, the Stakeholder requests the Commission not to allow such expenses in ARR of FY 2023-24.

Depreciation

- 2.121. The Stakeholder submits that the Regulation 22(4) of RERC Tariff Regulation 2014 provides that after 12 years from COD the depreciable value of assets shall be spread over the balance useful life. However, the Petitioner also has not provided the date of purchase of the assets. Therefore, the Stakeholder requests the Commission to direct the

Petitioner to provide the details for prudence check of the regulatory compliance.

Return on Equity (RoE)

2.122. The Stakeholder submits that the Petitioner has estimated RoE of Rs. 634.15 Cr. for FY 2022-23 and Rs. 683.99 Cr. for FY 2023-24 by considering rate of RoE as 14%, which is subject to the prior approval of Govt. of Rajasthan. Therefore, the Stakeholder requests the Commission to direct the Petitioner to take approval from GoR before claiming any RoE in their accounts.

2.123. RVPN submitted that vide letter dated 22.11.2022, 7.12.2022 and 27.12.2022 it has requested the GoR for approval of RoE to RVPN @ 14%. RVPN has submitted the copy of letters to GoR. And further stated that the approval from government of Rajasthan is under consideration.

Comments on ARR Petition of Transmission for FY 2023-24

RVPN's Response

2.124. RVPN submitted that the approved transmission capacity for Discoms may be read as 15176 MW and Total Transmission capacity as 15844.61 MW in place of 17757 MW and 18345 MW respectively. The actual peak demand on RVPN system is 17206 MW on dated 18.01.2023 during FY 2022-23 till 28.02.2023. RVPN further submitted that the transmission charges have been calculated as per methodology adopted by the Commission in the past years. Considering peak capacity envisaged in EAC report.

2.125. RVPN submitted the minutes of 28th meeting of EAC as sought by the stakeholder.

2.126. RVPN has submitted that the clarification regarding Dholpur power plant and costal Gujrat Power Ltd and financial implication of non-installation of FGD as sought by the stakeholder is not pertaining to RVPN.

2.127. RVPN submitted that the energy transmission is estimated as per 28th EAC MoM of 102369 MU inclusive of transmission losses and 98138.72 MU excluding transmission losses. Hence there is no error.

- 2.128. RVPN submitted that presently, the GIRAL TPS and Dholpur GTPP are not generating any power. Although, RVPN has sufficient network for evacuation of the power, if generated by them.
- 2.129. RVPN submitted that this comment has been addressed in response to comment in investment plan 2023-24.
- 2.130. RVPN submitted that misc. expenses have been claimed as per past trajectory which includes VAR charges amounting to Rs. 2.73 Cr. for FY 2021-22 and accordingly projected for FY 2023-24 of Rs. 3.01 Cr.
- 2.131. RVPN submitted that depreciation has been claimed on the basis of norms prescribed in regulations.
- 2.132. RVPN submitted that the Approval of GoR is likely to come in few days. The Commission may grant few days' time to furnish the government approval, as RVPN vide letter dated 731 dated 22.11.2022, 782 dated 07.12.2022 & 847 dated 27.12.2022 has already requested the GoR to approve the RoE for FY 2023-24. The Commission may consider approving RoE as 648.73 Cr. as approved in review order.

Commission's Views on Issues Raised by Stakeholders

- 2.133. The Commission has taken note of all the comments/suggestions/observations of the Stakeholders both in writing as well as during the course of hearing and RVPN's responses to them. The Commission has attempted to capture all the comments/suggestions/observations. However, in case any comment/suggestion/observation is not specifically elaborated, it does not mean that the same has not been considered. The Commission has considered all the issues raised by the Stakeholders and RVPN's response on these issues while carrying out the detailed analysis of the True Up petition for FY 2021-22 and ARR and Tariff for FY 2023-24 in accordance with applicable RERC Regulations as detailed in the subsequent Sections of the Order.

Section 3:

Approval of true up for FY 2021-22

- 3.1 The Commission vide its tariff order dated 23.12.2021 (Petition No. RERC/1875/21), had approved the Transmission Tariff for FY 2021-22. In the instant petition, the Petitioner has claimed the true up for FY 2021-22 of Transmission based on the audited annual accounts for FY 2021-22.
- 3.2 The Commission has carried out the true up for FY 2021-22 in accordance with the RERC Tariff Regulations, 2019.

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 2021-22

Particulars	FY 2021-22			
	Actual Claimed			
	Opening	Addition	Deletion	Closing
Lines (Ckt Km)				
765 KV	425.50	0.00	0.00	425.50
400 KV	6899.39	0.00	0.00	6899.39
220 KV	15835.78	217.38	0.00	16053.16
132 KV	18346.00	327.05	113.20	18559.86
Total	41506.67	544.43	113.20	41937.90
Transmission Capacity (MVA)	86796.50	2750.00	635.00	88911.50
Bays (No.)				
765 KV	28	4	0	32
400 KV	182	0	0	182
220 KV	843	18	0	861
132 KV	2933	33	0	2966
Total	3986	55	0	4041

Commission's Analysis

- 3.4 The Commission at para 4.4 of the Tariff Order dt. 23.12.2021 directed RVPN to submit the Electrical Inspector Certificates in respect of each such applicable commissioning of scheme. However, RVPN has not

submitted the Electrical Inspector Certificates. RVPN is directed to henceforth submit the Electrical Inspector Certificates in respect of each such applicable commissioning of scheme along with the True-up petition. The Commission has considered the closing transmission network approved in true up for FY 2020-21 as the opening transmission network for FY 2021-22. The Commission has considered the network addition and deletion during FY 2021-22 as claimed by RVPN. Accordingly, the transmission network approved for FY 2021-22 is as shown in table below:

Table 3: Details of Transmission Network approved for FY 2021-22

Particulars	FY 2021-22			
	Actual Approved			
	Opening	Addition	Deletion	Closing
Lines (Ckt Km)				
765 KV	425.50	0.00	0.00	425.50
400 KV	6899.39	0.00	0.00	6899.39
220 KV	15835.78	217.38	0.00	16053.16
132 KV	18346.00	327.05	113.20	18559.86
Total	41506.67	544.43	113.20	41937.90
Transmission Capacity (MVA)	86796.50	2750.00	635.00	88911.50
Bays (No.)				
765 KV	28	4	0	32
400 KV	182	0	0	182
220 KV	843	18	0	861
132 KV	2933	33	0	2966
Total	3986	55	0	4041

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

RVPN's Submission

3.5 The Commission vide tariff order dated 23.12.2021, had approved the GFA addition of Rs. 953.15 Crore for FY 2021-22. As against the same, RVPN has claimed the actual GFA addition of Rs. 625.88 Crores.

3.6 Further, in reply dt.15.02.2023 to the data gap query regarding reconciliation of GFA amount, RVPN submitted that it has claimed Rs. 14.60 Cr. in addition to Rs. 625.88 Cr. which relates to the cost of land of the already capitalized projects as per the direction of the Commission in tariff order dt. 23.12.2021. Accordingly, RVPN has revised its capitalization as Rs. 640.48 Cr.

3.7 Further, RVPN has submitted that the GFA addition includes prior period assets amounting to Rs. 157.36 Cr. RVPN provided the year wise details of the prior period asset addition vide data gap reply dated 15.02.2023.

Commission's Analysis

3.8 It is observed that RVPN for FY 21-22 has claimed total GFA addition of Rs. 640.48 Cr. including prior period GFA addition of Rs. 157.36 Cr. out of which Rs. 82.58 Cr. pertains to period before 01.04.2020 and Rs. 74.78 Cr. pertains to FY 2020-21 and the amount of GFA addition claimed for FY 2021-22 Rs.483.12 Cr.

3.9 As far as prior period asset addition of Rs. 82.58 Crore pertaining to period prior to 01.04.2020 is concerned, it is pertinent to note that the Commission has already considered prior period assets during trueing up of FY 2019-2020 and FY 2020-21, again an amount of Rs. 82.58 Crore is being claimed on account of error/omission during previous years.

3.10 While considering the earlier amount for prior period, It was presumed that due diligence was made by RVPN and after making all out efforts it has claimed prior period asset addition. However, this year RVPN again claimed GFA addition of Rs. 82.58 Crore pertaining to period prior to 01.04.2020. The Commission in the True-up order of FY 2020-21 had stated that it is the responsibility of RVPN to capitalize the assets in the respective years. Further, allowing GFA addition for the assets pertaining to prior period now has its own implications on Tariff, which cannot be allowed as these periods have already been trueed up.

3.11 The Commission, therefore, deems it appropriate not to consider the GFA additions for the period prior to 01.04.2020 as Petitioner has already claimed prior period capitalization for that period. Accordingly, the Commission deems it fit not to allow GFA addition of Rs. 82.58 Cr. pertaining to period prior to FY 2020-21.

3.12 The RVPN has further claimed GFA addition of Rs. 74.78 Cr. in respect of FY 2020-21 as prior period addition. The Commission has considered the submission of RVPN in this respect and has allowed it to the extent deemed allowable after prudence check as detailed in the subsequent paras.

- 3.13 The Commission observed that the actual capitalization includes Rs. 0.79 Crore for FY 2021-22 in respect of minor assets and other expenditures which are not allowable under capitalization. The Commission deems it fit not to consider the amount of Rs. 0.79 Cr. under the capitalization for FY 2021-22 as the same is in the nature of O&M Expenses and hence the Commission has considered the same as part of O&M expenses.
- 3.14 The Commission sought the details of deposit works claimed in GFA addition during FY 2021-22. RVPN vide data gap reply dt.15.02.2023 submitted that the deposit works amounting to Rs. 39.11 Crore 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 over the useful life of the assets in equivalent to depreciation on these assets. RVPN further submitted the details of the deposit works & corresponding revenue recognized during FY 2021-22. The Commission observed that the petitioner has claimed Rs. 35.02 Crore as capitalization towards assets which are deposit works for the FY 2021-22. 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 over the useful life of the assets in equivalent to depreciation on these assets is not in accordance with the Regulations 18 of the RERC Tariff Regulations, 2019. In view of the above, the Commission deems it fit not to consider the amount of Rs. 35.02 Crore under the capitalization for FY 2021-22 and its corresponding revenue booked in the Non-Tariff Income.
- 3.15 The Commission observed that RVPN has received Rs. 7.80 Crores as grants for capital assets. The same has been reflected in the audited accounts for FY 2021-22. 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 not to consider the amount of Rs. 7.80 Crore under the capitalization for FY 2021-22 and its corresponding revenue booked in the Non-Tariff Income.
- 3.16 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 during FY 2021-22 Rs. 9.48 Cr. has been claimed by the petitioner towards such works. The Commission deems it fit not to consider such works under the capitalization for FY 2021-22. The petitioner may claim capitalization of such works for consideration and approval of the Commission after completion of such works.

- 3.17 The Commission sought the details of schemes/works commissioned during 21-22 relating to land/ lease land claim of Rs. 28.73 Crore, in reply to which RVPN vide data gap reply dated 20.04.2023 submitted the details of land which were capitalised with their respective projects. The Commission observed that land amounting to Rs. 3.88 Cr. has been claimed by the Petitioner with their respective projects which were capitalized prior to FY 2021-22. RVPN should have claimed the land in the respective year in which the projects were capitalized. Accordingly, the Commission deems it fit to disallow the amount of Rs. 3.88 Cr. pertaining to land capitalised with their respective projects prior to FY 2021-22.
- 3.18 It was further observed that Rs. 12.37 Cr. for FY 2021-22 has been claimed by the petitioner as capitalization towards land/leased land for those projects which are not capatilised with the respective scheme/work for the FY 21-22. 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 not to consider the amount of Rs. 12.37 Cr. under the capitalization for FY 2021-22. The petitioner may capitalize the same along with the respective scheme/work and submit the same for approval of the Commission.
- 3.19 It was observed that there are several assets proposed to be capitalized by RVPN with substantial time overrun. RVPN in its petition submitted partial information with regard to the time overrun. The Commission vide data gap dated 17.01.2023 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 is Rs. 355.96 Cr. for FY 2021-22. In reply to the Commission's query, RVPN provided justification for time overrun of such assets along with the asset wise IDC vide data gap reply dated 15.02.2023. From the reply submitted by RVPN, it was observed that there were some cases where delay was partially on account of COVID-19 restrictions, ROW issues, contractual defaults and partially attributable to other reasons. Further, Commission

vide data gap dated 17.03.2023 sought DPR/project feasibility report for such schemes in reply to which RVPN submitted the DPR of such schemes. It was observed that specific IDC amount was not identifiable separately in some DPRs and also RVPN has not provided calculation & details of IDC attributable towards specific time overrun. Therefore, the Commission has considered the project wise total IDC provided by RVPN and deducted the IDC corresponding to the time overrun.

- 3.20 For projects having time over run on account of ROW issues & defaults in contractual obligations which is fully attributable to the petitioner, the Commission disallowed the entire IDC corresponding to the period of time over run.
- 3.21 Further, for the projects having time overrun partially on account of statutory clearances and Covid-19 restrictions and partially on account of other reasons, the Commission disallowed 50% of the IDC corresponding to the period of time over run.
- 3.22 Accordingly, total deduction on account of time overrun is amounting to Rs. 17.96 Cr. The Commission further directs RVPN to submit complete details of claimed GFA such as sanctioned cost, scheduled date of completion, actual date of completion etc. and also submit the complete scheme wise details along with cost and time over-run, IDC etc. with justification while claiming actual capitalization from FY 2022-23 onwards in true-up petition for respective years and also submit complete reasons/ details of time over run and cost over run along with supporting documents to substantiate the same along with the True-up petition.
- 3.23 The balance capitalization after deducting the capitalization towards minor assets, partial capitalization, land and leased land assets, time over run as discussed above, works out to Rs. 513.42 Cr. for FY 2021-22. Net Capitalization after deducting deposit works of Rs. 35.02 Crore and Subsidy and Grant on capital assets of Rs. 7.80 Cr. works out as Rs. 470.60 Cr. for FY 2021-22. Accordingly, the Commission allows the capitalization of Rs. 470.60 Cr. for FY 2021-22.

GFA deduction during FY 2021-22

RVPN's Submission

- 3.24 RVPN has claimed the GFA deduction of Rs. 211.54 Crore for FY 2021-22.

3.25 RVPN has submitted that the GFA deduction of Rs. 202.33 Cr. is pertaining to prior period and the same has been funded through PGCIL (consumer contribution) vide data gap reply dated 15.02.2023. Further, RVPN has also deducted 18.79 Cr. towards Risk and cost recovery.

Commission Analysis

3.26 The Commission vide data gap dated 17.01.2023 sought the details of GFA deduction of Rs. 211.54 Crore, in reply to which RVPN submitted that out of total GFA deduction of Rs. 211.54 crore, Rs. 202.33 crore pertains to prior period and the same is funded through PGCIL (client contribution).

3.27 Why and how this huge capex was added in asset block and capitalised in the year 2016-17. It is material irregularity which requires independent enquiry. It is totally against the standard accounting practices followed by any organization. If it was shown in the audited accounts, then role of auditors and accounting consultants have to be examined.

3.28 Considering the magnitude of this blunder which amounts to the tune of Rs. 202.33 crores, responsibility has to be fixed on the concerned officers. A detailed enquiry has to be conducted by RVPN in this regard.

3.29 Due to this mistake for last 5 years RVPN have claimed depreciation on this capex addition every year, what would be the treatment of such depreciation claimed in the past 5 years on this decapitalisation.

3.30 It is evident from their submissions that RVPN would have earlier made this addition in their own GFA instead of deposit works and corresponding additions were made in their loan and equity balances and now they are decapitalising the same from their GFA during FY 21-22. It was the responsibility of the Petitioner to submit/disclose complete details of deposit works and GFA addition to the Commission at relevant time. The Commission expresses its displeasure in this regard.

3.31 RVPN should explain the reasons of such omissions/commissions/lapses and should fix up the accountability for the same.

3.32 RVPN is also directed to submit year wise actual amount claimed pertaining to these assets under the head “Interest on loan, RoE, depreciation and interest on working capital”.

3.33 Director (Finance), RVPN is directed to submit an affidavit of compliance , within two months, to the Commission on the following:-

- i. Report of the enquiry conducted
- ii. Details of the responsibility fixed and action taken in this regard.
- iii. Submit actual amount claimed under various component of ARR i.e. Interest on loan, RoE, depreciation etc. in respect of these assets.
- iv. How the excess amounts, already claimed, are proposed to be treated/accounted for in next ARR/True Up petitions.
- v. Explanation from Statutory auditor as to why through due diligence he could not find out such mistake and RVPN should take a call for continuation of such auditor.

3.34 In view of above, the Commission has allowed the GFA deduction of Rs. 202.33 Crore, as claimed by RVPN to correct (set-right) the mistake done by RVPN.

3.35 Accordingly, the Commission has approved the total GFA deduction of Rs. 211.54 Crore, as claimed by RVPN. The details of approved GFA for FY 2021-22 is as shown in the table below:

Table 4: GFA Approved for FY 2021-22 (Rs. In Crore)

Sl. No.	Particulars	Amount Claimed (in Crore)	Amount Approved (in Crore)
1	Capitalization Prior to 01.04.2020	82.58	-
2	Capitalization Prior Period FY 2020-21	74.78	513.42
3	Capitalization for the FY 2021-22	483.12	
4	Total Capitalization	640.48	513.42
5	Less: Consumer Contribution/ Deposit Work for the FY 2021-22	-	35.02
6	Less: Subsidy and Grant on capital assets	-	7.80
7	Approved Capitalisation		470.60
8	Less: Deduction- during FY 2021-22	211.54	211.54
9	Net Capitalization	428.94	259.06

Means of finance of GFA addition for FY 2021-22

RVPN's Submission

3.36 The means of finance of GFA addition for FY 2021-22 submitted by RVPN is as shown in the table below:

Table 5: Means of finance of GFA addition for FY 2021-22 claimed by RVPN

Particulars	Units	Claimed
GFA Addition	Rs. Crore	640.48
GFA Deduction	Rs. Crore	(211.54)
Less: Consumer Contribution/ Deposit	Rs. Crore	39.11
Less: Subsidy and Grant on capital assets	Rs. Crore	-
Net GFA addition	Rs. Crore	601.36
Debt	Rs. Crore	452.29
Debt	%	-
Equity	Rs. Crore	134.47
Equity	%	-

Commission's Analysis

3.37 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%.

3.38 In view of the disallowance & deduction of Rs. 127.06 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 2021-22 as under:

- The actual deposit works excluding prior period as submitted by RVPN in their data gap reply have been considered.
- Subsidy and Grant on capital assets as submitted by RVPN in their data gap reply have been considered.
- The equity addition for the FY 2021-22 has been considered as per actual equity for the year.
- The balance GFA addition has been considered to be funded through loan.

3.39 Based on the above, the means of finance of GFA addition for FY 2021-22 approved by the Commission is as shown in the table below:

Table 6: Means of finance of GFA addition for FY 2021-22 approved by the Commission

Particulars	Units	Approved
GFA Addition	Rs. Crore	513.42
Less: Consumer Contribution/ Deposit	Rs. Crore	35.02
Less: Subsidy and Grant on capital assets	Rs. Crore	7.80
Net GFA addition	Rs. Crore	470.60
Debt	Rs. Crore	336.13
Equity	Rs. Crore	134.47

Availability of the Transmission System

RVPN's Submission

3.40 The Petitioner claimed the system availability of 98.95% for the FY 2021-22.

Commission's Analysis

3.41 Commission vide data gap dated 17.01.2023 sought the SLDC certificate of Transmission System availability as claimed by RVPN. RVPN in its reply dt. 15.02.2023 submitted the Transmission System availability certificate issued by SLDC.

3.42 It is observed that the actual transmission availability as certified by SLDC was 98.95% for the FY 2021-22. Therefore, the Commission considered 98.95% as transmission availability for the FY 2021-22.

3.43 Regulation 62(2) of the RERC Tariff Regulations, 2019 specifies the normative availability of 98% for recovery of full Annual Transmission Charges. The actual availability for FY 2021-22 is 98.95%. As the actual availability is higher than the normative availability, full Annual Transmission Charges are allowable for FY 2021-22.

Annual Transmission Charges

3.44 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

3.45 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.

3.46 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

3.47 The actual O&M expenses claimed by RVPN is Rs. 868.90 Crore for FY 2021-22. O&M expenses claimed by RVPN is as shown in the table below.

Table 7: Actual O&M Expenses for FY 2021-22 (Rs. Crore)

Particulars	Actual Amount (Rs. in Crore)
R&M Expenses	176.73
Employee Cost of the Current Year	668.63
A&G Expenses	82.21
Total	927.56
Less: Capitalization of O&M Expenses	(53.55)
Less: Common Facility expenses related to Discom and Generation	(5.11)
Grand total	868.90

3.48 The Commission vide tariff order dated 23.12.2021, had approved the normative O&M expenses of Rs. 771.20 Crore for FY 2021-22. As against the same, RVPN claimed the actual O&M expenses of Rs. 868.90 Crore.

Commission's Analysis

- 3.49 It was observed that the actual employee cost, A&G Expenses and R&M Expenses submitted by the petitioner were different from that as per the audited accounts. The commission vide data gap dt. 17.01.2023 sought the reconciliation in respect of the same. The petitioner vide reply dt. 15.02.2023, submitted the reconciliation in respect of the employee cost, Administration & General Expenses & Repair and Maintenance expenses.
- 3.50 RVPN has considered prior period R&M expenses of Rs. 37.95 Cr. during FY 2021-22. The Commission had approved O&M expenses as per the norms in the truing up orders of the respective years. Prior period O&M expenses cannot be considered since these periods have already been trued up. Therefore, the Commission deems it fit not to consider the prior period R&M expenses of Rs. 37.95 Cr. for calculating actual O&M expenses.
- 3.51 The Commission has disallowed Rs. 0.79 Crore towards capitalization of minor assets as claimed by the petitioner as the same are in the nature of O&M expenses. The Commission therefore, considered Rs. 0.79 Crore disallowed from the GFA on account of minor assets for calculating actual O&M expenses.
- 3.52 RVPN has claimed Rs. 2.73 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 for calculating actual O&M expenses.
- 3.53 Accordingly, the Commission has arrived at the actual O&M expenses of Rs. 834.47 Crore for FY 2021-22. The same is detailed in the table below:

Table 8: Actual O&M expenses arrived by Commission for FY 2021-22

S. No.	Particulars	Amount (Rs. in Crore)
1	R&M Expenses	138.78
2	Employee Cost of the Current Year	668.63
3	A&G Expenses	82.21
4	Total	889.61
5	Less: Capitalization of O&M Expenses	(53.55)

S. No.	Particulars	Amount (Rs. in Crore)
6	Less: Common Facility expenses related to Discom and Generation	(5.11)
7	Total	830.95
8	Add: Transfer from GFA to O&M	0.79
9	Add: Other Charges	2.73
10	Grand total	834.47

3.54 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 has been computed by the Commission based on the transmission network approved for FY 2021-22 and O&M cost has been escalated at the rate of 3.51% per annum year over year considering FY 19-20 as base year. Accordingly, normative O&M expenses arrives at Rs. 771.99 Crore as below:-

Table 9: Normative O&M expenses Approved for FY 2021-22

Particulars	Network Average Value	Applicable O&M Cost as per Norms Rs. Lakh/ Unit	O&M Expenses
Lines (Ckt Km)			
765 KV	425.50	1.10	469.57
400 KV	6899.39	0.70	4804.95
220 KV	15944.47	0.28	4441.69
132 KV	18452.93	0.16	2965.66
Total	41722.29		
Transmission Capacity (MVA)	87854.00	0.43	37651.84
Bays (No.)			
765 KV	30.00	64.46	1933.72
400 KV	182.00	42.96	7819.53
220 KV	852.00	5.99	5102.89
132 KV	2949.50	4.07	12008.72
Total			77198.55
Total (Rs. In Crore)			771.99

3.55 Further, the petitioner has submitted the details of lines which have been charged at lesser voltage than the rated voltage. The details of such line is provided as below:-

Table 10: Details of lines charged at lesser voltage during FY 2021-22

Sl. No.	Transmission Line	Length (in Km)	Rated Voltage (KV)	Voltage Level on which transmission element charged on commissioning (KV)
1	220 KV D/C Chaksu-Sanganer Line	34.195	400 KV	220 KV Chaksu-Sanganer line charged on dated 16.10.2015 at one circuit but with same element (Zebra Conductor) 132 KV Chaksu-Sanganer line charged at Second circuit on dated 03.11.2015 on the same tower.
2	400 KV HND-DCCPP Line	111.40	400 KV	220 KV
3	400 KV KTPS-PGCIL Ckt- I Line	6.25	400 KV	220 KV
4	400 KV KTPS-PGCIL Ckt- II Line	6.25	400 KV	220 KV

3.56 Since Regulation 64 prescribes the O&M charges for the specific voltage level on which it is operated therefore, Commission deems it fit to allow O&M expenses for voltage level on which it is operated. In view of the above, Rs. 56.79 Lakhs have been deducted from the normative O&M expenses for FY 2021-22 which comes to Rs. 771.42 Crore after such deduction. RVPN is henceforth directed to submit list of all such lines/Transformers/Bays along with length/capacity/Nos. which are charged at lesser voltage than rated voltage along with the True-up petition.

3.57 Accordingly, the Commission deems it fit to allow the O&M expenses for FY 2021-22 as detailed below.

Table 11: O&M Expenses Approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22		
	Approved in Tariff Order	Claimed for True up	Approved on True up
O&M Expenses	771.20	868.90	771.42

Terminal Liabilities

RVPN's Submission

- 3.58 RVPN has claimed the amount of Rs. 667.10 Crore towards terminal liabilities for the FY 2021-22.
- 3.59 Further, RVPN vide data gap reply dated 15.02.2023 has submitted that the amount of Rs. 667.10 Cr. includes shortfall of Rs. 110.50 Cr. for period prior to FY 2019-20, Rs. 226.40 Cr. for FY 2019-20 and Rs. 20.20 Cr. for FY 2020-21.

Commission's Analysis

- 3.60 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.”
- 3.61 The Commission vide data gap dated 17.01.2023 sought the details of actual terminal benefit deposited during FY 21-22. It is observed from the submission of RVPN that it has paid additional contribution of Rs. 667.10 Cr. which includes shortfall of Rs. 110.50 Cr. for period prior to FY 2019-20 which pertains to earlier control period, Rs. 226.40 Cr. for FY 2019-20 and Rs. 20.20 Cr. for FY 2020-21.
- 3.62 Further, The Commission vide data gap dated 17.03.2023 sought the detailed reconciliation of approved terminal benefit and actual payment made to the trust towards terminal liability in reply to which RVPN submitted the details of approved terminal benefit and actual payment made to the trust towards terminal liability. It is observed from the submission of RVPN that from FY 2014-15 to FY 2018-19, the Commission has approved Rs. 1345.58 Cr. towards terminal benefit whereas actual payment towards the same was only Rs. 1187.29 Cr. Hence, there was a shortfall of Rs. 158.87 Cr. in actual deposit for the period from FY 2014-15 to FY 2018-19 vis-à-vis allowed amount in tariff. Now RVPN has deposited Rs. 110.50 Crore out of shortfall of Rs. 158.87 Crore.
- 3.63 In view of the above, Commission deems it fit to disallow the claim of Rs. 110.50 Cr. for the period prior to FY 2019-20 from the claim of Terminal

Liability of FY 21-22, since the same amount have already been allowed by the Commission. Therefore, the Commission has now allowed additional contribution towards terminal liabilities of Rs. 556.60 Crore for the FY 2021-22.

Table 12: Terminal Liabilities for the FY 2021-22 (Rs. in Crore)

Particulars	FY 2021-22		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Terminal Benefit	310.00	667.10	556.60

Interest on loan and finance charges

RVPN's Submission

3.64 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. 844.19 Crore as per the audited accounts for FY 2021-22.

Commission's Analysis

3.65 RVPN has claimed the interest charges of Rs. 781.01 Crore as per the audited accounts for FY 2021-22 and submitted the actual interest rate of 9.79% for the year as per the audited accounts for FY 2021-22. However, vide data gap reply dt.15.02.2023 RVPN revised the weighted average interest rate to 10.21%.

3.66 Regulation 21(5) of the RERC Tariff Regulations, 2019 specifies that the rate of interest on loan for True-up shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year. The Commission directed the Petitioner to submit the actual loan portfolio along with the sanction/disbursement letters for each loan to substantiate the rates of interest considered to calculate the weighted average interest rate. The petitioner did not provide the loan wise details. The petitioner in its reply dated 15.02.2023 has submitted the weighted average rate of interest. It is observed from the submission of RVPN that weighted average rate of interest has been calculated based on the source wise loan portfolio & interest liability

instead of actual loan portfolio which is not as per Tariff Regulation and hence can not be considered.

- 3.67 As the petitioner has not submitted the actual loan wise details as per Tariff Regulations, 2019, the Commission has therefore, considered the rate of interest of 9.79% as submitted by the petitioner in the petition. Petitioner is directed to henceforth submit the actual loan wise details along with applicable interest rate & interest thereon for the financial year along with the true up petition.
- 3.68 Further, In the instant order Commission has considered Rs. 211.54 Cr. as decapitalization of assets during FY 2021-22. Therefore, the Commission deems it fit to deduct the same from approved loan and equity balance by considering debt equity ratio of 80:20 as submitted by the Petitioner. Accordingly, the Commission has deducted Rs. 169.24 Cr. towards loan portion of total decapitalization.
- 3.69 The Commission has considered the closing loan balance approved in true up for FY 2020-21 as the opening loan balance for FY 2021-22. The loan addition during the year has been considered based on the approved means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The interest on loan approved by the Commission is as shown in the table below:

Table 13: Interest on long term loans for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed for True up	Approved on True up
Opening Balance	8,251.27	8,251.27
Net Addition	452.29	336.13
Loan portion of De-Capitalisation	-	169.24
Repayment	994.58	881.33
Closing Balance	7,708.98	7,536.83
Average Loan	7,980.12	7,894.05
Rate of Interest	9.79%	9.79%
Gross Interest Expenses	781.01	772.59

- 3.70 The Commission vide tariff order dated 23.12.2021 had approved the finance charges of Rs. 70 Crore for FY 2021-22. As against the same, RVPN has claimed the finance charges of Rs. 63.18 Crore as per the audited accounts for FY 2021-22.

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

Table 14: Finance Charges for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Claimed
1	Stamp duty/ Registration Fees	(0.01)
2	Service Fees	0.45
3	Commitment Charges	0.08
4	Other Bank Charges	0.20
5	Guarantee Charges	61.42
6	Penal Interest	0.06
7	Restructuring Premium	0.97
8	Other Processing Charges	-
9	Interest on finance lease	-
10	Interest on SD and RMD	-
11	Less: Penal Interest on Generation Project	-
12	Bank Charges	-
13	Total	63.18

3.72 It is observed that the Petitioner has claimed Rs. 0.06 Cr. towards penal Interest which is not permissible under RERC Tariff Regulation, 2019. Hence, the same is disallowed. Accordingly, the Commission approves Finance charges of Rs. 63.12 Cr. for the FY 2021-22.

3.73 The Commission has approved the interest and finance charges of Rs. 835.71 Crore for the FY 2021-22 as shown in the table below:

Table 15: Interest and finance charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed for True up	Approved on True up
Net Interest Expenses	781.01	772.59
Add: Finance Charges	63.18	63.12
Interest and Finance charges	844.19	835.71

Depreciation

RVPN's Submission

3.74 The Commission vide tariff order dated 23.12.2021 had approved the depreciation of Rs. 989.46 Crore for FY 2021-22. As against the same, RVPN has claimed the depreciation of Rs. 994.58 Crore as per the audited accounts for FY 2021-22.

Commission's Analysis

- 3.75 RVPN in its petition has claimed the depreciation of Rs. 994.58 Crore and has submitted details of assets depreciated upto 90% of its assets value, less than 12 years and more than 12 years. Commission vide data gap dated 17.01.2023 has sought the reasons for difference in depreciation rate in their submitted annexure in reply to which RVPN stated that in their annexure Net fixed asset (NFA) was submitted instead of GFA. Commission further vide data gap dated 17.03.2023 sought GFA as per classification given in annexure and its reconciliation with TTU 3.1 in reply to which RVPN submitted the category wise closing GFA and depreciation. It was observed from the details provided by RVPN that the closing GFA and depreciation was Rs. 23257.47 Crore and Rs. 994.59 Crore respectively whereas as per TTU 3.1 it is shown amounting to Rs. 19866.45 Crore and 994.58 Crore respectively. Further, rate of depreciation taken for such depreciation calculation for asset classification "less than 12 years and more than 12 years" does not match with the rates specified in RERC Tariff Regulation 2019. The Commission vide Data gap dt. 01.05.2023 sought the clarification in regard to the mismatch. RVPN submitted vide data gap reply dated 01.06.2023 that the difference in the original capital cost & figure of 19866.45 Crore reflected in TTU 3.1 is on account of applicability of IND-AS and there is no difference in the Net Block amount of Assets as on 31.03.2022. RVPN further submitted the rate of depreciation is varying mainly on account of change in assets classification during the year.
- 3.76 The Commission has considered the approved GFA (31.03.2022) of Rs. 21572.06 Crore for the purpose of calculation of depreciation and distributed the same on pro rata basis in proportion to total GFA submitted in annexure-E submitted vide data gap reply dated 20.04.2023 and computed allowable depreciation accordingly. Further, petitioner has not submitted the average useful life of assets completed 12 years, therefore, Commission has considered remaining useful life of 15 years for the assets completed more than 12 years. Further, Commission at para 4.55 of the Tariff Order dt. 23.12.2021 directed RVPN to submit the asset class wise details. RVPN is directed to henceforth submit the required details along with the True up petition of every year.
- 3.77 RVPN has credited Rs. 16.04 Crores on account contribution by consumers including prior period deferred income of Rs. 1.21 Cr. & Rs. 10.89 Crores on account of Subsidy and Grant on capital assets in the

profit & loss Account for FY 2021-22. RVPN has considered the entire cost of deposit work & asset 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 2021-22. In view of the above, Commission has considered the amount of Rs.14.83 Crores (16.04 Cr.- 1.21 Cr.) and Rs.10.89 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, Rs. 25.72 Crores has been disallowed from the allowable depreciation computed by the Commission for FY 2021-22.

3.78 The details of calculation of depreciation is as below: -

Table 16: Depreciation for FY 2021-22 (Rs. Crore)

Particular	Classification of assets	Gross Block as on 31.03.2022	Approved Closing Balance as on 31.03.2022	Rate of Depreciation	Dep. Approved
Buildings	90% depreciated	60.41	56.04	0.00%	-
	less than 12 years	588.73	546.07	3.34%	18.23
	more than 12 years	379.03	351.57	3.33%	11.69
Furniture & Fixtures	90% depreciated	5.79	5.37	0.00%	-
	less than 12 years	12.06	11.19	6.33%	0.71
	more than 12 years	1.70	1.58	0.94%	0.01
Hardware	90% depreciated	0.19	0.18	0.00%	-
	less than 12 years	10.27	9.53	15.00%	1.43
	more than 12 years	-	-	0.00%	-
Hydraulic Works	90% depreciated	-	-	0.00%	-
	less than 12 years	0.09	0.08	5.28%	0.00
	more than 12 years	-	-	1.78%	-
Lines & Cable	90% depreciated	146.43	135.82	0.00%	-
	less than 12 years	7,984.35	7,405.75	5.28%	391.00
	more than 12 years	2,356.55	2,185.78	1.78%	38.81
Office Equipments	90% depreciated	6.75	6.26	0.00%	-
	less than 12 years	48.11	44.62	6.33%	2.82
	more than 12 years	7.87	7.30	0.94%	0.07
Other Civil Works	90% depreciated	0.88	0.82	0.00%	-
	less than 12 years	235.86	218.77	3.34%	7.29
	more than 12 years	24.30	22.54	3.33%	0.75
Plant & Machinery	90% depreciated	623.60	578.41	0.00%	-
	less than 12 years	7,708.09	7,149.51	5.28%	377.47
	more than 12 years	2,405.05	2,230.76	1.78%	39.61
Software	90% depreciated	7.60	7.05	0.00%	-
	less than 12 years	26.83	24.89	9.00%	2.24
	more than 12 years	-	-	0.00%	-

Particular	Classification of assets	Gross Block as on 31.03.2022	Approved Closing Balance as on 31.03.2022	Rate of Depreciation	Dep. Approved
Vehicles	90% depreciated	18.22	16.90	0.00%	-
	less than 12 years	2.52	2.34	9.50%	0.22
	more than 12 years	-	-	0.00%	-
Total		22,661.29	21,019.08		892.35
O&M spares		8.09	7.50	5.28%	0.40
Lease Hold Land		458.27	425.06	3.34%	14.20
Free Hold Land		129.82	120.41	0.00%	-
Grand Total		23,257.47	21,572.06		906.95

3.79 The depreciation as per the above methodology is computed as Rs. 906.95 Crore. Further, the amount of Rs. 25.72 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 has been deducted.

3.80 Accordingly, the depreciation approved by the Commission for FY 2021-22 is Rs. 881.23 Crore as shown in the tables below:

Table 17: Depreciation for FY 2021-22 (Rs. Crore)

S.No.	Particulars	Claimed for True up	Depreciation Approved on True-up (Rs. Crore)
A	Depreciation on approved Closing Balance	994.58	906.95
B	Less: Depreciation on Deposit Work and Grants	-	25.72
C	Total Depreciation for the FY 2021-22	994.58	881.23

Interest on Working Capital (IoWC)

RVPN's Submission

3.81 The Commission vide tariff order dated 23.12.2021 had approved the normative IoWC of Rs. 51.99 Crore for FY 2021-22. As against the same, RVPN has claimed the normative IoWC of Rs. 70.10 Crore and net entitlement of Rs. 67.14 Crore.

Commission's Analysis

- 3.82 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.
- 3.83 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 10.14% in accordance with RERC Tariff Regulations, 2019.
- 3.84 RVPN has submitted the actual rate of interest on working capital loans as 9.79% 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.
- 3.85 The Commission at para 3.75 of the Tariff Order dt. 13.07.2022 directed RVPN to submit the details of actual working capital loan & supporting documents henceforth along the True-up. However, RVPN has not submitted the required details. RVPN is directed to henceforth provide the complete details in respect of 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.
- 3.86 The IoWC approved by the Commission for the FY 2021-22 is as shown in the table below:

Table 18: IoWC for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed for True up	Approved
1	O&M Expenses (1 Month)	64.27	72.41	64.29
2	Maintenance Spares (15% of O&M Expenses)	115.68	130.34	115.72

S. No.	Particulars	Approved in Tariff Order	Claimed for True up	Approved
3	Receivables on Target Availability (1.5 Month)	340.77	453.81	404.93
4	Less: Amount held as Security Deposit	8.23	0.84	0.84
5	Total Working Capital	512.49	655.72	584.10
6	Normative Interest Rate	10.14%	10.69%	10.14%
7	Interest Amount at Normative Interest Rate	51.95	70.10	59.26

Table 19: Net Entitlement of IoWC for the FY 2021-22

Particulars	Normative	Actual	Gain/Loss	50% Sharing	Net Entitlement
Approved Interest Rate for Truing up (%)	10.14%	9.79%	0.36%	0.18%	9.97%
Approved Amount for Truing up (Rs. in Crore)	59.26	57.17	2.09	1.05	58.21

Return on Equity (RoE)

RVPN's Submission

3.87 The Commission vide tariff order dated 23.12.2021 had approved RoE as NIL for FY 2021-22. As against the same, RVPN has claimed RoE of Rs. 218.16 Crore.

Commission's Analysis

3.88 The closing equity balance approved in true up for FY 2020-21 has been considered as the opening equity balance for FY 2021-22. Equity addition has been considered as per approved means of finance for the FY 2021-22.

3.89 Further, in the instant order Commission has considered Rs. 211.54 Cr. as decapitalization of assets during FY 2021-22. Therefore, the Commission deems it fit to deduct the same from approved loan and equity balance by considering debt equity ratio of 80:20 as submitted by the Petitioner. Accordingly, the Commission has deducted Rs. 42.31 Cr. towards equity portion of total decapitalization.

3.90 RVPN had claimed RoE at the rate of 5% in the Tariff Petition for the FY 2021-22. The GoR has approved RoE @5% for the FY 2021-22 vide letter

dt. 31.03.2022. The Commission accordingly, approves the RoE at the rate of 5% of the True-up of FY 2021-22. The RoE approved by the Commission is as shown in the table below:

Table 20: RoE for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Claimed for True up	Approved on True up
Opening Equity	4,296.90	4,296.90
Net addition during the year	134.47	134.47
Equity portion of decapitalization	1.80	42.31
Closing Equity	4,429.57	4,389.06
Average Equity	4,363.24	4,342.98
Rate of Return on Equity	5.00%	5.00%
Return on Equity	218.16	217.15

Insurance Expenses

RVPN's Submission

3.91 The Commission vide tariff order dated 23.12.2021 had approved Insurance expenses of Rs. 0.40 Crore for FY 2021-22. As against the same, RVPN has claimed actual Insurance expenses of Rs. 0.33 Crore as per the audited accounts.

Commission's Reply

3.92 Regulation 25 of the RERC Tariff Regulations, 2019 provides for Insurance expenses subject to ceiling limit of 0.2 % of average Net Fixed Assets for the year.

3.93 It is observed that the insurance charges claimed by the Petitioner is only Rs. 0.33 Cr. It appears to be very low compared to the value of GFA. Therefore, the Commission directs RVPN to provide the complete details of insurance charges of transmission assets along with all relevant documents henceforth along with the true-up petition.

3.94 However, the Commission has approved the Insurance expenses of Rs. 0.33 Crore as claimed by the petitioner for the FY 2021-22.

Table 21: Insurance Expenses for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Insurance Charges	0.40	0.33	0.33

Unitary Charges

RVPN's Submission

3.95 RVPN has claimed the unitary charges of Rs. 53.20 Crore for FY 2021-22 as per the audited accounts.

Commission's Analysis

3.96 The Commission had earlier approved the unitary charges to be paid by RVPN. Therefore, the Commission has approved the actual unitary charges of Rs. 53.20 Crore claimed for FY 2021-22.

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

Particulars	FY 2021-22		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Unitary Charges	58.83	53.20	53.20

Other Charges

RVPN's Submission

3.97 The Commission vide tariff order dated 23.12.2021 had approved other charges of Rs. 15.00 Crore for FY 2021-22. As against the same, RVPN has claimed actual other charges of Rs. 2.73 Crore as per the audited accounts.

Commission's Analysis

3.98 Other charges of Rs. 2.73 Crores claimed by RVPN on account of VAR charges is in the nature of O&M expenditure. The Commission has included the same in the actual O&M expenditure.

Lease Charges

RVPN's Submission

3.99 RVPN has claimed the lease charges of Rs. 13.55 Crore for FY 2021-22 as per the audited accounts.

Commission's Analysis

3.100 RVPN has provided details of lease liabilities of more than Rs. 10 Lakhs for FY 2021-22 in its petition. Further, the Commission sought details of such payment for the FY 2021-22 vide data gap dated 17.01.2023. RVPN vide reply dt. 15.02.2023 submitted that lease rent payments are made to the Government of Rajasthan.

3.101 Further, Commission vide data gap dated 17.03.2023 sought land details i.e. area, specific location and lease charges paid for each land as per Annexure I in reply to which RVPN has submitted the aforesaid details. Accordingly, The Commission has approved the lease charges of Rs. 13.55 Crore for FY 2021-22.

Table 23: Lease Charges for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Lease Charges	12.93	13.55	13.55

Non-Tariff Income

RVPN's Submission

3.102 The Commission vide tariff order dated 23.12.2021 had approved NTI of Rs. 100.00 Crore for FY 2021-22. As against the same, RVPN has claimed actual NTI of Rs. 73.56 Crore.

Commission's Analysis

3.103 The Commission vide letter dated 17.01.2023 sought the reconciliation of Non-Tariff Income with the audited accounts. The Commission also sought the breakup of miscellaneous receipt of Rs. 39.38 Crores included in the Non-tariff Income. RVPN in its reply dt. 15.02.2023 has provided the same.

- 3.104 Further, the Commission vide letter dated 17.03.2023 sought the justification for deduction on account of Interest on IT refund, Grid Connectivity charges, recovery from contractor on account of capital works, Interest charges to subsidiary company Barmer, Interest on loans and advances to OIPL etc. The Petitioner has provided the same vide data gap reply dated 20.04.2023.
- 3.105 RVPN submitted that interest income from Orissa Integrated Power Limited (OIPL) and Interest income on subsidiary Company Barmer amounting to Rs. 7.39 Cr. and Rs. 1.78 Cr. 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.
- 3.106 The Commission deems it appropriate that the interest income earned by RVPN from OIPL and Interest income on subsidiary Company Barmer 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.
- 3.107 RVPN further submitted that Interest on IT refund of Rs. 5.76 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. Further, RVPN 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 utilized 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.
- 3.108 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.

- 3.109 RVPN submitted that grid connectivity charges of Rs. 42.32 Cr. received by the company during FY 2021-22, however, grid connectivity for the same has not been provided during the year. Therefore, CA&G observed that the wrong accounting of grid connectivity charges has resulted in overstatement of other income and understatement of current liabilities. Further, RVPN submitted that income of Rs. 42.32 Cr. will be reflected in the future year accounts and true up of the respective year.
- 3.110 It is pertinent to mention here that the amount of Rs. 42.32 Cr. was received & booked by the Petitioner and the adjustment/reversal in respect of the same has not been done in the accounts of FY 21-22. Therefore, the Commission deems it appropriate to consider grid connectivity charges of Rs. 42.32 Cr. as part of Non-Tariff Income of FY 2021-22. In future when RVPN will make adjustment/reversal in this respect and will reflect in its audited accounts, Commission will not consider the same as part of its non tariff income during the truing up of the respective year.
- 3.111 RVPN submitted that it has received Rs. 7.77 Cr. on account of recovery from contractors. RVPN further submitted that the Commission has deducted on account of time and cost overrun in the earlier order. On the basis of that recovery from contractor on account of capital works should not be part of Non-Tariff Income.
- 3.112 The Commission deems it appropriate to consider recovery from contractor on account of capital works of Rs. 7.77 Cr. as Non-Tariff Income as the project wise reconciliation/details of recovery has not been provided by the petitioner and further, Commission has not deducted time overrun on account of all projects. Accordingly, the Commission has considered Rs. 7.77 Cr. as part of Non-Tariff income of FY 2021-22.

3.113 RVPN submitted loss on Sale of fixed asset amounting to Rs. 0.58 Crore which has been excluded from its claimed NTI. As there is no provision in the RERC Tariff Regulation, 2019 for allowing loss on sale of fixed asset. Accordingly, the Commission has considered Rs. 0.58 Cr. as part of Non-Tariff income of FY 2021-22.

3.114 The Commission accordingly, approves the Non-Tariff Income as Rs. 139.16 Crore for the FY 2021-22.

Table 24: NTI for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Non-Tariff Income	100.00	73.56	139.16

Revenue from Short-term open access

RVPN's Submission

3.115 The Commission vide tariff order dated 23.12.2021 had approved the revenue from short-term open access of Rs. 72.35 Crore for FY 2021-22. As against the same, RVPN has claimed actual revenue from short-term open access of Rs. 27.11 Crore as per the audited accounts.

Commission's Analysis

3.116 It is observed that RVPN's claim of Rs. 27.11 Crore on account of short-term open access includes Rs. 8.77 Crores as Revenue from Short Term Open Access, Rs. 3.06 Crores as Revenue from POSOCO, Rs. 2.40 Crores as Bay Charges, Rs. 12.00 Cr. as revenue from IEX & Rs. 0.87 Crores as Revenue from others. RVPN has claimed Rs. 27.11 Crores as reduction from the Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Revenue from POSOCO, IEX, Bay Charges & Revenue from others 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, IEX, Bay Charges & others amounting to Rs. 18.34 Crores in the Aggregate Revenue for the FY 2021-22 and approved it accordingly. In view of the above, the Commission has approved Rs. 8.77 Crores as short-term open access for the FY 2021-22.

Table 25: Revenue from short-term open access for FY 2021-22 (Rs. Crore)

Particulars	FY 2020-21		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Revenue from Short Term Open Access	72.35	27.11	8.77

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

3.117 The Commission vide tariff order dated 23.12.2021 had approved the revenue from ISTS lines of Rs. 40.75 Crore for FY 2021-22. As against the same, RVPN has claimed actual revenue from ISTS lines of Rs. (1.27) Crore for the FY 2021-22.

Commission's Analysis

3.118 In reply to the Commission's query RVPN has submitted that the Revenue from Interstate Transmission Lines for the FY 2021-22 is Rs. 33.98 Cr. Further, RVPN has submitted that actual booking of YTC charges for the period from July 2011 to March 2020 was reconciled and Rs. 35.25 Cr was reversed in accordance with the tariff approved by CERC for the respective years. Accordingly, RVPN has claimed net of amounting Rs. (1.27) Cr. as YTC charges for the FY 2021-22.

3.119 RVPN has claimed Rs. (1.27) 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. (1.27) Crores in the Revenue for FY 2021-22 and approved it accordingly.

Table 26: Revenue from ISTS lines for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22		
	Approved in Tariff Order	Claimed for True up	Approved on True up
Revenue from ISTS lines	40.75	(1.27)	*

* Revenue from ISTS lines considered as part of Revenue.

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

Table 27: Annual Transmission Charges for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22		
	Approved in Tariff Order	Claimed for True up	Approved on True up
O&M Expenses	771.20	868.90	771.42
Terminal Benefit	310.00	667.10	556.60
Interest and finance charges on long term loans	729.48	844.19	835.71
Depreciation	989.46	994.58	881.23
Interest on Working Capital	51.99	67.14	58.21
Return on Equity	-	218.16	217.15
Lease Rent	12.93	13.55	13.55
Insurance Charges	0.40	0.33	0.33
Unitary Charges	58.83	53.20	53.20
Other Charges	15.00	2.73	-
Less: Non Tariff Income	100.00	73.56	139.16
Aggregate Revenue Requirement	2,839.29	3,656.33	3,248.22
Less: Revenue from Short Term Open Access	72.35	27.11	8.77
Less: Revenue from Interstate Transmission Lines	40.75	(1.27)	-
Annual Transmission Charges	2,726.19	3,630.49	3239.45

Incentive

RVPN's Submission

3.121 RVPN has claimed the incentive of Rs. 12.58 Crore for achieving higher availability than the normative availability. RVPN has claimed the separate recovery of the same.

Commission's Analysis

3.122 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 2021-22 in accordance with the same as shown in the table below:

Table 28: Incentive approved for FY 2021-22 (Rs. Crore)

Particulars	Units	Value
Annual Transmission Charges	Rs. Crore	3,239.45
Target Availability for Incentive	%	98.50%
Max. Availability for Incentive	%	99.75%
Actual Availability	%	98.95%
Incentive	Rs. Crore	14.93

Transmission Loss**RVPN's Submission**

3.123 RVPN has claimed Transmission loss of 3.80% for the FY 2021-22.

Commission's Analysis

3.124 The Commission approved transmission loss of 3.31% for the FY 2021-22 in the order dt. 23.12.2021. The Commission has approved the actual transmission loss of 3.80% as claimed by the RVPN.

Revenue side true up**RVPN's Submission**

3.125 RVPN has claimed the revenue of Rs. 2754.87 Crore for FY 2021-22.

Commission's Analysis

3.126 As discussed in para on short term open access & Interstate line user charges above, Rs. 3.06 Crores as Revenue from POSOCO, Rs. 2.40 Crores as Bay Charges, Rs. 12.00 Cr. as revenue from IEX & Rs. 0.87 Crores as Revenue from others and Rs. (1.27) 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 2021-22 considered for true up is as shown in the table below:

Table 29: Revenue for true up for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Claimed for true up	Approved on True up
A	Revenue from Transmission Wheeling Charges		
1	JVVN	1,046.89	1,046.89
2	AVVN	705.55	705.55

Sl. No.	Particulars	Claimed for true up	Approved on True up
3	JDVVN	847.24	847.24
4	Others	-	0.87
a	Revenue from Short Term Open Access	-	-
b	Revenue from Medium Term Open Access	25.13	25.13
c	Revenue from Long Term Open Access	105.34	105.34
d	Interstate Line User Charges	-	(1.27)
e	Revenue from POSOCO	-	3.06
f	BAY Charges	-	2.40
g	Revenue from IEX	-	12.00
h	Revenue from IA	-	-
	Sub-Total	2,730.15	2,747.22
B	Incentive		
1	JVVN	4.83	5.72
2	AVVN	3.25	3.86
3	JDVVN	3.91	4.63
4	Others	0.59	0.73
	Sub-Total	12.58	14.93
C	Subsidies & Grants on capital account (Non-Regulatory)	12.14	-
	Total	2,754.87	2,762.15

Summary of true up

Commission's Analysis

3.127 Based on the above, the summary of true up for FY 2021-22 is as shown in table below:

Table 30: Summary of true up for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Claimed	Approved
A	Expenditure side summary		
1	Annual Transmission Charges	3,630.49	3,239.45
2	Incentive	12.58	14.93
3	Total	3,643.07	3,254.38
B	Revenue side summary		
C	Revenue for true up	2,754.87	2,762.15
D	Revenue (Gap)/Surplus	(888.20)	(492.23)

3.128 The Commission has approved the revenue Gap of Rs. 492.23 Crore. The Commission directs RVPN to recover the approved gap of Rs. 492.23 Crore in the ratio of contracted capacity of DISCOMs, Long and Medium term open access customers for FY 2021-22 in three equal monthly installments from the date of this order.

Section 4: Determination of tariff for FY 2023-24

ARR for Transmission function

4.1 The Commission has approved the Transmission Charges for FY 2023-24 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 2022-23 and FY 2023-24 is as shown in the table below:

Table 31: Details of Transmission Network claimed for FY 2022-23 and FY 2023-24

Particulars	FY 2022-23			FY 2023-24		
	Opening	Addition	Closing	Opening	Addition	Closing
Lines (Ckt km)						
765 KV	425.50	0.00	425.50	425.50	0.00	425.50
400 KV	6899.39	491.00	7390.39	7390.39	0.00	7390.39
220 KV	16053.16	56.00	16109.16	16109.16	29.00	16138.16
132 KV	18559.85	532.00	19091.85	19091.85	350.00	19441.85
Total	41937.90	1079.00	43016.90	43016.90	379.00	43395.90
Transformation Capacity (MVA)						
	88911.50	3929.50	92841.00	92841.00	3146.50	95987.50
Bays (No.)						
765 KV	32	0	32	32	0	32
400 KV	182	0	182	182	0	182
220 KV	861	4	865	865	4	869
132 KV	2966	115	3081	3081	60	3141
Total	4041	119	4160	4160	64	4224

Commission's Analysis

4.4 The closing values of transmission network approved for FY 2021-22 has been considered as the opening values for FY 2022-23.

4.5 The transmission network approved by the Commission vide its tariff order for FY 2022-23 dated 13.07.2022 is as shown in the table below:

Table 32: Transmission network approved in the Tariff Order for FY 2022-23

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

4.6 The Commission has considered the submission made by RVPN regarding the network addition during the FY 2022-23 in the Tariff petition. 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.

4.7 The closing values of transmission network approved for the FY 2022-23 has been considered as the opening values for FY 2023-24. The Commission has provisionally considered the network addition for FY 2023-24 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 2023-24 based on the submissions of RVPN.

4.8 Accordingly, the transmission network approved for FY 2022-23 and FY 2023-24 is as shown in table below:

Table 33: Details of Transmission Network approved for FY 2022-23 and FY 2023-24

Sl. No.	Particulars	FY 2022-23			FY 2023-24		
		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	491.00	7,390.39	7,390.39	-	7,390.39
3	220 KV	16,053.16	56.00	16,109.16	16,109.16	29.00	16,138.16
4	132 KV	18,559.85	532.00	19,091.85	19,091.85	350.00	19,441.85
	Total	41,937.90	1,079.00	43,016.90	43,016.90	379.00	43,395.90
B	Transformation Capacity (MVA)	88,911.50	3,929.50	92,841.00	92,841.00	3,146.50	95,987.50
C	Bays (No.)						
1	765 KV	32	0	32	32	0	32
2	400 KV	182	0	182	182	0	182
3	220 KV	861	4	865	865	4	869
4	132 KV	2966	115	3081	3081	60	3141
	Total	4041	119	4160	4160	64	4224

Gross Fixed Assets (GFA) addition during FY 2022-23 and FY 2023-24**RVPN's Submission**

4.9 RVPN has claimed the GFA addition of Rs. 1120.55 Crore and Rs. 1766.11 Crore for FY 2022-23 and FY 2023-24 respectively in its Petition.

Commission's Analysis

4.10 RVPN has claimed the GFA addition of Rs. 1120.55 Crore for FY 2022-23 in its Petition against the approved GFA addition of Rs. 971.36 Crore vide tariff order dt. 13.07.2022. Further, RVPN has submitted the capital expenditure of Rs. 1141.50 Crore for FY 2022-23.

4.11 RVPN has claimed the GFA addition of Rs. 1766.11 Crore for FY 2023-24 in its Petition.

4.12 The Commission has analyzed the capitalization trend of RVPN during the preceding 3 years from FY 2019-20 to FY 2021-22 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 16% to 30% which averages out to 24.07%.

Table 34: Capitalization as % of sum of opening CWIP and capital expenditure (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Opening CWIP	3,781.83	3,524.34	2,962.02
Capital expenditure during the year	991.71	736.02	338.01
Transferred to PPE + CWIP Adjustment	1,249.20	1,298.34	513.42
Closing CWIP	3,524.34	2,962.02	2,786.61
Capitalization as % of opening CWIP + Capital investment during the year	26%	30%	16%
Average	24.07%		

4.13 The Commission has approved the capital expenditure of Rs. 1147.50 Cr. for the FY 2022-23 vide Investment plan order dt 01.12.2022 against that the Petitioner has claimed capital expenditure of Rs. 1141.50 Cr. for the FY 2022-23. Accordingly, the Commission approves the capitalization of Rs. 945.39 Crore for FY 2022-23 considering the average capitalization from FY 2019-20 to FY 2021-22, opening balance of capital work in progress and capital expenditure during the year. For the FY 2023-24, the Commission approves the capitalization of Rs. 883.58 Crore following the same principle. The average capital expenditure from FY 2019-20 to FY 2021-22 has been considered as capital expenditure for FY 2023-24.

Table 35: Capitalization approved (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
Opening CWIP	2,786.61	2,982.72
Capital expenditure during the year	1,141.50	688.58
Transferred to PPE	945.39	883.58
Closing CWIP	2,982.72	2,787.71
Capitalization as % of opening CWIP + Capital investment during the year	24.07%	24.07%

Means of finance of GFA addition for FY 2022-23 and FY 2023-24

RVPN's Submission

4.14 The means of finance of GFA addition for FY 2022-23 and FY 2023-24 submitted by RVPN is as show in the table below:

Table 36: Means of finance of GFA addition for FY 2022-23 and FY 2023-24 claimed by RVPN

Particulars	Units	FY 2022-23	FY 2023-24
GFA Addition	Rs. Crore	1,120.55	1,766.11

Particulars	Units	FY 2022-23	FY 2023-24
Less: Consumer Contribution/ Deposit	Rs. Crore	102.57	60.00
Net GFA addition	Rs. Crore	1,017.98	1,706.11
Debt	Rs. Crore	817.80	1,194.28
Debt	%	-	-
Equity	Rs. Crore	200.18	511.83
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 2022-23 and FY 2023-24 as under:

- The deposit works for the FY 2022-23 & 2023-24 has been considered as per the submission of RVPN.
- Subsidy and Grant for the FY 2022-23 & FY 2023-24 has been considered as per the submission of RVPN vide data gap reply dated 15.02.2023.
- The actual equity addition proposed by RVPN for the FY 2022-23 is less than normative equity ratio of 30%, hence, actual equity has been considered for FY 2022-23.
- The actual equity addition proposed by RVPN for the FY 2023-24 is higher than normative equity ratio of 30%, hence, normative equity ratio of 30% has been considered for FY 2023-24.
- 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 2022-23 and FY 2023-24 approved by the Commission is as shown in the tables below:

Table 37: Means of finance of GFA addition for FY 2022-23 approved by the Commission

Particulars	Units	Claimed	Approved
GFA Addition	Rs. Crore	1,120.55	945.39
Less: Consumer Contribution/ Deposit	Rs. Crore	102.57	102.57
Less: Subsidy and Grant on capital assets		-	8.19
Net GFA addition	Rs. Crore	1,017.98	834.63
Debt	Rs. Crore	817.80	76.02%
Debt	%	-	634.45
Equity	Rs. Crore	200.18	23.98%
Equity	%	-	200.18

Table 38: Means of finance of GFA addition for FY 2023-24 approved by the Commission

Particulars	Units	Claimed	Approved
GFA Addition	Rs. Crore	1,766.11	883.58
Less: Consumer Contribution/ Deposit	Rs. Crore	60.00	60.00
Less: Subsidy and Grant on capital assets	Rs. Crore	-	8.60
Net GFA addition	Rs. Crore	1,706.11	814.98
Debt	Rs. Crore	1,194.28	70.00%
Debt	%		570.49
Equity	Rs. Crore	511.83	30.00%
Equity	%		244.50

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. 872.24 Crores for FY 2023-24 as shown in the table below:

Table 39: Normative O&M expenses claimed for FY 2023-24

Sl. No.	Particulars	Claimed			
		Network		Norm	O&M Expenses
		Units	Average Value	Rs. Lakh/ Unit	Rs. Lakh
A	Lines				
1	765 KV	Ckt Km	425.50	1.18	503.11
2	400 KV	Ckt Km	7390.39	0.75	5514.55
3	220 KV	Ckt Km	16123.66	0.30	4812.45
4	132 KV	Ckt Km	19266.85	0.17	3317.65
	Sub Total	Ckt Km	43206.40		14147.77
B	Transformation Capacity	MVA	94414.25	0.46	43353.76
C	Bays				
1	765 KV	No.	32.00	69.06	2209.97
2	400 KV	No.	182.00	46.03	8378.09
3	220 KV	No.	867.00	6.42	5563.65
4	132 KV	No.	3111.00	4.36	13571.03
	Sub Total	No.	4192.00		29722.75
	Total (in Lakhs)				87224.28
	Total (in Cr.)				872.24

Commission's Analysis

4.21 Regulation 64 of the RERC Tariff Regulations, 2019 specifies the norms of O&M expenses for FY 2023-24 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 40: Normative O&M expenses approved for FY 2023-24 (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	1.18	5.03	Ckt Km	425.50	1.18	5.03
2	400 KV	Ckt Km	7,390.39	0.75	55.15	Ckt Km	7,390.39	0.75	55.15
3	220 KV	Ckt Km	16,123.66	0.30	48.12	Ckt Km	16,123.66	0.30	48.12
4	132 KV	Ckt Km	19,266.85	0.17	33.18	Ckt Km	19,266.85	0.17	33.18
	Sub Total	Ckt Km	43,206.40		141.48	Ckt Km	43,206.41		141.48
B	Transformation Capacity	MVA	94,414.25	0.46	433.54	MVA	94,414.25	0.46	433.54
C	Bays								
1	765 KV	No.	32.00	69.06	22.10	No.	32	69.06	22.10
2	400 KV	No.	182.00	46.03	83.78	No.	182	46.03	83.78
3	220 KV	No.	867.00	6.42	55.64	No.	867	6.42	55.64
4	132 KV	No.	3111.00	4.36	135.71	No.	3111	4.36	135.71
	Sub Total	No.	4192		297.23	No.	4192		297.23
	Total				872.24				872.24

4.23 Accordingly, the Commission deems it fit to allow the normative O&M expenses of Rs. 872.24 Crore for FY 2023-24 as detailed below.

Table 41: Normative O&M expenses approved for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed for FY 2023-24	Approved for FY 2023-24
O&M Expenses	872.24	872.24

Terminal liabilities

RVPN's Submission

4.24 RVPN has claimed the amount of Rs. 315.00 Crore towards terminal liabilities for the FY 2023-24.

Commission's Analysis

4.25 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."

4.26 It is observed that the RVPN has paid Regular contribution of Rs. 25.24 Cr. and additional contribution of Rs. 667.10 Cr. during FY 2021-22 which includes shortfall of Rs. 226.40 Cr. and Rs. 20.20 Cr. of FY 2019-20 and FY 2020-21 respectively and Rs. 110.50 Cr. is pertaining to prior period of FY 2019-20. Therefore, Rs. 310.00 Cr. has been paid for FY 2021-22 as additional contribution of the year. Further, RVPN has claimed Rs. 315 Cr. towards terminal liabilities for the FY 2023-24. Therefore, the Commission, provisionally allows Rs. 315.00 Crore towards terminal liability for the FY 2023-24. Any variation shall be adjusted during the truing up exercise for year.

Table 42: Terminal liabilities for FY 2023-24 (Rs. Crore)

Particulars	Claimed	Approved
Terminal liabilities	315.00	315.00

Interest on loan and finance charges

RVPN's Submission

4.27 RVPN has claimed the interest and finance charges of Rs. 837.97 Crore for FY 2023-24 considering the interest rate of 10.28%.

Commission's Analysis

4.28 The Commission has several times directed the Petitioner to submit complete loan wise and source wise details of actual loan portfolio. However, RVPN has not complied with the same.

4.29 Regulation 21 (5) provides that:

“The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the regulated business of the Generating Company or Licensee or SLDC as the case may be:

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

Provided further that the weighted average interest rate allowed by the Commission for normative loans shall continue to be applicable to the outstanding normative loans:

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

Provided also that if the regulated business of the Generating Company or Licensee, as the case may be, does not have actual loan, then the weighted average rate of interest of the Generating Company or Licensee as a whole shall be considered.”

4.30 The closing loan balance approved in true up 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 closing loan balance approved for FY 2022-23 has been considered as the opening loan balance for FY 2023-24. 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. Accordingly, the interest rate of 10.28% as claimed by the petitioner has been considered for FY 2023-24. The interest on loan approved by the Commission for FY 2023-24 is as shown in the table below:

Table 43: Interest on long term loans for FY 2023-24

Particulars	FY 2023-24	
	Claimed	Approved
Opening balance	7,454.63	7,258.68
Net Addition	1,194.28	570.49
Repayment	1,162.37	945.95

Particulars	FY 2023-24	
	Claimed	Approved
Closing balance	7,486.54	6,883.22
Average loan	7,470.59	7,070.95
Rate of Interest	10.28%	10.28%
Gross Interest expenses	767.97	726.89
Less: Capitalisation	-	-
Net Interest expenses	767.97	726.89

4.31 RVPN has claimed the finance charges of Rs. 70.00 Crore for FY 2023-24. 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.

4.32 Based on the above, the interest and finance charges approved for FY 2023-24 is as shown in the table below:

Table 44: Interest and finance charges for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed for True up	Approved on True up
Net Interest expenses	767.97	726.89
Add: Finance charges	70.00	70.00
Interest and Finance Charges	837.97	796.89

Depreciation

RVPN's Submission

4.33 RVPN has claimed the depreciation of Rs. 1162.37 Crore for FY 2023-24.

Commission's Analysis

4.34 The Commission has considered the approved depreciation in the True-up for the FY 2021-22 and the same is increased by the depreciation on the GFA addition for the FY 2022-23 & FY 2023-24 to arrive at the allowable depreciation for the FY 2023-24.

4.35 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.

4.36 Accordingly, the depreciation approved by the Commission for FY 2023-24 is as shown in the table below:

Table 45: Depreciation for FY 2023-24 (Rs. Crore)

Particulars	Claimed	Approved
Depreciation	1,162.37	945.95

Interest on Working Capital (IoWC)**RVPN's Submission**

4.37 RVPN vide instant Petition has claimed the normative IoWC of Rs. 87.42 Crore for FY 2023-24.

Commission's Analysis

4.38 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 has 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.

4.39 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 10.38 % p.a.

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

Table 46: IoWC for FY 2023-24 (Rs. Crore)

Particulars	Norm	FY 2023-24	
		Claimed	Approved
O&M expenses	1	72.69	72.69
Maintenance spares	15%	130.84	130.84
Receivables	1.5	600.84	455.15
Less: Amount held as security deposits from Users		0.84	0.84
Total working capital		803.52	657.83

Particulars	Norm	FY 2023-24	
		Claimed	Approved
Rate of interest on working capital		10.88%	10.38%
Interest on working capital		87.42	68.28

4.41 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

4.42 RVPN has claimed the RoE of Rs. 683.99 Crore for FY 2023-24.

Commission's Analysis

4.43 The closing equity balance approved in true up 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. The closing equity balance approved in for FY 2022-23 has been considered as the opening equity balance for FY 2023-24. The equity addition during the year has been considered based on the approved means of finance of GFA addition.

4.44 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 vide letter dated 17.01.2023 sought the clarification regarding approval of the Government in respect of the RoE claimed by RVPN in the petition. RVPN, vide data gap reply dated 01.06.2023, as additional submission submitted that Finance Department, GoR has concurred the proposal of RVPN as under:-

- i. Finance Department principally agrees to allow RoE in FY 2023-24 subject to expediting of process of InVIT.
- ii. RVPNL should come up with definite timelines w.r.t. creation of InVIT.

4.45 In view of above, the Commission provisionally allows RoE at the rate of 14% for the FY 2023-24 and directs the Petitioner to submit the final

approval of GoR for claiming RoE at the time of True-up for the FY 2023-24 after furnishing the required details to the Government of Rajasthan .

Table 47: RoE for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Approved
Opening Equity	4,629.75	4,589.24
Net addition during the year	511.83	244.50
Closing Equity	5,141.58	4,833.74
Average Equity	4,885.67	4,711.49
Rate of Return on Equity	14.00%	14.00%
Return on Equity	683.99	659.61

Insurance charges

RVPN's Submission

4.46 RVPN has claimed the insurance charges of Rs. 0.36 Crore for FY 2023-24.

Commission's Analysis

4.47 The Commission at this stage is provisionally approving the insurance charges of Rs. 0.36 Crore as claimed by RVPN for the FY 2023-24.

Table 48: Insurance charges for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Approved
Insurance charges	0.36	0.36

Unitary charges

RVPN's Submission

4.48 RVPN has claimed the unitary charges of Rs. 58.65 Crore for FY 2023-24.

Commission's Analysis

4.49 The Commission at this stage is provisionally approving the unitary charges of Rs. 58.65 Crore claimed by RVPN for the FY 2023-24. The same shall be true-up when audited figures are available.

Table 49: Unitary charges for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Approved
Unitary charges	58.65	58.65

Other charges

RVPN's Submission

4.50 RVPN has claimed the other charges of Rs. 3.01 Crore for FY 2023-24.

Commission's Analysis

4.51 Other charges of Rs. 3.01 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 2023-24 has already been allowed on normative basis, the Commission has not allowed the Other charges of Rs. 3.01 Crores separately. The RVPN may claim the same as part of O&M expenditure at the time of True-up for the year.

Lease Charges

RVPN's Submission

4.52 RVPN has claimed the lease charges of Rs. 14.94 Crore for FY 2023-24.

Commission's Analysis

4.53 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."

4.54 RVPN has escalated the actual lease charges of Rs. 13.55 Crores for the FY 2021-22 by 5% year over year to arrive at the lease charges of Rs. 14.94 Crores claimed for the FY 2023-24. The Commission at this stage has considered the Lease charges of Rs. 14.94 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 50: Lease Charges for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Approved
Lease Charges	14.94	14.94

Non-Tariff Income (NTI)**RVPN's Submission**

4.55 RVPN has claimed NTI of Rs. 81.10 Crore for FY 2023-24.

Commission's Analysis

4.56 RVPN has escalated the Non-tariff Income of Rs. 73.56 Crores for the FY 2021-22 by 5% year over year to arrive at the Non-tariff Income of Rs. 81.10 Crores claimed for the FY 2023-24.

4.57 The Commission at this stage has considered the NTI claimed by RVPN for the FY 2023-24 which shall be subject to true-up based on actuals. RVPN is directed to submit the breakup of NTI along with the True-up petition for the year.

Table 51: NTI for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Approved
Non-Tariff Income	81.10	81.10

Revenue from short-term open access**RVPN's Submission**

4.58 RVPN has claimed the revenue from short-term open access of Rs. 29.88 Crore for FY 2023-24.

Commission's Analysis

4.59 It is observed that RVPN's claim on account of short-term open access includes revenue on account of POSOCO, IEX, Bay Charges & others. RVPN has claimed the total amount as reduction from the Aggregate Revenue Requirement to arrive at the Annual Transmission charges. The Revenue from POSOCO, IEX, Bay Charges & others 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, IEX, Bay Charges & others in arriving at the Revenue from Short Term Open Access. Further, the actual Revenue from Short Term Open Access approved for the FY 2021-22 is Rs. 8.77 Crores. Accordingly, the Commission deems it to provisionally allow the same with rate of escalation of 5% year over year for arriving Revenue from Short Term Open Access for the FY 2023-24 which shall be subject to true-up based on actuals.

Table 52: Revenue from short-term open access for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Approved
Revenue from short-term open access	29.88	9.67

Revenue from Inter State Transmission (ISTS) Lines

RVPN's Submission

4.60 RVPN has claimed the revenue from ISTS lines of Rs. 6.47 Crore.

Commission's Analysis

4.61 RVPN has claimed Rs. 6.47 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. 6.47 Crores in the Revenue for the FY 2023-24 and approved it accordingly.

Table 53: Revenue from ISTS lines for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Approved
Revenue from ISTS lines	6.47	-

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

Table 54: Annual Transmission Charges for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Approved
O&M expenses	872.24	872.24
Additional contribution to pension and gratuity fund	315.00	315.00

Particulars	FY 2023-24	
	Claimed	Approved
Interest and finance charges on long-term loans	837.97	796.89
Depreciation	1,162.37	945.95
Interest on working capital	87.42	68.28
Return on Equity	683.99	659.61
Insurance charges	0.36	0.36
Unitary charges	58.65	58.65
Other charges	3.01	-
Lease Charges	14.94	14.94
Less: Non-Tariff Income	81.10	81.10
Aggregate Revenue Requirement	3,954.86	3,650.83
Less: Revenue from Short Term Open Access	29.88	9.67
Less: Revenue from Inter State Transmission Lines	6.47	-
Add: Revenue (Gap)/Surplus for FY 2021-22	888.20	-
Annual Transmission Charges	4,806.71	3,641.16

Transmission Tariff

RVPN's Submission

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

Table 55: Transmission Tariff claimed for FY 2023-24

Sl. No.	Particulars	Units	Claimed for the FY 2023-24
1	Annual Transmission Charges	Rs. Crore	4,806.71
2	Transmission Capacity for DISCOMs	MW	18,979.00
3	Transmission Capacity for Long Term Open Access	MW	819.39
4	Total Transmission Capacity	MW	19,798.39
5	Transmission Tariff for DISCOMs and Long Term Open Access	Rs./kW/month	202.32
6	Transmission Tariff for Medium Term Open Access	Rs./kW/month	202.32
7	Transmission Tariff for Short Term Open Access	Rs./kW/day	6.65
8	Transmission Charges to be recovered from DISCOMs	Rs. Crore	4,607.78
9	Transmission Charges to be recovered from Long Term Open	Rs. Crore	198.93

Sl. No.	Particulars	Units	Claimed for the FY 2023-24
	Access		
10	Energy requirement of DISCOMs	MU	97,080.25
11	Energy requirement of Long Term, Medium Term and Short Term Open Access	MU	1,058.48
12	Total Energy requirement	MU	98,138.72
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	48.98

4.64 The Government of Rajasthan vide notification dated 04.05.2022 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 39.28:26.64:34.08 for JVVNL: AVVNL: JDVVNL.

4.65 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.

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

Table 56: Monthly Transmission Charges Proposed for FY 2023-24

Recovery of Transmission Charges	% Allocation	MW Allocation	Monthly Transmission Charges (Rs. Crore)
JVVNL	39.28%	7454.95	1809.94
AVVNL	26.64%	5056.01	1227.51
JDVVNL	34.08%	6468.04	1570.33
Total Transmission Charges for DISCOMs	100%	18979.00	4607.78
Recovery from Open Access Consumers		819.39	198.93
Annual Transmission Charges		19798.39.00	4806.71

Commission's Analysis

4.67 RVPN in its Petition projected Peak demand of 19798.39 MW for FY 2023-24. Further, RVPN has submitted actual Peak demand 17206 MW in response to stakeholders' comments. The Commission for the purpose of calculation of tariff has considered the Peak demand of 17206 MW as total contracted capacity as submitted by the RVPN.

4.68 RVPN in its Petition projected Energy transmission of Discoms as 97080.25 MUs for FY 2023-24. The Commission has approved Energy transmission of Discoms as 97080.25 MUs as claimed by the Petitioner during approval of ARR for FY 2023-24.

4.69 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 2023-24 is as shown in the table below:

Table 57: Transmission Tariff approved for FY 2023-24

Sl. No.	Particulars	Units	Approved For the FY 2023-24
1	Annual Transmission Charges	Rs. Crore	3,641.16
2	Transmission Capacity for DISCOMs	MW	16,518.34
3	Transmission Capacity for Long Term and Medium Term Open Access	MW	687.66
4	Total Transmission Capacity	MW	17,206.00
5	Transmission Tariff for DISCOMs, Long Term and Medium Term Open Access	Rs./kW/month	176.35
6	Transmission Tariff for Short Term Open Access	Rs./kW/day	5.80
7	Transmission Charges to be recovered from DISCOMs	Rs. Crore	3,495.64
8	Transmission Charges to be recovered from Long Term and Medium Term Open Access	Rs. Crore	145.52
9	Energy requirement of DISCOMs	MU	97,080.25
10	Energy requirement of Long Term, Medium Term and Short Term Open Access	MU	1,058.48
11	Total Energy requirement	MU	98,138.72
12	Transmission tariff for use of State transmission system in inter-State Short Term Open Access bilateral transactions and collective power exchange transactions	Paise/kWh	37.10

4.70 The Tariff determined vide this Order shall be effective from 01.04.2023 to 31.03.2024, thereafter it shall remain applicable provisionally till next order of the Commission. However, in the case of short-term open access transactions, the tariff shall be applicable w.e.f. 15.06.2023 till next order of the Commission and there shall be no retrospective adjustment of transmission tariff.

4.71 The transmission charges as determined under this order for DISCOMs would be shared amongst them in proportion to their contracted/allotted capacity for the FY 2023-24.

Transmission Loss

RVPN's Submission

4.72 RVPN has claimed the transmission loss of 4.50% for FY 2023-24 in its Petition.

Commission's Analysis

4.73 In reply to the Commission's query, RVPN has submitted that as per the direction of Govt. of Rajasthan energy supply to the agriculture consumers is being arranged in two blocks in daytime in number of districts for proper utilization of solar power instead of three blocks supply (as being done in preceding years) which is resulting in increase of loading of transmission lines, transformer during day time. RVPN has submitted that the peak load for Oct 2022, Nov 2022 and Dec 2022 has increased by 10.22%, 12.42% and 5.46% as compared to respective months in FY 2021-22. Accordingly, transmission loss upto dec. 2022 is 4.18% and for Nov. 2022 & Dec. 2022 was 4.31% and 4.68% respectively.

4.74 Further, RVPN has submitted that all districts have not been covered under two block supply till date, therefore, transmission losses tend to increase for FY 2023-24 after completion of two block supply in whole of Rajasthan as per GoR direction and will cross 4.50%.

4.75 In view of the above, the Commission has considered it appropriate to approve the transmission losses of 4.50% for FY 2023-24.

4.76 The transmission loss of 4.50% approved for FY 2023-24 may be borne in kind by the transmission system users.

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

(Dr. Rajesh Sharma)
Member

(Hemant Kumar Jain)
Member

(Dr. B.N. Sharma)
Chairman